



ZACD GROUP LTD.

杰地集團有限公司\*

(A company incorporated in Singapore with limited liability)

Stock Code: 8313

# First Quarterly Report 2018

\* for identification purpose only

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the 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.**

**Given that companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 (“Directors”) of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM Listing Rule”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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## 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

### REGISTERED OFFICE

2 Bukit Merah Central #22-00

Singapore 159835

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

2 Bukit Merah Central #22-00

Singapore 159835

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 501, 5/F, Hing Wai Building

36 Queen's Road Central

Hong Kong

### PRINCIPAL BANK

United Overseas Bank

UOB Plaza

80 Raffles Place

Singapore 048624

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN SINGAPORE

Tricor Singapore Pte Ltd

80 Robinson Road

#02-00

Singapore 068898

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

### STOCK CODE

8313

### COMPANY'S WEBSITE

[www.zacdgroup.com](http://www.zacdgroup.com)

## DEFINITIONS

|  |  |
|--|--|
| “Controlling Shareholder(s)”           | has the meaning ascribed to it under the GEM Listing Rules and, in the context of this report, refers to ZACD Investments, Mr. Yeo and Ms. Sim. Mr. Yeo and Ms. Sim are a group of Controlling Shareholders by virtue of their relationships of being spouses and their decision to restrict their ability to exercise direct control over the Company by holding their interests through a common investment holding company, namely ZACD Investments |
| “Convertible Loan(s)”                  | convertible loan(s) extended by the investors (including ZACD Investments) to an Investment SPV  |
| “Convertible Loan Agreement(s)”        | convertible loan agreement and its supplemental thereof entered into between the investors (including ZACD Investments) and ZACD International governing the Convertible Loan and the scope of investment management services  |
| “Directors”                            | the director(s) of the Company   |
| “Establishment Fees”                   | refers to the establishment fees payable to ZACD International under the PE structures   |
| “Establishment Shares”                 | the ordinary shares in the relevant Investment SPV (to be) assigned by the investors to ZACD International for payment of the Establishment Fees, as agreed pursuant to the Convertible Loan Agreement   |
| “First Quarterly Financial Statements” | the unaudited consolidated financial statements of the Company and its subsidiaries, which is prepared to show financial performance for the three months ended 31 March 2018 and its corresponding period ended 31 March 2017, and includes Statement of Profit or Loss and Comprehensive Income, Statement of Changes in Equity and Notes to the Financial Statement   |
| “GEM”                                  | the Growth Enterprise Market operated by the Stock Exchange  |
| “GEM Listing Rules”                    | the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time  |
| “Global Offering”                      | the Public Offer and the International Placing   |

|                                  |   |
|----------------------------------|---|
| “International Placing”          | the placing of the International Placing Shares for cash at the Offer Price in accordance with and subject to the terms and conditions specified in the Prospectus, details of which are set out in the section headed “Structure and Conditions of the Global Offering” in the Prospectus  |
| “International Placing Share(s)” | the 450,000,000 Shares being offered by the Company at the Offer Price for subscription pursuant to the International Placing, together with, where relevant, any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option subject to the terms and conditions as described in the section headed “Structure and Conditions of the Global Offering” in the Prospectus  |
| “Investment SPV(s)”              | the investment vehicle(s) managed by the Group under the PE structures and the Trust structures   |
| “IPO”                            | Initial Public Offering where the Company offers its stock on GEM for the first time  |
| “Listing”                        | listing of the Shares on GEM  |
| “Listing Expenses”               | represents professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee incurred in connection with Global Offering and the Listing  |
| “Offer Price”                    | the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.33 per Share and expected to be not less than HK\$0.26 per Share at which the Offer Shares are to be offered under the Global Offering, to be determined in the manner as set out in the section headed “Structure and Conditions of the Global Offering” in the Prospectus |
| “Offer Share(s)”                 | collectively, the International Placing Shares and the Public Offer Shares  |
| “PE structure(s)”                | private equity structure(s) comprising convertible loan structures and trust structures adopted by ZACD International for investment management services  |
| “Prospectus”                     | the prospectus issued by the Company on 28 December 2017 in connection with the Listing   |

|                      |  |
|----------------------|--|
| “Public Offer”       | the issue and offer of the Public Offer Shares for subscription in Hong Kong at the Offer Price on and subject to the terms and conditions described in the Prospectus and the Application Forms   |
| “Public Offer Share” | the 50,000,000 Shares (subject to reallocation) initially offered by the Company for subscription in the Public Offer, as described under the section headed “Structure and Conditions of the Global Offering” in the Prospectus                                 |
| “Reorganisation”     | the reorganisation arrangements undertaken by the Group in preparation for the Listing, which are described in more detail in the paragraph headed “History, Development and Reorganisation — Reorganisation” in the Prospectus                                  |
| “Share(s)”           | ordinary share(s) in the share capital of the Company  |
| “Stock Exchange”     | The Stock Exchange of Hong Kong Limited  |
| “Trust structure(s)” | trust structure(s) adopted by ZACD International for investment management services  |
| “ZACD International” | ZACD International Pte. Ltd. (formerly known as ZACD (Bio5) Pte. Ltd.), a company incorporated under the laws of Singapore with limited liability on 28 January 2011, and a direct wholly-owned subsidiary of the Company and a member of the Group              |
| “ZACD Investments”   | ZACD Investments Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 15 June 2005, the issued share capital of which is owned by Mr. Yeo and Ms. Sim as to 51% and 49%, respectively and one of the Controlling Shareholders |

## FIRST QUARTERLY FINANCIAL HIGHLIGHTS

- The unaudited revenue of the Group increased by approximately 40.3% from approximately S\$2.7 million for the three months period ended 31 March 2017 to approximately S\$3.8 million for the corresponding period in 2018. This increase was mainly attributable to higher dividends received from the investment management business segment.
- Increase in revenue was nevertheless offset by a rise in expenses, mostly due to Listing Expenses, foreign exchange loss and higher staff cost.
- Due to the combined effect of higher staff cost, Listing Expenses and unrealised foreign exchange loss, the Group recorded a loss before tax of approximately S\$376,000 during three months period ended 31 March 2018, as compared to S\$114,000 for the corresponding period in 2017. If the one-off Listing Expenses were excluded, the Group would have recorded a profit before tax of approximately S\$612,000 and S\$588,000 for the first quarter 2018 and 2017 respectively.
- Loss per share during the three months period ended 31 March 2018 was approximately S\$0.02 cents.



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2018

The board of directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated results of the Group for the three months ended 31 March 2018, together with the comparative figures:

|   | Notes | Three months ended 31 March<br>(unaudited) |                 |
|---|-------|--|-----------------|
|   |       | 2018<br>S\$'000                            | 2017<br>S\$'000 |
| Revenue   | 4     | 3,840                                      | 2,737           |
| Other income and gains  |       | 136  | 30              |
| Staff costs   |       | (1,764)                                    | (1,552)         |
| Depreciation  |       | (36)                                       | (60)            |
| Office rentals and related expenses                                   |       | (162)                                      | (105)           |
| Marketing expenses  |       | (34)                                       | (48)            |
| Other expenses, net   |       | (2,356)                                    | (1,116)         |
| <b>Loss before tax</b>  | 5     | <b>(376)</b>                               | (114)           |
| Income tax credit   | 6     | —  | 77              |
| <b>Loss for the period</b>  |       | <b>(376)</b>                               | (37)            |
| <b>Other comprehensive income/(loss):</b>                             |       |  |                 |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |       |  |                 |
| Exchange differences on translation of foreign operations             |       | 25   | 4               |
| Fair value changes on available-for-sale financial assets             |       | —  | (174)           |
| Other comprehensive income/(loss) for the period                      |       | 25   | (170)           |
| <b>Total comprehensive loss for the period</b>                        |       | <b>(351)</b>                               | (207)           |
| <b>Loss per share attributable to owners of the Company</b>           | 7     |  |                 |
| Basic (cents)   |       | (0.02)                                     | N/A             |
| Diluted (cents)   |       | (0.02)                                     | N/A             |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2018

|  | Share capital<br>S\$'000 | Available-for-sale financial assets<br>revaluation reserve<br>S\$'000 | Exchange fluctuation reserve<br>S\$'000 | Merger reserve<br>S\$'000 | Capital reserve<br>S\$'000 | Retained profits/<br>(accumulated losses)<br>S\$'000 | Total Equity<br>S\$'000 |
|--|--------------------------|---|---|---------------------------|----------------------------|--|-------------------------|
| <b>2018</b>  |                          |   |   |                           |                            |  |                         |
| At 1 January 2018 (audited)  | 4,718                    | 4,976   | 22                                      | —                         | 1,491                      | 4,261  | 15,468                  |
| Loss for the period  | —                        | —   | —                                       | —                         | —                          | (376)  | (376)                   |
| Other comprehensive income for the period:   |                          |   |   |                           |                            |  |                         |
| Exchange differences on translation of foreign operations  | —                        | —   | 25                                      | —                         | —                          | —  | 25                      |
| Total comprehensive income for the period  | —                        | —   | 25                                      | —                         | —                          | —  | 25                      |
| Issuance of shares under IPO, net of share assurance expenses  | 25,666                   | —   | —                                       | —                         | —                          | —  | 25,666                  |
| At 31 March 2018 (3 months, unaudited)   | 30,384                   | 4,976   | 47                                      | —                         | 1,491                      | 3,885  | 40,783                  |
| <b>2017</b>  |                          |   |   |                           |                            |  |                         |
| At 1 January 2017 (audited)  | —                        | 16,995  | (10)                                    | 4,718                     | 1,491                      | (869)  | 22,325                  |
| Loss for the period  | —                        | —   | —                                       | —                         | —                          | (37)   | (37)                    |
| Other comprehensive income/(loss) for the period:  |                          |   |   |                           |                            |  |                         |
| Exchange differences on translation of foreign operations  | —                        | —   | 4                                       | —                         | —                          | —  | 4                       |
| Fair value changes on available-for-sale financial assets  | —                        | (174)   | —                                       | —                         | —                          | —  | (174)                   |
| Total comprehensive loss for the period  | —                        | (174)   | 4                                       | —                         | —                          | —  | (170)                   |
| Issue of shares by the Company for acquisition of subsidiaries in connection with the Reorganisation | 4,718                    | —   | —                                       | (4,718)                   | —                          | —  | —                       |
| At 31 March 2017<br>(3 months, unaudited)  | 4,718                    | 16,821  | (6)                                     | —                         | 1,491                      | (906)  | 22,118                  |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

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

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

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

## 2. BASIS OF PREPARATION

The First Quarterly Financial Statements 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 2018, together with the relevant transitional provisions, have been adopted by the Group in the preparation of these financial statements.

In the current period, the Group has applied the following new International Financial Reporting Standards ("**new IFRS**") which are, or have become effective:

| <b>Description</b>   | <b>Effective for<br/>annual periods<br/>beginning on or<br/>after</b> |
|--|---|
| IFRS 9 <i>Financial Instruments</i>  | 1 January 2018  |
| IFRS 15 <i>Revenue from Contracts with Customers</i>   | 1 January 2018  |
| IFRIC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>   | 1 January 2018  |
| Amendments to IFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>   | 1 January 2018  |
| Amendments to IFRS 15 <i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>   | 1 January 2018  |
| <i>Annual Improvements to IFRSs Standards 2014–2016 Cycle:</i><br>Amendments to IAS 28 <i>Investments in Associates and Joint Ventures</i> | 1 January 2018  |

## 2. BASIS OF PREPARATION (Continued)

Further information about those IFRSs that are applicable to the Group is as follows:

### *IFRS 9 Financial Instruments*

IFRS 9 replaces the whole of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income (“**OCI**”) and fair value through profit or loss. Classification is driven by the entity’s business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities, there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability’s own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss. IFRS 9 introduces a new model for the recognition of impairment losses, the expected credit losses (“**ECL**”) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on the ECL model either on a twelve-month basis or a lifetime basis.

The Group 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.

## 2. BASIS OF PREPARATION (Continued)

### *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 adopts IFRS 15 from 1 January 2018. 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 elects 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.

### 3. SEGMENT INFORMATION

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

(a) **Investment management**

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

(i) *SPV investment management*

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

(ii) *Fund management*

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

Under the contracts entered into with the private real estate funds, the Group is entitled to fund Establishment Fee and fund management fees based on a percentage of committed capital and performance fees based on a percentage of return on equity of the fund upon divestment of all investments in the fund or expiration or early termination of the fund life. The fund management fees are received semi-annually or annually and are recognised on a straight-line basis over the contract terms. The fund Establishment Fees and performance fees are recognised as and when the Group's rights and entitlement to the fees are established.

### 3. SEGMENT INFORMATION (Continued)

(b) **Project consultancy and management services**

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

(c) **Property management and tenancy management**

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

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

(d) **Financial advisory**

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



#### 4. REVENUE

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 is as follows:

|   | <b>Group</b><br><b>Three months ended 31 March</b><br><b>(unaudited)</b> |         |
|---|--|---------|
|   | <b>2018</b>  | 2017    |
|   | <b>S\$'000</b>   | S\$'000 |
| <b>Revenue</b>                                  |  |         |
| Investment management                           |  |         |
| – SPV investment management fees                | <b>2,135</b>   | 1,110   |
| – Fund management fees                          | <b>417</b>   | 111     |
| Project consultancy and management service fees | <b>415</b>   | 489     |
| Property management and tenancy management fees | <b>873</b>   | 980     |
| Financial advisory fees                         | <b>–</b>   | 47      |
|   | <b>3,840</b>   | 2,737   |

#### 5. LOSS BEFORE TAX

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

|   | <b>Group</b><br><b>Three months ended 31 March</b><br><b>(unaudited)</b> |         |
|---|--|---------|
|   | <b>2018</b>  | 2017    |
|   | <b>S\$'000</b>   | S\$'000 |
| Auditor's remuneration  | <b>25</b>  | 2       |
| Listing expenses  | <b>988</b>   | 625     |
| Minimum lease payments under operating leases   | <b>162</b>   | 105     |
| Dividend income from the Establishment Shares included<br>in SPV investment management fees | <b>(1,935)</b>   | (808)   |
| Foreign exchange differences, net   | <b>657</b>   | 19      |

## 6. INCOME TAX CREDIT

No provision for profits tax has been made during the three months period ended 31 March 2018. Under Singapore One-Tier System, dividend income from Establishment Shares are tax-exempted. Elsewhere in other countries/jurisdictions where the Group operate, there was no assessable profit generated during the period under review or had estimated tax losses brought forward to offset the assessable profit for the period.

Singapore income tax is applied at the rate of 17.0% on the assessable profit before tax and respective income tax rates applicable to the Group, after taking into account non-taxable income and non-deductible expenses. Hong Kong income tax is applied at the rate of 16.5% for the Group's subsidiaries established in Hong Kong. China income tax stands at 25.0%, while Australia income tax stands at 30.0%.

The potential unaudited deferred tax asset of approximately S\$264,000 as at 31 March 2018 is relating to tax losses available for carry forward and the timing differences as at 31 March 2018 have not been recognized due to the unpredictability of the future profit streams.

## 7. LOSS PER SHARE

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

|   | <b>Three months<br/>ended<br/>31 March 2018<br/>(unaudited)<br/>S\$'000</b> |
|---|---|
| <b>Loss</b>   |   |
| Loss for the purpose of calculating basic and diluted loss per share<br>(loss for the period attributable to owners of the Company) | <b>(376)</b>  |
| <b>Number of shares</b>   |   |
| Weighted average number of ordinary shares for the purpose of<br>calculating basic and diluted loss per share                       | <b>1,916,666,667</b>  |

Loss per share information for the quarter ended 31 March 2017 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.

## 8. DIVIDENDS

On 21 March 2018, the Company proposed to pay a final dividend of 0.2 Singapore cent per ordinary share for the financial year ended 31 December 2017. The proposed dividend is subject to shareholders' approval at the 2017 annual general meeting.

The Board did not recommend the payment of any dividend for the three months ended 31 March 2018 and 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 period ended 31 March 2018. All amounts are expressed in Singapore Dollars unless otherwise stated.

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

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

### Executive Overview

During period under review, the Group managed a total of 21 investment structures under the PE structures and fund structures over 21 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia. The Group also provided ongoing project consultancy and management services to a total of 8 real estate projects in Singapore, delivered ongoing property management services to 25 real estate projects in Singapore and Malaysia, and tenancy management services to 6 property owners in Singapore and Malaysia.

### Financial Review

#### Revenue

The unaudited revenue of the Group increased by approximately 40.3% from approximately S\$2.7 million for the three months period ended 31 March 2017 to approximately S\$3.8 million for the same period in 2018. This increase was mainly attributable to higher dividends received from the investment management business segment.

Increase in revenue was nevertheless offset by a rise in expenses, mostly due to Listing Expenses, foreign exchange loss and higher staff cost. Total expenses were recorded at approximately S\$4.4 million for the three months period ended 31 March 2018 as compared to approximately S\$2.9 million for the corresponding period in 2017.

The following table sets forth the breakdown of our operating segment information for the period ended 31 March 2018 and 2017:

| Three months ended<br>31 March 2018<br>(unaudited) | Investment management        |                    | Project<br>consultancy and<br>management<br>services | Property<br>management<br>and tenancy<br>management | Financial<br>advisory | Total   |
|--|------------------------------|--------------------|--|---|-----------------------|---------|
|  | SPV investment<br>management | Fund<br>management |  |   |                       |         |
|  | S\$'000                      | S\$'000            | S\$'000  | S\$'000   | S\$'000               | S\$'000 |
| <b>Segment revenue</b>                             |                              |                    |  |   |                       |         |
| External customers                                 | 2,135                        | 417                | 415  | 873   | —                     | 3,840   |
| <b>Segment results</b>                             | 1,735                        | 184                | 286  | 29  | (138)                 | 2,096   |
| <i>Reconciliation:</i>                             |                              |                    |  |   |                       |         |
| Other income and gains                             |                              |                    |  |   |                       | 136     |
| Corporate and unallocated<br>expenses              |                              |                    |  |   |                       | (2,608) |
| Loss before tax                                    |                              |                    |  |   |                       | (376)   |

| Three months ended<br>31 March 2017<br>(unaudited) | Investment management        |                    | Project<br>consultancy and<br>management<br>services | Property<br>management<br>and tenancy<br>management | Financial<br>advisory | Total   |
|--|------------------------------|--------------------|--|---|-----------------------|---------|
|  | SPV investment<br>management | Fund<br>management |  |   |                       |         |
|  | S\$'000                      | S\$'000            | S\$'000  | S\$'000   | S\$'000               | S\$'000 |
| <b>Segment revenue</b>                             |                              |                    |  |   |                       |         |
| External customers                                 | 1,110                        | 111                | 489  | 980   | 47                    | 2,737   |
| <b>Segment results</b>                             | 785                          | (224)              | 339  | (82)  | (163)                 | 655     |
| <i>Reconciliation:</i>                             |                              |                    |  |   |                       |         |
| Other income and gains                             |                              |                    |  |   |                       | 30      |
| Corporate and unallocated<br>expenses              |                              |                    |  |   |                       | (799)   |
| Loss before tax                                    |                              |                    |  |   |                       | (114)   |

(a) *Investment Management Services*

The unaudited revenue of the Group doubled from approximately S\$1.2 million for the first quarter 2017 to approximately S\$2.5 million for the corresponding period in 2018. The increase was mainly due to dividends derived from several Investment SPVs. This implies the Group's ability to successfully manage these Investment SPVs up to the time of project completion, and delivers dividends and/or profit distributions to the investors. No new Investment SPVs will be established as the Group focuses to expand fund structures instead, which is the Group's current adopted business model. With additional funding from equity market, the Group is allocating more resources to continue sourcing for quality real estate projects that deliver attractive return to our investors in the investment management service segment.

(b) *Project Consultancy and Management Services*

The unaudited revenue of the Group remained stable at approximately S\$415,000 for the first quarter in 2018 as compared to approximately S\$489,000 for the corresponding period in 2017. Some contracts are expired after the projects are completed, although new contracts also commenced and are carried out during 2018. The Group is looking into both local and international region to secure more contracts during the year, broaden its client base, and diversify its portfolio. There are a few ranges of investment options that the Group is considering. During the period under review, there is no specific target identified.

(c) *Property Management and Tenancy Management Services*

The unaudited revenue of the Group was level at approximately S\$874,000 for the first quarter in 2018 as compared to approximately S\$980,000 for the corresponding period in 2017. During period under review, some contracts are not renewed at the end of the contract term. The Group is rallying to get new contracts in strata and assets management in prime area in Singapore which construes higher building management fee. Meanwhile, related administrative functions is in the process to be internally managed to achieve cost efficiency.

(d) *Financial Advisory Services*

No revenue was recorded in first quarter 2018 as this business segment is still ramping up since its establishment in December 2016. A loss in first quarter 2018 was resulted from incurring staff cost, office rental, travelling expenses and other operational costs. The Group is actively pitching for corporate advisory mandates, in order to grow its presence and expand its advisory channel. The Group is also actively expanding its team by selective hiring of suitable professionals in both its Singapore and Hong Kong offices.

### **Other income and gains**

Other income and gains mainly consists of government grants and bank interest income. Government grants were received by certain subsidiaries of the Company 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.

### **Staff costs**

Total staff costs (including remuneration of the Directors) for the three months period ended 31 March 2018 was approximately S\$1.8 million, as compared to approximately S\$1.5 million for the corresponding period in 2017, mainly due to increase in headcount. As at 31 March 2018, the Group had 111 employees as compared to 103 as at 31 March 2017.

### **Other expenses, net**

Other expenses, net increased by approximately 78.6% from approximately S\$1.1 million in first quarter 2017 to approximately S\$2.4 million in first quarter 2018. The increase was mainly due to increase of Listing Expenses by approximately S\$363,000 and unrealised foreign exchange loss by approximately S\$638,000.

Majority of the proceeds from the Company's listing is retained in Hong Kong Dollars while presentation of the Group's reporting is in Singapore Dollars. Singapore Dollars strengthened against Hong Kong Dollars as at 31 March 2018, with conversion rate of HK\$5.98 as compared to HK\$5.85 as at 31 December 2017. The Group mitigates the exchange rate risk by implementing working capital management and selective conversion and depositing in local and foreign currencies.

### **Income tax credit**

No provision for profits tax has been made during the three months period ended 31 March 2018. The Group benefited from progressive tax system in each tax jurisdiction, whereas under Singapore's one-tier system, dividend income is tax-exempted when it is received by shareholders.

### **Loss for the period**

Due to the combined effect of higher staff cost, Listing Expenses and unrealised foreign exchange loss, the Group recorded a loss of approximately S\$376,000 during three months period ended 31 March 2018, as compared to a loss of approximately S\$37,000 for the corresponding period in 2017.

If the one-off Listing Expenses were excluded, the Group would have recorded a profit of approximately S\$612,000 and S\$588,000 for the first quarter 2018 and 2017 respectively.

|                                       | <b>Three months ended 31 March<br/>(unaudited)</b> |                 |
|---------------------------------------|--|-----------------|
|                                       | <b>2018<br/>S\$'000</b>                            | 2017<br>S\$'000 |
| <b>Loss for the period</b>            | <b>(376)</b>                                       | (37)            |
| Listing expenses                      | <b>988</b>   | 625             |
| <b>Profit before listing expenses</b> | <b>612</b>   | 588             |

### Use of Proceeds

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

The use of proceeds is further elaborated as follows:

|  |  | <b>IPO<br/>proceed<br/>allocated<br/>S\$'000</b> | <b>Utilisation<br/>in first<br/>quarter<br/>of 2018<br/>%</b> |
|--|--|--|---|
| <b>Total net proceeds raised S\$21.6 million (HK\$125.2 million)</b> |  |  |   |
| BRIDGING RESERVE FUND  | <ul style="list-style-type: none"> <li>• Increase investment sourcing capabilities</li> <li>• Areas of utilization:               <ul style="list-style-type: none"> <li>(i) Tenders or sales for land parcels and real estate assets in Singapore and Australia</li> <li>(ii) Take up the investment stake of real estate projects with real estate developer partners</li> </ul> </li> </ul> | 8,900  | 63.5%<br>(Note 1)   |
| INVESTMENT MANAGEMENT  | <ul style="list-style-type: none"> <li>• Develop investor network by recruiting experienced managers</li> <li>• Expand research and consultancy capabilities</li> <li>• Hire supporting staff to smoothen general operations in Singapore</li> </ul>   | 3,400  | 1.9%  |



| <b>Total net proceeds raised S\$21.6 million (HK\$125.2 million)</b> |   | <b>IPO<br/>proceed<br/>allocated</b> | <b>Utilisation<br/>in first<br/>quarter<br/>of 2018</b> |
|--|---|--------------------------------------|---|
|  |   | S\$'000                              | %   |
| PROJECT<br>CONSULTANCY &<br>MANAGEMENT                               | <ul style="list-style-type: none"> <li>• Establish client service centre</li> <li>• Potential acquisition of project management companies</li> <li>• Upgrade software system on workflow processing</li> <li>• Purchase commercial vehicle to support business activities</li> </ul>                          | 900                                  | —   |
| PROPERTY & TENANCY<br>MANAGEMENT                                     | <ul style="list-style-type: none"> <li>• Hiring more real estate developer relationship managers</li> <li>• Recruiting building construction and architectural professional</li> <li>• Expand expertise to assist new potential real estate projects acquired through use of bridging reserve fund</li> </ul> | 3,300                                | —   |
| FINANCIAL ADVISORY   | <ul style="list-style-type: none"> <li>• Enhance product marketing and distribution in Hong Kong</li> <li>• Expand Type 1 regulated activities by dealing in a wider range of securities</li> </ul>   | 3,500                                | —   |
| GENERAL WORKING<br>CAPITAL   | <ul style="list-style-type: none"> <li>• General working capital</li> </ul>   | 1,600                                | 30.0%   |

Note 1: During the three months ended 31 March 2018, the Group has allocated the entire bridging reserve fund for participating in land parcels and/or real estate assets tendering to secure potential attractive real estate projects. During the period, the Group participated in two biddings of certain parcels of land and utilised the bridging reserve fund as to 63.5% for the payment of tendering deposits. Such biddings were not successful.

## Business Outlook

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. Our status as a listed company will also allow us to more efficiently access the equity capital markets to fulfil our capital needs when and if necessary.

The listing proceeds has been allocated to cover different areas of the Group's business expansion, the majority of which is for setting up a bridging reserve fund. This bridging reserve fund 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. To support these growth strategies, additional staff and professionals will be hired to lead and manage the expanding business.

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 assets under management in the investment management services segment. The Group believes there are ample opportunities to capitalise on the expected increases in demand for real estate investment and development.

We forecast 2018 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES

The Board has adopted the principles and the code provisions of Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules. During the period from the date of the listing and up to the date of this report, the Company has complied with all applicable code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Group has outsourced its internal audit function to external provider in Year 2017, and is still continuing the practice in Year 2018. However, the Group will evaluate the need for establishing an in-house internal audit function, as it will help the Group to accomplish its objective by bringing a cost effective, systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process.

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

As at 31 March 2018, the interests and short positions of the Directors and chief executive of the Company in the share capital, 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")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which any such director or chief executive if taken or deemed to have under such provision of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange 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 |
|--------------------------------|----------------------|--------------------------------------|-----------------------|---|
| Mr. Yeo Choon Guan ("Mr. Yeo") | Our Company (Note 1) | Interest in a controlled corporation | 1,500,000,000 Shares  | 75%   |
| Ms. Sim Kain Kain ("Ms. Sim")  | Our Company (Note 1) | Interest in a controlled corporation | 1,500,000,000 Shares  | 75%   |

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                        |  |                        |
|------------------|--|--------------------------------------|-------------------------|-----------------------------------|--|------------------------|
|                  |  |                                      |                         | Percentage of total issued shares | Number of underlying shares interested | of total issued shares |
| Mr. Yeo          | ZACD Investments Pte. Ltd.                 | Beneficial owner                     | 867,000 ordinary shares | 51%                               | —                                      | —                      |
| Ms. Sim          | ZACD Investments Pte. Ltd.                 | Beneficial owner                     | 867,000 ordinary shares | 49%                               | —                                      | —                      |
| Mr. Yeo/Ms. Sim  | ZACD Land Pte. Ltd. (Note 2)               | Interest in a controlled corporation | 2 ordinary shares       | 100%                              | —                                      | —                      |
| Mr. Yeo/Ms. Sim  | ZACD Investments (ARO II) Limited (Note 3) | Interest in a controlled corporation | 2 ordinary shares       | 100%                              | —                                      | —                      |
| Mr. Yeo/Ms. Sim  | ARO II (Australia) Pty Ltd (Note 4)        | Interest in a controlled corporation | 10 ordinary shares      | 100%                              | —                                      | —                      |
| Mr. Yeo/Ms. Sim  | ARO II (Bay Road) Pty. Ltd. (Note 5)       | Interest in a controlled corporation | 120 ordinary shares     | 100%                              | —                                      | —                      |
| Mr. Yeo/Ms. Sim  | ARO II (Murray Street) Pty Ltd (Note 6)    | Interest in a controlled corporation | 10 ordinary shares      | 100%                              | —                                      | —                      |
| Mr. Yeo/Ms. Sim  | ARO II (Tebrau) Pte. Ltd. (Note 7)         | Interest in a controlled corporation | 2 ordinary shares       | 100%                              | —                                      | —                      |
| Mr. Yeo/Ms. Sim  | Kurnia Rezeki Utama Sdn. Bhd. (Note 8)     | Interest in a controlled corporation | 500,000 ordinary shares | 100%                              | —                                      | —                      |
| Mr. Yeo/Ms. Sim  | ZACD Property Pte. Ltd. (Note 9)           | Interest in a controlled corporation | 2 ordinary shares       | 100%                              | —                                      | —                      |
| Mr. Yeo/Ms. Sim  | 48 Fintech Pte. Ltd. (Note 10)             | Interest in a controlled corporation | 2 ordinary shares       | 100%                              | —                                      | —                      |

| Name of Director | Name of corporation                           | Nature of interest and capacity      | Number of shares held  | Percentage of       |  | Percentage of total issued shares |
|------------------|---|--------------------------------------|------------------------|---------------------|--|-----------------------------------|
|                  |   |                                      |                        | total issued shares | Number of underlying shares interested |                                   |
| Mr. Yeo/Ms. Sim  | ZACD (Canberra) Pte. Ltd. (Note 11)           | Interest in a controlled corporation | 100 ordinary shares    | 100%                | 228 ordinary shares                    | 228%                              |
| Mr. Yeo/Ms. Sim  | ZACD (Frontier) Pte. Ltd. (Note 12)           | Interest in a controlled corporation | 2 ordinary shares      | 100%                | 305 ordinary shares                    | 15,250%                           |
| Mr. Yeo/Ms. Sim  | ZACD (Neew) Pte. Ltd. (Note 13)               | Interest in a controlled corporation | 2 ordinary shares      | 100%                | 194 ordinary shares                    | 9,700%                            |
| Mr. Yeo/Ms. Sim  | ZACD (Berwick Drive) Pte. Ltd. (Note 14)      | Interest in a controlled corporation | 2 ordinary shares      | 100%                | —                                      | —                                 |
| Mr. Yeo/Ms. Sim  | SRI5000 Neew Developments Pte. Ltd. (Note 15) | Interest in a controlled corporation | 60,000 ordinary shares | 60%                 | —                                      | —                                 |
| Mr. Yeo/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/Ms. Sim  | Kinaan Land Investment Pte. Ltd. (Note 17)    | Interest in a controlled corporation | 502 ordinary shares    | 50.20%              | —                                      | —                                 |
| Mr. Yeo/Ms. Sim  | ZACD (CCK) Pte. Ltd. (Note 18)                | Interest in a controlled corporation | 2 ordinary shares      | 100%                | 148 ordinary shares                    | 7,400%                            |
| Mr. Yeo/Ms. Sim  | ZACD (Gambas) Pte. Ltd. (Note 19)             | Interest in a controlled corporation | 2 ordinary shares      | 100%                | —                                      | —                                 |
| Mr. Yeo/Ms. Sim  | ZACD (Neew2) Pte. Ltd. (Note 20)              | Interest in a controlled corporation | 2 ordinary shares      | 100%                | 70 ordinary shares                     | 3,500%                            |
| Mr. Yeo/Ms. Sim  | ZACD (Jurong) Pte. Ltd. (Note 21)             | Interest in a controlled corporation | 2 ordinary shares      | 100%                | 171 ordinary shares                    | 8,550%                            |
| Mr. Yeo/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.
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.
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 March 2018, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2018, the following persons or entity who have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions:

| <b>Name</b>      | <b>Capacity/<br/>Nature of interest</b>     | <b>Number of<br/>ordinary<br/>shares held</b> | <b>Percentage of total<br/>issued share capital<br/>of the Company</b> |
|------------------|---|---|--|
| Mr. Yeo          | Interest in a controlled corporation (Note) | 1,500,000,000                                 | 75%  |
| Ms. Sim          | Interest in a controlled corporation (Note) | 1,500,000,000                                 | 75%  |
| ZACD Investments | Beneficial owner (Note)                     | 1,500,000,000                                 | 75%  |

Note: 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.

Save as disclosed above, as at 31 March 2018, the Company had not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company which fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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

The Company's shares were first listed on GEM of the Stock Exchange on 16 January 2018. During the period from 16 January 2018 up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## INTERESTS OF THE COMPLIANCE ADVISER

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

## AUDIT COMMITTEE

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

The Audit Committee currently consists of all three of the independent non-executive Directors, namely Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Cheung Ying Kwan and the chairman is Mr. Kong Chi Mo. The Audit Committee of the Company has reviewed the First Quarterly Results of the Company and its subsidiaries for the three months ended 31 March 2018.

By Order of the Board

**ZACD Group Ltd.**

**Sim Kain Kain**

*Chairman and Executive Director*

Hong Kong, 11 May 2018

*As at the date of this report, the board of directors of the Company comprises three executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain and Mr. Siew Chen Yei; and three independent non-executive directors, namely, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Cheung Ying Kwan.*

*The original report is prepared in the English. This report is translated into Chinese. In the event of any inconsistency between the Chinese and English version, the later shall prevail.*