



ZACD GROUP LTD.

杰地集團有限公司\*

(A company incorporated in Singapore with limited liability)  
Stock Code: 8313

# Third 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 of ZACD Group Ltd. (the “Company”, together with its subsidiaries as the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.*

## TABLE OF CONTENTS

CORPORATE INFORMATION	03
DEFINITIONS	04
THIRD QUARTERLY FINANCIAL HIGHLIGHTS	07
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME	08
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	09
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	11
MANAGEMENT DISCUSSION AND ANALYSIS	22
CORPORATE GOVERNANCE AND OTHER INFORMATION	29

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

Ms. Sim Kain Kain (*Chairman*)  
Mr. Yeo Choon Guan (Yao Junyuan) (*CEO*)  
Mr. Siew Chen Yei (*CFO*)  
Mr. Darren Chew Yong Siang  
(Zhou Yongxiang) (*COO*)

#### 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
“Development SPV(s)”	the investment vehicle(s) owned by the Investment SPV, the key real estate developer partner of the underlying real estate project and other Development SPV investors (if any) under the PE structures
“Directors”	the director(s) of the Company
“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
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM 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

## THIRD QUARTERLY FINANCIAL HIGHLIGHTS

- The unaudited revenue of the Group dropped by 24.0% from approximately S\$10.4 million for the nine-month period ended 30 September 2017 to approximately S\$7.9 million for the corresponding period in 2018. This decrease was mainly attributable to lower dividends received from the investment management business segment.
- The fall in revenue was mitigated by a drop in Listing Expenses, from approximately S\$2.7 million to approximately S\$959,000 during the nine-month period ended 30 September 2017 and 2018 respectively.
- Although higher staff costs had been moderated with lower Listing Expenses and higher unrealised foreign exchange gain, the Group still recorded a net loss of approximately S\$286,000 during the nine-month period ended 30 September 2018, as compared to a net profit of S\$1.1 million for the corresponding period in 2017. If the one-off Listing Expenses were excluded, the Group would have recorded a net profit of approximately S\$673,000 and S\$3.7 million for the nine-month period ended 30 September 2018 and 2017 respectively.
- However, the Group narrowed the net loss from approximately S\$796,000 for the three-month period ended 30 September 2017 to approximately S\$498,000 for the three-month period ended 30 September 2018 mainly attributable to Listing Expenses incurred during the three-month period ended 30 September 2017 and no such expense was incurred during the three-month period ended 30 September 2018. This was netted off by lower revenue and higher staff costs for the three-month period ended 30 September 2018 as compared to the corresponding period in 2017. If the one-off Listing Expenses were excluded, the Group would have recorded a net loss of approximately S\$498,000 and a net profit of approximately S\$689,000 for the three-month period ended 30 September 2018 and 2017 respectively.
- Loss per share during the nine-month period ended 30 September 2018 was approximately 0.01 Singapore cents.
- The Board proposed that an interim dividend of S\$1,000,000, representing 0.05 Singapore cents per ordinary share, in respect of the financial year ending 31 December 2018, be payable on 30 November 2018 to the shareholders of the Company.



The board of directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated financial results of the Group for the nine-month period ended 30 September 2018 (the “**Third Quarterly Results**”), together with the unaudited comparative figures for the corresponding period in 2017, as follows:

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

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

		Group Three-month period ended 30 September		Group Nine-month period ended 30 September	
	Note	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)
Revenue	4	2,232	2,887	7,911	10,409
Other income and gains	4	351	6	600	57
Staff costs		(2,031)	(1,474)	(5,505)	(4,659)
Depreciation		(56)	(32)	(127)	(124)
Office rentals and related expenses		(195)	(165)	(541)	(402)
Marketing expenses		(57)	—	(159)	(128)
Other expenses, net		(742)	(2,018)	(2,465)	(4,158)
<b>(Loss)/profit before tax</b>	5	<b>(498)</b>	(796)	<b>(286)</b>	995
Income tax credit	6	—	—	—	57
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(498)</b>	(796)	<b>(286)</b>	1,052
<b>Other comprehensive (loss)/ income:</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		(12)	4	(35)	12
Fair value changes on available-for-sale financial assets		(708)	(1,230)	(365)	(4,157)
Other comprehensive loss for the period		<b>(720)</b>	(1,226)	<b>(400)</b>	(4,145)
<b>Total comprehensive loss for the period attributable to owners of the Company</b>		<b>(1,218)</b>	(2,022)	<b>(686)</b>	(3,093)
<b>Loss per share attributable to owners of the Company</b>	7				
— Basic (cents)		<b>(0.03)</b>	N/A	<b>(0.01)</b>	N/A
— Diluted (cents)		<b>(0.03)</b>	N/A	<b>(0.01)</b>	N/A

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

Group	Share capital 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
<b>Nine-month period ended 30 September 2018</b>							
At 1 January 2018 (audited)	4,718	4,976*	22*	—*	1,491*	4,261*	15,468
Loss for the period	—	—	—	—	—	(286)	(286)
Other comprehensive loss for the period:							
Exchange differences on translation of foreign operations	—	—	(35)	—	—	—	(35)
Fair value changes on available-for-sale financial assets	—	(365)	—	—	—	—	(365)
Total comprehensive loss for the period	—	(365)	(35)	—	—	(286)	(686)
Issuance of shares pursuant to initial public offering, net of share issuance expenses	25,148	—	—	—	—	—	25,148
Dividends (Note 8)	—	—	—	—	—	(4,000)	(4,000)
At 30 September 2018 (unaudited)	29,866	4,611*	(13)*	—*	1,491*	(25)*	35,930

\* These reserve accounts comprise the consolidated reserves of S\$10,750,000 and S\$6,064,000 as at 31 December 2017 and 30 September 2018 respectively.

Group	Share capital 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
<b>Nine-month period ended</b>							
<b>30 September 2017</b>							
At 1 January 2017 (audited)	—	16,995*	(10)*	4,718*	1,491*	(869)*	22,325
Profit for the period	—	—	—	—	—	1,052	1,052
Other comprehensive income/(loss) for the period:							
Exchange differences on translation of foreign operations	—	—	12	—	—	—	12
Fair value changes on available-for- sale financial assets	—	(4,157)	—	—	—	—	(4,157)
Total comprehensive loss for the period	—	(4,157)	12	—	—	1,052	(3,093)
Issuance of shares by the Company for acquisition of subsidiaries in connection with the Reorganisation	4,718	—	—	(4,718)	—	—	—
At 30 September 2017 (unaudited)	4,718	12,838*	2*	—*	1,491*	183*	19,232

\* These reserve accounts comprise the consolidated reserves of S\$22,325,000 and S\$14,514,000 as at 31 December 2016 and 30 September 2017 respectively.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

## 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 financial period, the Company’s subsidiaries were principally engaged in the provision of the following services:

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

## 2. BASIS OF PREPARATION

The Third Quarterly Results of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), which comprise all standards and interpretations approved by International Accounting Standards Board.

The Third Quarterly Results are presented in Singapore dollars (S\$) and all values are rounded to the nearest thousand except when otherwise indicated.

## 2. BASIS OF PREPARATION (Continued)

### **New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the Third Quarterly Results are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers amongst several other amendments and interpretations applicable for the first time in 2018. These applications do not have a material impact on the Third Quarterly Results of the Group.

### **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.

## 2. BASIS OF PREPARATION (Continued)

### IFRS 9 *Financial Instruments* (Continued)

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 adoption of IFRS 9 does not 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 generally 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 has performed a 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. It concluded that this change does not have a material impact on the Group’s Third Quarterly Results.

## 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 impacts the Group's 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. Previously, 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 application of IFRS 15 generally results 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. Management has assessed the impact arising from the initial adoption of IFRS 15 including performance fee recognition from the major investor and concluded this to be not material to the Group's Third Quarterly Results. The Group uses the modified retrospective transition method for the adoption of IFRS 15.

## 3. OPERATING SEGMENT INFORMATION

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

### (a) Investment management

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

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### (a) Investment management (Continued)

##### (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, 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. In the case of the performance fees, revenue is recognised only when it is highly probable that a significant reversal of the cumulative amount of revenue recognised will not occur upon the resolution of any uncertainty.



### 3. OPERATING 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.

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### Geographical information

*Revenue from external customers*

	Group Three-month period ended 30 September		Group Nine-month period ended 30 September	
	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)
Singapore	2,094	2,555	7,102	9,331
Malaysia	100	326	286	1,046
Australia	—	—	409	—
Other countries/ jurisdictions	38	6	114	32
	<b>2,232</b>	2,887	<b>7,911</b>	10,409

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

#### 4. REVENUE, AND OTHER INCOME AND GAINS

The Group's 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 Three-month period ended 30 September		Group Nine-month period ended 30 September	
	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)
<b>Revenue</b>				
Investment management				
— SPV investment management fees	814	1,543	3,344	5,561
— Fund management fees	222	132	1,118	851
Project consultancy and management service fees	279	353	762	1,197
Property management and tenancy management fees	887	859	2,617	2,754
Financial advisory fees	30	—	70	46
	<b>2,232</b>	2,887	<b>7,911</b>	10,409
<b>Other income and gain</b>				
Government grants*	32	2	147	53
Interest income	318	—	425	—
Others	1	4	28	4
	<b>351</b>	6	<b>600</b>	57

\* 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.

## 5. (LOSS)/PROFIT BEFORE TAX

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

	Group Three-month period ended 30 September		Group Nine-month period ended 30 September	
	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)
Auditor's remuneration	36	5	127	13
Listing expenses	—	1,485	959	2,671
Minimum lease payments under operating leases	195	165	541	402
Fair value gain for financial assets at fair value through profit or loss	—	—	—	(36)
Dividend income from the Establishment Shares included in SPV investment management fees	(689)	(1,145)	(2,945)	(4,269)
Foreign exchange differences, net	22	34	(438)	106

## 6. INCOME TAX CREDIT

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% during the current period. No provision for profits tax has been made in other countries/jurisdictions in which the Group operates as the Group did not generate any assessable profits arising in other countries/jurisdictions during the financial period ended 30 September 2017 and 2018.

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

	Group Three-month period ended 30 September		Group Nine-month period ended 30 September	
	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)
Current:				
Charge for the period	—	—	—	24
Overprovision in prior years	—	—	—	(5)
Deferred	—	—	—	(76)
Income tax credit recognised in profit or loss	—	—	—	(57)

## 7. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Group Three-month period ended 30 September		Group Nine-month period ended 30 September	
	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)	2018 S\$'000 (unaudited)	2017 S\$'000 (unaudited)
<b>(Loss)/earnings</b>				
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	<b>(498)</b>	(796)	<b>(286)</b>	1,052
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	<b>1,972,527,473</b>	N/A	<b>1,972,527,473</b>	N/A

Earnings per share information for the three month period and nine-month period ended 30 September 2017 is not meaningful due to the reorganisation of the entities within the Group in preparation of the listing (the "**Listing**") of the shares of the Company on GEM of the Stock Exchange (the "**Reorganisation**").

## 8. DIVIDENDS

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

On 8 November 2018, the Board proposed that an interim dividend of S\$1,000,000, representing 0.05 Singapore cents per ordinary share, in respect of the financial year ending 31 December 2018, be payable on 30 November 2018 to the shareholders of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (the “**MD&A**”) for the Company has been prepared and reviewed by the management for the nine-month period ended 30 September 2018 (the “**Review Period**”). All amounts are expressed in Singapore Dollars unless otherwise stated.

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

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

### Executive Overview

During the Review Period, the Group managed over 27 investment projects in Singapore, Australia, Malaysia and Indonesia. The Group provided ongoing project consultancy and management services to 4 residential real estate projects in Singapore which include Vue 8 Residence, Ecopolitan, Mayfair Residences and Le Quest. The Group also provide ongoing property management services to 22 real estate projects in Singapore, and tenancy management services to 6 property owners in Singapore and Malaysia.

### Financial Review

#### Revenue

The unaudited revenue of the Group dropped by 24.0% from approximately S\$10.4 million for the nine-month period ended 30 September 2017 (the “**Previous Period**”) to approximately S\$7.9 million for the Review Period. This decrease was mainly attributable to lower dividends received from the investment management business segment.

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

Review Period	Investment management		Project consultancy and management services S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
	<b>Segment revenue</b>					
External customers	3,344	1,118	762	2,617	70	7,911
<b>Segment results</b>	2,434	77	446	(123)	(505)	2,329
<i>Reconciliation:</i>						
Other income and gains						600
Corporate and unallocated expenses						(3,215)
Loss before tax						(286)

Previous Period	Investment management		Project consultancy and management services S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
	<b>Segment revenue</b>					
External customers	5,561	851	1,197	2,754	46	10,409
<b>Segment results</b>	4,584	(214)	906	(100)	(662)	4,514
<i>Reconciliation:</i>						
Other income and gains						57
Corporate and unallocated expenses						(3,576)
Profit before tax						995



(a) *Investment Management Services*

The unaudited revenue of the Group decreased from approximately S\$6.4 million for the Previous Period to approximately S\$4.5 million for the Review Period. The decrease was mainly due to the dividends derived from an Investment SPV during the Previous Period which received its first tranche dividend amounting S\$2.9 million from the Development SPV, an investment vehicle which an Investment SPV invests in, during the period. Such decrease was partially offset by dividends received from several other Investment SPVs during the Review Period with substantial dividends received from the Development SPVs in prior years. No new Investment SPV was established as the Group focuses to expand fund structures instead, which is the Group's current adopted business model. During the Review Period, we derived fund management fees of S\$1.1 million from several funds, which is approximately 31.3% higher than the Previous Period as a result of our focus to expand the fund structures.

(b) *Project Consultancy and Management Services*

The unaudited revenue of the Group decreased from approximately S\$1.2 million for the Previous Period to approximately S\$762,000 for the Review Period. The decrease was mainly due to the expiration of certain project contracts after the completion of those projects. The Group is looking into both local and international region to secure more contracts during the year to broaden its client base, and diversify its portfolio.

(c) *Property Management and Tenancy Management Services*

The unaudited revenue of the Group decreased slightly from approximately S\$2.8 million for the Previous Period to approximately S\$2.6 million for the Review Period. During the Review Period, some contracts had ceased and/or not been renewed at the end of the contract term. This decrease is partially offset by new contracts taken up between the second half of 2017 and beginning this year. The Group is rallying to get new contracts in the prime areas of Singapore which construes higher management fee.

(d) *Financial Advisory Services*

The unaudited revenue of the Group increased slightly to approximately S\$70,000 for the Review Period as compared to approximately S\$46,000 for the Previous Period. 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 increased from approximately S\$57,000 for the Previous Period to approximately S\$600,000 for the Review Period, representing an increase of approximately 948.9%. The increase was mainly due to interest income derived from the bridging loans and bank balances and several government grants 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) increased to approximately S\$5.5 million for the Review Period as compared to approximately S\$4.7 million for the Previous Period mainly due to the remuneration of three executive directors and fees to the non-executive directors following the Listing of the Company. The increase was also due to increase in staff costs as a result of recruitment of additional professional staff for business expansion.

### **Other expenses, net**

Other expenses, net decreased by approximately 40.7% from approximately S\$4.2 million in the Previous Period to approximately S\$2.5 million in the Review Period. The decrease was mainly due to increase in net foreign exchange gain of S\$544,000 and decrease in Listing Expenses by approximately S\$1.7 million, partially offset by the increase in professional fees by approximately S\$314,000, travelling and entertainment expenses by approximately S\$86,000 and other operating expenses by approximately S\$193,000.

The increase in net foreign exchange gain is due to the weakening of Singapore Dollars against Hong Kong Dollars as at 30 September 2018, with conversion rate of HK\$5.72 as compared to HK\$5.75 as at 30 September 2017.

The increase in professional fees and other operating expenses was mainly due to the increase costs of operating a publicly-listed company as fees were paid to professional parties including audit fee, compliance advisory fee, legal advisory fee and printing fee.

The increase in travelling and entertainment expenses was mainly due to more marketing activities to source for suitable investments for investment management business, as well as expansion efforts to grow our other business segments.

### **Income tax credit**

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

### (Loss)/profit for the period

As a result of the foregoing, we recorded a loss of approximately S\$286,000 for the Review Period and a profit of S\$1.1 million for the Previous Period.

If the one-off Listing Expenses were excluded, the Group would have recorded a higher profit of approximately S\$673,000 and S\$3.7 million for the Review Period and the Previous Period respectively.

	<b>Group Nine-month period ended 30 September</b>	
	<b>2018</b>	2017
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
<b>(Loss)/profit for the period</b>	<b>(286)</b>	1,052
Listing expenses	<b>959</b>	2,671
<b>Profit before listing expenses</b>	<b>673</b>	3,723

### 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 proceed allocated</b>	<b>Utilisation in the Review Period</b>
		S\$'000	%
<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	100.0% (Note 1)

		Utilisation
		in the
<b>Total net proceeds raised S\$21.6 million (HK\$125.2 million)</b>		<b>IPO</b>
		<b>proceed</b>
		<b>allocated</b>
		<b>Period</b>
		S\$'000
		%
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 7.0%
PROJECT CONSULTANCY & 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 9.1%
PROPERTY & TENANCY 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 18.8%
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 1.1%
GENERAL WORKING CAPITAL	<ul style="list-style-type: none"> <li>General working capital</li> </ul>	1,600 100.0%

Note 1: The Group utilized the entire bridging reserve fund and S\$3.46 million of the unused proceeds was temporarily used to fund the facility to ZACD Income Trust. The entire loan is expected to be repaid by ZACD Income Trust within the next six months when the financing of one of the Australian properties held by the trust is completed.

## Business Outlook

### **Singapore Economy Outlook**

Based on advance estimates revealed by the Ministry of Trade and Industry (“**MTI**”), the Singapore economy expanded by 2.6% year-on-year (“**yoy**”) in the third quarter of 2018 (“**3Q 2018**”), slower than the 4.1% growth recorded in the preceding quarter. Despite the economy appears to moderate, it was still slightly higher than the forecast of 2.4% Gross Domestic Product (“**GDP**”) growth for 3Q 2018 by the private economists who were surveyed. On a quarter-on-quarter (“**qoq**”) seasonally-adjusted annualised basis, the economy actually expanded by 4.7%, faster than the 1.2% growth in the second quarter of 2018 (“**2Q 2018**”).

Economic growth is expected to come in within the upper half of the 2.5% to 3.5% range this year and ease slightly in 2019.

### **Private Residential Property Market**

After the private residential real estate price index increased by 9.1% yoy in the 12-month period from mid-2017 to mid-2018, the Singapore government implemented a new round of property cooling measures on 5 July 2018 to curb rising home prices and land prices.

In 3Q 2018, the private residential property price index increased 0.5% qoq. This is slower than the 3.4% qoq price growth in 2Q 2018. However, the price index is still expected to end 2018 with positive growth of about 6.5% to 8.5% yoy.

Despite the recent property cooling measures, real estate developers still managed to sell 3,012 private homes in 3Q 2018. This is an impressive 27.3% jump from the 2,366 private housing units sold in 2Q 2018.

### **Prospects**

In the next quarter of 2018, the Group will still focus on the existing and new funds which include ZACD Income Trust and LT Fund.

The Group is seeking to broaden our client base for project consultancy and management services both locally and in the region, expanding into Australia, Malaysia, Indonesia, Taiwan and other Asia Pacific countries and exploring opportunities in emerging markets to diversify our portfolio.

In respect of property and tenancy management service, the Group is planning to expand our existing offering via potential acquisition into the building survey industry in Singapore, expanding the business into Malaysia via potential acquisition of property management business, and seeking new projects in property and tenancy management in local Singapore market.

The Group is also expanding our corporate advisory team in Singapore and Hong Kong to manage and execute current advisory mandates and converting deal leads, expanding external asset management activities with new discretionary funds under management and portfolio advisory mandates with new external asset management clients.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES

The Board has adopted the principles and the code provisions of Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. During the 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.

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

As at 30 September 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 ordinary shares held	Percentage of total issued share capital of the Company
Mr. Yeo Choon Guan (“ <b>Mr. Yeo</b> ”)	Our Company (Note 1)	Interest in a controlled corporation	1,500,000,000	75%
Ms. Sim Kain Kain (“ <b>Ms. Sim</b> ”)	Our Company (Note 1)	Interest in a controlled corporation	1,500,000,000	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 of		Percentage of total issued shares
				total issued shares	Number of underlying shares interested	
Mr. Yeo	ZACD Investments Pte. Ltd.	Beneficial owner	867,000 ordinary shares	51%	—	—
Ms. Sim	ZACD Investments Pte. Ltd.	Beneficial owner	833,000 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 Property Pte. Ltd. (Note 3)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	ZACD Treasury Limited (Note 4)	Interest in a controlled corporation	10,000 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	ZACD (Canberra) Pte. Ltd. (Note 5)	Interest in a controlled corporation	100 ordinary shares	100%	228 ordinary shares	228%
Mr. Yeo/Ms. Sim	ZACD (Frontier) Pte. Ltd. (Note 6)	Interest in a controlled corporation	2 ordinary shares	100%	305 ordinary shares	15,250%
Mr. Yeo/Ms. Sim	ZACD (Neew) Pte. Ltd. (Note 7)	Interest in a controlled corporation	2 ordinary shares	100%	194 ordinary shares	9,700%
Mr. Yeo/Ms. Sim	ZACD (Berwick Drive) Pte. Ltd. (Note 8)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	SRI5000 Neew Developments Pte. Ltd. (Note 9)	Interest in a controlled corporation	60,000 ordinary shares	60%	—	—
Mr. Yeo/Ms. Sim	ZACD (Tuas Bay) Pte. Ltd. (Note 10)	Interest in a controlled corporation	2 ordinary shares	100%	121 ordinary shares	6,050%

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	Kainaan Land Investment Pte. Ltd. (Note 11)	Interest in a controlled corporation	502 ordinary shares	50.20%	—	—
Mr. Yeo/Ms. Sim	ZACD (CCK) Pte. Ltd. (Note 12)	Interest in a controlled corporation	2 ordinary shares	100%	148 ordinary shares	7,400%
Mr. Yeo/Ms. Sim	ZACD (Gambas) Pte. Ltd. (Note 13)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	ZACD (Neew2) Pte. Ltd. (Note 14)	Interest in a controlled corporation	2 ordinary shares	100%	70 ordinary shares	3,500%
Mr. Yeo/Ms. Sim	ZACD (Jurong) Pte. Ltd. (Note 15)	Interest in a controlled corporation	2 ordinary shares	100%	171 ordinary shares	8,550%
Mr. Yeo/Ms. Sim	ZACD (Woodlands12) Pte. Ltd. (Note 16)	Interest in a controlled corporation	2 ordinary shares	100%	109 ordinary shares	5,450%
Mr. Yeo/Ms. Sim	ZACD Development Sdn. Bhd. (Note 17)	Interest in a controlled corporation	100 ordinary shares	100%	—	—

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 Property Pte. Ltd. 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 respectively. As such, both of them are deemed to be interested in all the shares of ZACD Treasury Limited 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 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.
6. 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.
7. 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.
8. 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.
9. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD (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.

10. 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.
11. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in 50.20% of the total issued shares of Kainaan Land Investment Pte. Ltd. held by ZACD Investments by virtue of the SFO.
12. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 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.
13. 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.
14. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 6 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.

15. 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.
  
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 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.
  
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 all the shares of ZACD Development Sdn. Bhd. held by ZACD Investments by virtue of the SFO.

Save as disclosed above, as at 30 September 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 30 September 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/ Nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage of total issued share capital 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 30 September 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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the review period up to the date of this report.

## 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 CG 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, together with the management of the Company, have reviewed the unaudited consolidated results of the Group for the nine-month period ended 30 September 2018.

By Order of the Board

**ZACD Group Ltd.**

**Sim Kain Kain**

*Chairman and Executive Director*

Hong Kong, 8 November 2018

*As at the date of this report, the board of directors of the Company comprises four (4) executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Siew Chen Yei and Mr. Darren Chew Yong Siang (Zhou Yongxiang); and three (3) independent non-executive directors, namely, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Cheung Ying Kwan.*

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