



ZACD GROUP LTD.

杰地集团有限公司*

(A company incorporated in Singapore with limited liability)

Stock Code: 8313



2022

Third Quarterly Report

* for identification purpose only

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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.*

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ms. Sim Kain Kain (*Chairman*)
Mr. Yeo Choon Guan (Yao Junyuan) (*CEO*)
Mr. Mark Oh Keng Kwan (*Deputy CEO*)
Mr. Patrick Chin Meng Liong (*CLO*)
Ms. Yong Sze Wan, Cheryl (*CFO*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kong Chi Mo
Dato' Dr. Sim Mong Keang
Mr. Lim Boon Yew

NON-EXECUTIVE DIRECTOR

Mr. Chew Hong Ngaiap, Ken

AUDIT COMMITTEE

Mr. Kong Chi Mo (*Chairman*)
Dato' Dr. Sim Mong Keang
Mr. Lim Boon Yew

REMUNERATION COMMITTEE

Dato' Dr. Sim Mong Keang (*Chairman*)
Ms. Sim Kain Kain
Mr. Kong Chi Mo
Mr. Lim Boon Yew

NOMINATION COMMITTEE

Mr. Lim Boon Yew (*Chairman*)
Mr. Yeo Choon Guan (Yao Junyuan) (*CEO*)
Mr. Kong Chi Mo
Dato' Dr. Sim Mong Keang

AUTHORISED REPRESENTATIVES

Mr. Patrick Chin Meng Liong (*CLO*)
Mr. Ip Pui Sum

JOINT COMPANY SECRETARIES

As to Hong Kong Law

Mr. Ip Pui Sum

As to Singapore Law

Mr. Tan Kim Swee Bernard

COMPLIANCE OFFICER

Mr. Patrick Chin Meng Liong (*CLO*)

COMPLIANCE ADVISER

Innovax Capital Limited

AUDITOR

Ernst & Young LLP

REGISTERED OFFICE

300 Beach Road
#34-05 The Concourse
Singapore 199555

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

300 Beach Road
#34-05 The Concourse
Singapore 199555

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

20/F, Winbase Centre
208 Queen's Road Central
Sheung Wan, 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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

8313

COMPANY'S WEBSITE

www.zacdgroup.com

FINANCIAL HIGHLIGHTS

For the nine months ended 30 September 2022

- The unaudited revenue of the Group decreased by 18.8% or approximately S\$685,000 from approximately S\$3.6 million for the nine months ended 30 September 2021 (the “**Previous Period**”) to approximately S\$2.9 million for the nine months ended 30 September 2022 (the “**Review Period**”). The decrease was mainly attributable to the one-off project bonus fee of approximately S\$1.5 million derived from the developer SPV of BBW6 Fund in September 2021, partially offset by the increase in project management and acquisition fees from approximately S\$380,000 in the Previous Period to approximately S\$1.2 million in the Review Period.
- Other income and gains increased from approximately S\$430,000 for the Previous Period to approximately S\$798,000 for the Review Period, representing an increase of approximately S\$368,000 or 85.6%. The increase was mainly due to short-term corporate services provided to external corporate clients and interest income derived from the bridging loans extended to the fund structures managed by the Group, partially offset by the decrease in government grants.
- Total staff costs decreased from approximately S\$3.3 million for the Previous Period to approximately S\$3.0 million for the Review Period, representing a decrease of approximately S\$333,000 or 10.1%. As at the end of Review Period, the Group had 31 employees as compared to 34 as at the end of Previous Period.
- The Group reported a net loss of approximately S\$1.0 million for the Review Period as compared to a net profit of approximately S\$6.8 million for the Previous Period, representing a turn from profit to loss of approximately S\$7.8 million or 114.8%. This was mainly attributable to the absence of reversal of impairment losses on financial assets of approximately S\$7.6 million in Review Period. In the Previous Period, impairment loss of approximately S\$7.6 million in respect of the bridging advance by the Group to ZACD Australia Hospitality Fund was reversed following the substantial portion of the settlement proceeds was received by the fund in September 2021.
- No dividend was paid or proposed by the Company for the nine months ended 30 September 2022. (Nine months ended 30 September 2021: Nil).
- Basic and diluted loss per share during the nine months ended 30 September 2022 was approximately S\$0.05 cents (Nine months ended 30 September 2021: profit of S\$0.34 cents).

The board of directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2022 (the “**Third Quarterly Results**”), together with the unaudited comparative figures for the nine months ended 30 September 2021:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2022

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2022	2021	2022	2021
		S\$'000	S\$'000	S\$'000	S\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	961	1,779	2,949	3,634
Other income and gains	4	202	31	798	430
Staff costs		(950)	(1,001)	(2,954)	(3,287)
Depreciation		(26)	(18)	(71)	(80)
Amortisation of right-of-use asset		(34)	–	(34)	(117)
Amortisation of capitalised contract costs		(15)	(24)	(64)	(72)
Reversal of (impairment losses) on financial assets	5	–	7,701	(177)	7,594
Marketing expenses		(20)	(13)	(43)	(22)
Other expenses, net		(563)	(483)	(1,340)	(1,223)
Interest expense		(24)	(23)	(66)	(70)
(Loss)/Profit before tax	5	(469)	7,949	(1,002)	6,787
Income tax expense	6	–	(18)	–	(18)
(Loss)/Profit for the period attributable to owners of the Company		(469)	7,931	(1,002)	6,769

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2022

Note	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)
(Loss)/Profit for the period	(469)	7,931	(1,002)	6,769
Other comprehensive (loss)/income:				
<u>Items that will not be reclassified to profit or loss:</u>				
Fair value changes on investment in equity securities	(294)	(4)	(260)	(419)
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Exchange differences on translation of foreign operations	30	(19)	(13)	(51)
Other comprehensive loss for the period	(264)	(23)	(273)	(470)
Total comprehensive (loss)/income for the period attributable to owners of the Company	(733)	7,908	(1,275)	6,299
(Loss)/Profit per share attributable to owners of the Company				
— Basic (cents)	(0.02)	0.40	(0.05)	0.34
— Diluted (cents)	(0.02)	0.40	(0.05)	0.34

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Share capital S\$'000	Investment in equity securities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total Equity S\$'000
Nine months ended						
30 September 2022						
At 1 January 2022 (audited)	29,866	1,188	23	1,491	(8,838)	23,730
Loss for the period	-	-	-	-	(1,002)	(1,002)
Other comprehensive loss for the period:						
Exchange differences on translation of foreign operations	-	-	(13)	-	-	(13)
Fair value changes on investment in equity securities	-	(260)	-	-	-	(260)
Total comprehensive loss for the period	-	(260)	(13)	-	(1,002)	(1,275)
At 30 September 2022 (unaudited)	29,866	928	10	1,491	(9,840)	22,455

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Share capital S\$'000	Investment in equity securities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total Equity S\$'000
Nine months ended						
30 September 2021						
At 1 January 2021 (audited)	29,866	1,469	64	1,491	(16,299)	16,591
Profit for the period	-	-	-	-	6,769	6,769
Other comprehensive loss for the period:						
Exchange differences on translation of foreign operations	-	-	(51)	-	-	(51)
Fair value changes on investment in equity securities	-	(419)	-	-	-	(419)
Total comprehensive income for the period	-	(419)	(51)	-	6,769	6,299
At 30 September 2021 (unaudited)	29,866	1,050	13	1,491	(9,530)	22,890

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

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 300 Beach Road The Concourse #34-05, Singapore 199555.

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) acquisitions and projects management services;
- (iii) property management and tenancy management services; and
- (iv) financial advisory services.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

2. BASES OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board and Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) as issued by the Singapore Accounting Standards Council (“**ASC**”).

The unaudited condensed consolidated financial information is presented in Singapore dollars (“**S\$**”) and all values are rounded to the nearest thousand (“**S\$’000**”) except when otherwise indicated.

2.2 New standards, interpretations and amendments adopted by the Group

The 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 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. These applications do not have a material impact on the Third Quarterly Results of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

3. OPERATING SEGMENT INFORMATION

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

(a) Investment management

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

(i) *SPV investment management*

The Group provides investment management services to investors of real estate development projects by establishing and incorporating Investment SPV through which the investors participate in the project by subscribing convertible loans that are issued by the Investment SPV and/or entering into trust deeds with the Group's ultimate holding company under the trust structure. 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 from the relevant investment SPVs under the convertible loan structure. Under the trust structure, the Group derives performance fees from the profits made by the investors through dividend distribution received by the Group's ultimate holding company on behalf of investors.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

3. OPERATING SEGMENT INFORMATION (cont'd)

(a) Investment management (cont'd)

(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 distributed to the investors, and/or upon divestment of all investments in the fund or termination of the fund, whichever is earlier. The fund management fees are received quarterly or annually and are recognised on a straight-line basis over the contract terms. The fund establishment fees are recognised as and when the Group's rights and entitlement to the fees are established. Performance fees are not recognised until it is highly probable that a significant reversal of the cumulative amount of revenue recognised will not occur upon the resolution of any uncertainty.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

3. OPERATING SEGMENT INFORMATION (cont'd)

(b) Acquisitions and projects management

Acquisitions and projects management include the Group's services in sourcing, assessing and securing quality real estate assets for real estate developers and 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 and investment advisory services.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

3. OPERATING SEGMENT INFORMATION (cont'd)

Geographical information

Revenue from external customers

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$'000 (unaudited)	2021 S\$'000 (unaudited)	2022 S\$'000 (unaudited)	2021 S\$'000 (unaudited)
Singapore	794	1,757	2,503	3,445
Malaysia	10	10	29	29
Australia	47	12	87	57
British Virgin Islands	110	–	330	88
Other countries/jurisdictions	–	–	–	15
	961	1,779	2,949	3,634

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

4. REVENUE, AND OTHER INCOME AND GAINS

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

Nine months ended 30 September 2022 (unaudited)	Investment management			Property management and tenancy management SS'000	Financial advisory SS'000	Total revenue SS'000
	SPV investment management SS'000	Fund management SS'000	Acquisitions and projects management SS'000			
Primary geographical markets						
Singapore	555	741	1,207	-	-	2,503
Malaysia	-	-	-	29	-	29
Australia	-	-	87	-	-	87
British Virgin Islands	-	330	-	-	-	330
	555	1,071	1,294	29	-	2,949
Timing of services						
At a point in time	505	253	1,207	-	-	1,965
Over time	50	818	87	29	-	984
	555	1,071	1,294	29	-	2,949

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

4. REVENUE, AND OTHER INCOME AND GAINS (cont'd)

Nine months ended 30 September 2021 (unaudited)	Investment management			Property management and tenancy management SS'000	Financial advisory SS'000	Total revenue SS'000
	SPV investment management SS'000	Fund management SS'000	Acquisitions and projects management SS'000			
Primary geographical markets						
Singapore	786	738	1,920	-	1	3,445
Malaysia	-	-	-	29	-	29
Australia	-	-	57	-	-	57
British Virgin Islands	-	-	-	-	88	88
Other countries/jurisdictions	-	-	-	-	15	15
	786	738	1,977	29	104	3,634
Timing of services						
At a point in time	723	183	1,920	-	1	2,827
Over time	63	555	57	29	103	807
	786	738	1,977	29	104	3,634

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

4. REVENUE, AND OTHER INCOME AND GAINS (cont'd)

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$'000 (unaudited)	2021 S\$'000 (unaudited)	2022 S\$'000 (unaudited)	2021 S\$'000 (unaudited)
Revenue				
Investment management				
— SPV investment management fees	369	21	555	786
— Fund management fees	535	195	1,071	738
Acquisitions and projects management fees	47	1,552	1,294	1,977
Property management and tenancy management fees	10	10	29	29
Financial advisory fees	—	1	—	104
	961	1,779	2,949	3,634
Other income and gains				
Government grants (Note (i))	10	3	19	291
Interest income from bridging loans	157	33	452	107
Foreign exchange differences, net	(42)	(10)	(8)	17
Corporate business service fees (Note (ii))	77	—	324	—
Others	—	5	11	15
	202	31	798	430

- (i) Government grants were received by certain subsidiaries and the Company in connection with employment of Singaporean and/or non-Singaporean workers under Wage Credit Scheme, Jobs Support Scheme, Government-Paid Leave Schemes and Special Employment Credit provided by the Singapore Government and employment of Australian workers under JobKeeper Payment Scheme provided by the Australia Government. There were no unfulfilled conditions or contingencies relating to these grants.
- (ii) Corporate business services rendered to external corporate clients by the Group. Services performed include reviewing and advising on financial reports and finance functions and processes, and making recommendations on areas of improvement to the corporate clients.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

5. (LOSS)/PROFIT BEFORE TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$'000 (unaudited)	2021 S\$'000 (unaudited)	2022 S\$'000 (unaudited)	2021 S\$'000 (unaudited)
Auditor's remuneration	21	21	124	121
Bad debts written off — trade	5	137	5	139
Dividend income from the establishment shares included in SPV investment management fees	(299)	–	(452)	(548)
Foreign exchange differences, net	42	10	8	(17)
Professional fees	211	25	247	145
Rental expense for short-term leases	61	103	249	203
(Reversal of) impairment loss on trade receivables	–	(127)	177	(20)
Reversal of impairment loss on loans and receivables	–	(7,574)	–	(7,574)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

6. INCOME TAX EXPENSE

No provision for Singapore profits tax has been provided for the nine months ended 30 September 2022 (Nine months ended 30 September 2021: S\$18,000). 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 nine months ended 30 September 2022 (Nine months ended 30 September 2021: Nil).

The major components of the income tax expense during the periods are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$'000 (unaudited)	2021 S\$'000 (unaudited)	2022 S\$'000 (unaudited)	2021 S\$'000 (unaudited)
Current:				
— Provision for current period	-	18	-	18
Income tax expense for the period	-	18	-	18

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/Profit				
(Loss)/Profit for the purpose of calculating basic and diluted loss per share ((loss)/profit for the period attributable to owners of the Company)	(469)	7,931	(1,002)	6,769
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000

8. DIVIDENDS

No dividend was paid or proposed by the Company for the nine months ended 30 September 2022 (Nine months ended 30 September 2021: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

9. FINANCIAL GUARANTEES

On 27 June 2022, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$129,086,250 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential redevelopment project located at 6C and 6D Tanjong Rhu Road, Singapore (the "**La Ville Development**"). This amount represents 75.0% of the total liabilities of the underlying Development SPV under a facility agreement in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of ZACD LV Development Fund (the "**LV Development Fund**"), a sub-fund registered under ZACD Capital Partners VCC, by way of indirectly holding the nominal share capital of the corporate entity of LV Development Fund, is required by the security agents to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development charge, construction cost and related development costs of the La Ville Development. LV Development Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

On 15 June 2022, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$29,980,000 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential real estate project located at Bukit Batok West Avenue 8, Singapore (the "**BBEC Development**"). This amount represents 10.0% of the total liabilities of the underlying Development SPV under a facility agreement in proportion of the shareholding of ZACD (BBEC) Pte. Ltd. (the "**BBEC Fund**") in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the BBEC Fund by way of indirectly holding the nominal share capital of the corporate entity of the BBEC Fund, are required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development premium, construction cost and related development costs of the BBEC Development. BBEC Fund are managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

9. FINANCIAL GUARANTEES (cont'd)

On 22 June 2021, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$19,253,107 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential redevelopment project located at 2, 4 and 6 Mount Emily Road Singapore (the "**Mount Emily Properties**"). This amount represents the total liabilities of the underlying Development SPV under the facilities agreements in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of ZACD Mount Emily Residential Development Fund (the "**Mount Emily Fund**"), a sub-fund registered under ZACD Capital Partners VCC, by way of indirectly holding the nominal share capital of the corporate entity of Mount Emily Fund, is required by the security agents to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, construction cost and related development costs of the Mount Emily Properties. Mount Emily Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

On 20 March 2020, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$28,985,400 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to an industrial development project located at 7 Mandai Estate, Singapore (the "**Mandai Development**"). This amount represents 60.0% of the total liabilities of the underlying Development SPV under a facility agreement in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the ZACD (Mandai) Ltd. (the "**Mandai Fund**"), by way of indirectly holding the nominal share capital of the corporate entity of the Mandai Fund, is required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development premium, construction cost and related development costs of the Mandai Development. Mandai Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

9. FINANCIAL GUARANTEES (cont'd)

On 7 August 2019, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$150,744,796 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential redevelopment project located at 173 Chin Swee Road, Singapore (the "**Landmark Development**"). This amount represents 39.2% of the total liabilities of the underlying Development SPV under a facility agreement in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the ZACD (Development2) Ltd. (the "**LT Fund**"), by way of indirectly holding the nominal share capital of the corporate entity of the LT Fund, is required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, differential premium, construction cost and related development costs of the Landmark Development. LT Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

On 16 January 2018, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$152,800,000 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential real estate project located at Shunfu Road in Singapore (the "**Shunfu Development**"). This amount represents 20.0% of the total liabilities of the underlying Development SPV under a facility agreement in proportion of the shareholding of ZACD (Shunfu) Ltd. and ZACD (Shunfu2) Ltd.'s (the "**Shunfu Funds**") in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the Shunfu Funds by way of indirectly holding the nominal share capital of the corporate entity of the Shunfu Funds, are required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development premium, construction cost and related development costs of the Shunfu Development. Shunfu Funds are managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2022

10. CONTINGENT LIABILITIES

Reference is made to the inside information and business update announcement dated 23 August 2021 in relation to ZACD Australia Hospitality Fund (the “**Fund**”) and ZACD (Development4) Ltd., an indirect wholly-owned special purpose fund vehicle of the Company for the Fund, and the relevant previous announcements as referred to therein (collectively, the “**Announcements**”). Pursuant to the Deed of Settlement, ZACD Australia Hospitality Fund received a substantial portion of the settlement proceeds according to the settlement schedule from the Defendants in September 2021. While the dispute between the Company, ZACD (Development4) Ltd. and the Defendants has been settled amicably, the Company is currently working with our lawyers in other recovery actions against iProsperity Group and its administrators to recover the remaining shortfall of the exposure by the Fund pursuant to the incident.

Subsequent to the Transaction with respect to the Australia Hotel Portfolio in early 2020, the Group was in the midst of setting up a separate investment fund to invest US\$10 million (“**ZACD US Fund**”) in a US hotel acquisition led by iProsperity Group. The deposit of US\$10 million for this acquisition was funded by ZACD US Fund as a bridging loan to iProsperity Group to fulfil its payment obligation of the deposit for the acquisition and shall be refunded by iProsperity Group if the acquisition fails to complete (the “**US Hotel Transaction**”). This US\$10 million deposit payment was in turn funded by an anchor investor through a bridging loan to ZACD US Fund as part of his early commitment to the fund and upon setup of the ZACD US Fund, US\$5 million will be converted into equity in the ZACD US Fund and US\$5 million will be repaid by ZACD US Fund to the anchor investor. The Company is currently working with our lawyers to pursue various recovery options against iProsperity Group and its administrators to recover this deposit.

Further external counsels are of the opinion, having studied the circumstances and documents surrounding the incidents of the ZACD Australia Hospitality Fund and the ZACD US Fund, that there exists no evidence of any negligence, fraud or dishonesty whatsoever on the part of the Group or any officer of the Company and its involved subsidiaries. Therefore, no provision for this contingent liability has been made in the Group’s financial statements as at 30 September 2022. As at 30 September 2022, legal fees incurred in relation to legal actions taken against the Defendants and iProsperity Group amounted to S\$1,244,000 where S\$976,000 had been borne by ZACD Australia Hospitality Fund and S\$268,000 had been expensed off.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (“**MD&A**”) for the Group has been prepared and reviewed by the management for the nine months ended 30 September 2022 (the “**Review Period**”). All amounts are expressed in Singapore Dollars unless otherwise stated.

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

- (1) Executive Overview;
- (2) Financial Review and Business Review; and
- (3) Business Outlook

EXECUTIVE OVERVIEW

The Group managed a total of 27 investment structures under the PE structures and fund structures over 26 real estate projects and assets in Singapore, Malaysia, Indonesia, Australia and Hong Kong. The Group provided ongoing acquisitions and projects management services to four real estate projects in Singapore and two real estate projects in Australia, delivered ongoing tenancy management services to a property owner in Malaysia. The Group is currently providing corporate support and fund administration services to a family office with an asset-under-management of approximately USD100 million.

FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net loss of approximately S\$1.0 million for the nine months ended 30 September 2022 as compared to a net profit of approximately S\$6.8 million for the nine months ended 30 September 2021 (the “**Previous Period**”), representing a turn from profit to loss of approximately S\$7.8 million or 114.8%. This was mainly attributable to the absence of reversal of impairment losses on financial assets of approximately S\$7.6 million in the Review Period. In the Previous Period, impairment loss of approximately S\$7.6 million in respect of the bridging advance by the Group to ZACD Australia Hospitality Fund was reversed following the substantial portion of the settlement proceeds was received by the fund in September 2021. There was also decrease in revenue by approximately S\$685,000. This was partially offset by the increase in other income and gains by approximately S\$368,000 and decrease in staff costs by approximately S\$333,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The unaudited revenue of the Group decreased by 18.8% or approximately S\$685,000 from approximately S\$3.6 million for the Previous Period to approximately S\$2.9 million for the Review Period. The decrease was mainly attributable to the one-off project bonus fee of approximately S\$1.5 million derived from the developer SPV of BBW6 Fund in September 2021, partially offset by the increase in project management and acquisition fees from approximately S\$380,000 in the Previous Period to approximately S\$1.2 million in the Review Period.

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

Period ended	Investment management		Acquisitions and projects management	Property management and tenancy management	Financial advisory	Total
	SPV investment management	Fund management				
30 September 2022 (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue						
External customers	555	1,071	1,294	29	-	2,949
Segment results	260	302	536	-	(279)	819
<i>Reconciliation:</i>						
Other income and gains						798
Corporate and unallocated expenses						(2,619)
Loss before tax						(1,002)

MANAGEMENT DISCUSSION AND ANALYSIS

Period ended 30 September 2021 (unaudited)	Investment management		Acquisitions and projects management 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				
Segment revenue						
External customers	786	738	1,977	29	104	3,634
Segment results	566	44	1,271	61	(906)	1,036
<i>Reconciliation:</i>						
Other income and gains						430
Corporate and unallocated income						5,321
Profit before tax						6,787

(a) Investment Management Services

i) SPV investment management

The unaudited revenue decreased from approximately S\$786,000 for the Previous Period to approximately S\$555,000 for the Review Period, representing a decrease of approximately S\$231,000 or 29.4%. The decrease was mainly due to lower dividend income as dividend was derived from two investment SPVs for the Review Period as compared to seven investment SPVs for the Previous Period. The reduced dividend income had also led to the decrease in performance fees. The majority of the investment projects set up by the Group from 2010 to 2015 that were under the SPV investment management structures are maturing or have matured. There was no investment SPV established from 2016 as the Group is now focusing on expanding fund structures which is in line with the Group's current business model.

MANAGEMENT DISCUSSION AND ANALYSIS

ii) Fund management

The unaudited revenue increased from approximately S\$738,000 for the Previous Period to approximately S\$1.1 million for the Review Period, representing an increase of approximately S\$333,000 or 45.1%. During the Review Period, the Group was appointed to perform fund administration and corporate services for a family office client and derived fees of S\$330,000. The Group realised establishment fee of approximately S\$253,000 from a new development fund, ZACD BBEC Fund that was established during the Review Period as compared to establishment fee of approximately S\$178,000 was realised from Mount Emily Residential Development Fund which was established during the Previous Period. The Group derived lower management fees of approximately S\$75,000 for the Review Period as compared to the Previous Period mainly as a result of management fees from two fund structures which were established during 2017 had ceased in the second half of 2021.

(b) Acquisitions and Projects Management Services

The unaudited revenue decreased from approximately S\$2.0 million for the Previous Period to approximately S\$1.3 million for the Review Period, representing a decrease of approximately S\$683,000 or 34.5%. The decrease was mainly attributed to a one-off project management bonus fee of approximately S\$1.5 million derived from the developer SPV of BBW6 Fund following the legal completion of the fully sold mixed-use development project in the Previous Period. The Group derived higher acquisition fee in the Review Period with acquisition fee of approximately S\$1.2 million from the developer SPV of ZACD LV Development Fund following its efforts to secure and complete the acquisition of the freehold site in La Ville Singapore for residential development in end June 2022 as compared to acquisition fee of approximately S\$180,000 from the developer SPV of Mount Emily Residential Development Fund following its efforts to secure and complete the acquisition of the freehold site in Mount Emily Singapore for residential development in June 2021. During the Previous Period, the Group also derived project management fee of approximately S\$200,000 from the developer SPV of Mandai Fund following its sales launch in March 2021. There was no further project management fee derived in the Review Period from the projects currently managed by the Group as the development of the projects is ongoing.

MANAGEMENT DISCUSSION AND ANALYSIS

(c) *Property Management and Tenancy Management Services*

The unaudited revenue level at approximately S\$29,000 for the Previous Period and the Review Period. Reference is made to the voluntary announcement dated 28 December 2020 with respect to the strategic move on the property management business segment from managing the residential and industrial properties to government and international projects in order to generate better income for the Group. Since the strategic re-alignment of this business segment, there has not been new contracts entered as the Group is still evaluating the strategic direction of this business segment.

(d) *Financial Advisory Services*

Reference is made to the voluntary announcement dated 30 November 2021 where the Board resolved to cease the SFC Regulated Activities. Since the cessation, there has not been new advisory mandates entered. The Group will closely monitor the COVID-19 post-pandemic situation and may consider recommencing this business activity if the business climate changes for the better. The Group continues to focus on the new business segment in the family office management, particularly with family offices located in the Southeast Asia region.

MANAGEMENT DISCUSSION AND ANALYSIS

Other notable items are further elaborated as follows:

Other income and gains

Other income and gains increased from approximately S\$430,000 for the Previous Period to approximately S\$798,000 for the Review Period, representing an increase of approximately S\$368,000 or 85.6%. The increase was mainly due to short-term corporate services provided to two external corporate clients and interest income derived from the bridging loans extended to the fund structures managed by the Group which are mainly ZACD LV Development Fund and ZACD BBEC Fund during the Review Period. This was partially offset by the decrease in government grants in relation to the payout of Jobs Support Scheme announced by the Singapore Government and JobKeeper Payment Scheme announced by the Australia Government to provide cashflow support to businesses during the period of economic uncertainty affected by COVID-19 pandemic as they were paid out by 2021.

Staff costs

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Total staff costs decreased from approximately S\$3.3 million for the Previous Period to approximately S\$3.0 million for the Review Period, representing a decrease of approximately S\$333,000 or 10.1%.

As at the end of Review Period, the Group had 31 employees as compared to 34 as at the end of the Previous Period. The average employee headcount during the Review Period was 31 while it was 43 during the Previous Period. Staff costs remains the biggest cost element of the Group. After the outbreak of COVID-19, the Group further streamlined its operations to control this cost element. While headcount had decreased, the Group continues to recruit professional staff to expand its business segments for growth though remaining cautious in the implementation of its business expansion plan. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonuses may be granted to eligible staff depending on the Group's achievements as well as the individual's performance.

MANAGEMENT DISCUSSION AND ANALYSIS

Impairment losses on financial assets

During the Review Period, the Group recorded allowance for impairment loss of approximately S\$177,000 on the Group's trade receivable in respect of the financial advisory fees. Management has reassessed and made necessary impairment loss for irrecoverable amounts. During the Previous Period, the bridging advance extended by the Group to ZACD Australia Hospitality Fund was repaid substantially following the substantial portion of the settlement deeds received by the fund in September 2021 and accordingly, the impairment loss of approximately S\$7.6 million was reversed by the Group.

Other expenses, net

Other expenses, net increased by approximately S\$117,000 or 9.6% from approximately S\$1.2 million for the Previous Period to approximately S\$1.3 million for the Review Period. The increase was mainly due to the increase in professional fees, travelling and entertainment expenses, and rental expenses from short-term lease of the Singapore office property. This was partially offset by the decrease in bad debts written off in respect of the financial advisory fees.

Income tax expense

No provision for Singapore profits tax has been provided for the Review 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 for the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial guarantees

Please refer to note 9 Financial guarantees in the notes to the unaudited condensed consolidated financial information.

Contingent liabilities

Please refer to note 10 Contingent liabilities in the notes to the unaudited condensed consolidated financial information.

Commitments

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

Dividends

No dividend was paid or proposed by the Company for the nine months ended 30 September 2022 (Nine months ended 30 September 2021: Nil).

Share option

On 13 December 2017, the Group has conditionally adopted a share option scheme (the "**Share Option Scheme**") under which employees of the Group including directors and other eligible participants may be granted options to subscribe for shares of the Group. No options have been issued under the Share Option Scheme as at 30 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in this report, no significant event that would materially affect the Group's operating and financial performance took place subsequent to 30 September 2022 and up to the date of this report.

BUSINESS OUTLOOK

Operational efficiency and increase in revenue growth will continue to be priorities for the Group. Our prospects can be summarised into three major thrusts, with a clear alignment with the bigger strategic landscape of government policies and the global environment.

- Streamlining of existing business to free up resources to focus on core revenue streams. The Group continues working cautiously and prudently to expand its assets under management and will continue actively to source and identify growth opportunities from assets with attractive returns and distressed assets with good and positive redevelopment/turnaround potential and to take advantage of any such opportunities should they arise, focusing in Singapore and our neighbouring regions to create a pipeline of assets for acquisition for both our investment management, and acquisitions and projects management businesses.

At the same time, we will not cease efforts to adopt and put into place various lean management measures to manage costs and increase efficiency, while optimizing the management structure, standardising the operation process and strengthening the working team so as to improve the overall operational and management efficiency. The Group will also continue to monitor the situation of the prolonged COVID-19 pandemic, the rising interest rates and the inflation rate which could have an impact to the Group's performance, and make adjustments to its operations and business strategies as and when required.

- With the post COVID-19 recovery underway, there is a resurgence of real estate development opportunities in Singapore, our home and primary market. Notwithstanding in the highly competitive real estate industry, it is not assured that the Group will be successful in securing every project tendered, we are closely monitoring several new and growing trends in the real estate sector and we are confident that we have the home-grown advantage and expertise to capture the growth potential of Singapore's real estate market.

MANAGEMENT DISCUSSION AND ANALYSIS

- Singapore is working to enhance the family office ecosystem through partnerships with the public and private sectors. We see the prospect of growing this business segment in family office management, particularly family offices located in the Southeast Asia region.

The collective sale of La Ville, a freehold residential development at Tanjong Rhu, Singapore ("**LV Development**"), secured by the Group in end November 2021, had successfully completed the legal acquisition in end June 2022. The project is currently in the planning stage and construction is expected to commence in early 2023 as per schedule.

The development of Jadescape, a private residential project invested by Shunfu Funds is slated to be completed in the 4th quarter of 2022. With the project fully sold, the Group is looking forward to receive a portion of the performance fees towards the end of 2022.

The sales of Foodfab@Mandai, the freehold industrial project acquired by Mandai Fund, has performed exceptionally well since the launch in March 2021 with a record 100% sales attained. The development of this project is also slated to be completed towards the end of 2022.

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 nine months ended 30 September 2022 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 LONG POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

At 30 September 2022, the interests and long positions of the Directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong, the “**SFO**”), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Mr. Yeo	Our Company (Note 1)	Interest in a controlled corporation	1,298,600,000 ordinary shares	64.93%	-	-
Ms. Sim	Our Company (Note 1)	Interest in a controlled corporation	1,298,600,000 ordinary shares	64.93%	-	-
Mr. Chin	Our Company (Note 2)	Beneficial owner	30,000 ordinary shares	0.00% (Note 3)	-	-
Ms. Yong	Our Company (Note 4)	Beneficial owner	30,000 ordinary shares	0.00% (Note 3)	-	-
Mr. Yeo	ZACD Investments Pte. Ltd.	Beneficial owner	867,000 ordinary shares	51%	-	-

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Ms. Sim	ZACD Investments Pte. Ltd.	Beneficial owner	833,000 ordinary shares	49%	–	–
Mr. Yeo/Ms. Sim	ZACD CRF (Woodlands) Pte. Ltd. (Note 5)	Interest in a controlled corporation	1,530 ordinary shares	51%	–	–
Mr. Yeo/Ms. Sim	ZACD (Neew) Pte. Ltd. (Note 6)	Interest in a controlled corporation	2 ordinary shares	100%	168 ordinary shares	8,400%
Mr. Yeo/Ms. Sim	ZACD (Tuas Bay) Pte. Ltd. (Note 7)	Interest in a controlled corporation	2 ordinary shares	100%	105 ordinary shares	5,250%
Mr. Yeo/Ms. Sim	ZACD (Neew2) Pte. Ltd. (Note 8)	Interest in a controlled corporation	2 ordinary shares	100%	61 ordinary shares	3,050%
Mr. Yeo/Ms. Sim	ZACD (Jurong) Pte. Ltd. (Note 9)	Interest in a controlled corporation	2 ordinary shares	100%	148 ordinary shares	7,400%
Mr. Yeo/Ms. Sim	ZACD Development Sdn. Bhd. (Note 10)	Interest in a controlled corporation	100 ordinary shares	100%	–	–

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. Mr. Yeo and Ms. Sim are spouses and hold 51% and 49% of the total issued capital of ZACD Investments Pte. Ltd. ("**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. Patrick Chin Meng Liong ("**Mr. Chin**") is a Director of the Company.
3. Representing 0.0015% of the issued shares of the Company.
4. Ms. Yong Sze Wan, Cheryl ("**Ms. Yong**") is a Director of the Company.
5. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments, which in turn holds 51% of the total issued capital of ZACD CRF (Woodlands) Pte. Ltd.. As such, both of them are deemed to be interested in 51% of the total issued shares of ZACD CRF (Woodlands) Pte. Ltd. directly 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 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 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.
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 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

8. 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.
9. 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 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.
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 ZACD Development Sdn. Bhd. held by ZACD Investments by virtue of the SFO.

Save as disclosed above, as at 30 September 2022, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules on terms no less exacting than the required standard of dealings. Having made specific enquiries of the Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the period from the date of listing up to the date of this report.

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

At 30 September 2022, the following interests and short positions of 5% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Interest:

Name	Capacity/Nature of interest	Number of ordinary shares held	Percentage of total issued share capital of the Company
Mr. Yeo	Interest in a controlled Corporation (Note 1)	1,298,600,000	64.93%
Ms. Sim	Interest in a controlled Corporation (Note 1)	1,298,600,000	64.93%
ZACD Investments	Beneficial owner (Note 1)	1,298,600,000	64.93%
Mr. Rachman Sastra	Beneficial owner and interest in a controlled Corporation (Note 2)	175,350,000	8.77%
Harmonious Tidings Limited	Beneficial owner (Note 2)	125,600,000	6.28%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. Mr. Yeo and Ms. Sim are spouses and hold 51% and 49% of the total issued capital of ZACD Investments Pte. Ltd. respectively. As such, both of them are deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO.
2. Mr. Rachman Sastra is the ultimate shareholder of Harmonious Tidings Limited. As such, he is deemed to be interested in the shares held by Harmonious Tidings Limited.

Save as disclosed above, as at 30 September 2022, 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 nine months ended 30 September 2022.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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. Lim Boon Yew and the chairman is Mr. Kong Chi Mo. The Audit Committee with senior management have reviewed the Third Quarterly Results of the Group for the nine months ended 30 September 2022.

By Order of the Board
ZACD Group Ltd.
Sim Kain Kain
Chairman and Executive Director

Singapore, 3 November 2022

As at the date of this report, the Board of the Company comprises five (5) executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Mark Oh Keng Kwan, Mr. Patrick Chin Meng Liong and Ms. Yong Sze Wan, Cheryl; three (3) independent non-executive directors, namely, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Lim Boon Yew; and one (1) non-executive director, namely Mr. Chew Hong Ngiap, Ken.