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杰地集團有限公司*

(A company incorporated in the Republic of Singapore with limited liability)

(Stock code: 8313)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, 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 announcement 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 announcement misleading.*

This announcement will be published on the GEM website at www.hkgem.com and remain on the “Latest Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at www.zacdgroup.com.

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

** for identification purposes only*

FINANCIAL HIGHLIGHTS

For the three months ended 31 March 2021

- The unaudited revenue of the Group decreased by 65.1% or approximately S\$1.9 million from approximately S\$2.9 million for the three months ended 31 March 2020 (the “**Previous Period**”) to approximately S\$995,000 for the three months ended 31 March 2021 (the “**Review Period**”). The decrease was mainly attributable to lower revenue in the acquisitions and projects management business segment as there was no project acquisition completed in the Review Period, decrease in property management fees as a result of the strategic re-alignment of this business segment where property management contracts were novated to third party managing agents in December 2020 and there was no new investment fund closed in the Review Period, resulting in the decrease in fund management fees.
- Total staff costs decreased from approximately S\$2.1 million for the Previous Period to approximately S\$1.2 million for the Review Period, representing a decrease of approximately S\$887,000 or 41.9%. As at the end of Review Period, the Group had 50 employees as compared to 95 as at the end of Previous Period.
- Other expenses, net decreased by approximately S\$456,000 or 57.6% from approximately S\$791,000 for the Previous Period to approximately S\$335,000 for the Review Period. The decrease was mainly due to the decrease in professional fees, decrease in property repair and maintenance outsourcing expenses as a result of the strategic re-alignment of the property management services and decrease in fees payment on referral programs on fund investors.
- The Group reported a net loss of approximately S\$425,000 for the Review Period as compared to a net loss of approximately S\$55,000 for the Previous Period, representing an increase in net loss of approximately S\$370,000 or 672.7%. The increase in net loss was mainly attributable to the decrease in revenue of approximately S\$1.9 million, partially offset by the decrease in staff costs of approximately S\$887,000, decrease in other expenses, net of approximately S\$456,000 and increase in other income of approximately S\$89,000.
- No dividend was paid or proposed by the Company for the three months ended 31 March 2021 (Three months ended 31 March 2020: Nil).
- Basic and diluted loss per share for the three months ended 31 March 2021 was approximately S\$0.02 cents (Three months ended 31 March 2020: loss of S\$0.003 cents).

FIRST QUARTERLY RESULTS

This is a first quarterly results announcement made by ZACD Group Ltd. (the “**Company**”, together with its subsidiaries as the “**Group**”).

The board of directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated results of the Group for the three months ended 31 March 2021 (the “**First Quarterly Results**”), together with the unaudited comparative figures for the three months ended 31 March 2020:

Unaudited condensed consolidated statement of profit or loss and comprehensive income

For the three months ended 31 March 2021

		Three months ended 31 March	
	Notes	(unaudited) 2021 S\$'000	(unaudited) 2020 S\$'000
Revenue	4	995	2,854
Other income and gains	4	324	235
Staff costs		(1,232)	(2,119)
Depreciation		(37)	(65)
Amortisation of right-of-use asset		(87)	(129)
Amortisation of capitalised contract costs		(24)	(25)
Marketing expenses		(6)	(3)
Other expenses, net		(335)	(791)
Interest expenses		(23)	(5)
Loss before tax	5	(425)	(48)
Income tax expense	6	–	(7)
Loss for the period attributable to owners of the Company		(425)	(55)
Other comprehensive loss:			
<u>Items that will not be reclassified to profit or loss:</u>			
Fair value changes on investment in equity securities		(232)	(535)
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange differences on translation of foreign operations		(26)	(139)
Other comprehensive loss for the period		(258)	(674)
Total comprehensive loss for the period attributable to owners of the Company		(683)	(729)
Loss per share attributable to owners of the Company			
Basic (cents)	7	(0.02)	(0.003)
Diluted (cents)		(0.02)	(0.003)

Unaudited condensed consolidated statement of changes in equity
For the three months ended 31 March 2021

	Share capital S\$'000	Investment in equity securities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	(Accumulated loss)/retained earnings S\$'000	Total Equity S\$'000
Three months ended 31 March 2021						
At 1 January 2021 (audited)	29,866	1,469	64	1,491	(16,299)	16,591
Loss for the period	–	–	–	–	(425)	(425)
Other comprehensive loss for the period:						
Exchange differences on translation of foreign operations	–	–	(26)	–	–	(26)
Fair value changes on investment in equity securities	–	(232)	–	–	–	(232)
Total comprehensive loss for the period	–	(232)	(26)	–	(425)	(683)
At 31 March 2021 (unaudited)	29,866	1,237	38	1,491	(16,724)	15,908
Three months ended 31 March 2020						
At 1 January 2020 (audited)	29,866	2,297	(33)	1,491	3,964	37,585
Loss for the period	–	–	–	–	(55)	(55)
Other comprehensive loss for the period:						
Exchange differences on translation of foreign operations	–	–	(139)	–	–	(139)
Fair value changes on investment in equity securities	–	(535)	–	–	–	(535)
Total comprehensive loss for the period	–	(535)	(139)	–	(55)	(729)
At 31 March 2020 (unaudited)	29,866	1,762	(172)	1,491	3,909	36,856

Notes to the unaudited condensed consolidated financial information
For the three months ended 31 March 2021

1. Corporate information

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

The Company is an investment holding company. The Company’s subsidiaries are 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.

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 First Quarterly Results are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new and revised standards effective as of 1 January 2021. 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 First Quarterly Results of the Group.

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:

(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 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.

(ii) Fund management

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

Under the contracts entered into with the private real estate funds, the Group is entitled to fund establishment fee and fund management fees based on a percentage of committed capital and performance fees based on a percentage of return on equity of the fund upon divestment of all investments in the fund or expiration or early termination of the fund life. The fund management fees are received 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.

(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 loss before tax except that unallocated other income and gains as well as head office and corporate expenses are excluded from such measurement.

Geographical information

Revenue from external customers

	Three months ended	
	31 March	
	2021	2020
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Singapore	830	2,736
Malaysia	45	88
Australia	17	30
British Virgin Island	88	–
Other countries/jurisdictions	15	–
	995	2,854

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

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 is as follows:

Three months ended 31 March 2021 (unaudited)	<u>Investment management</u>		Acquisitions and projects management S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total revenue S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
Primary geographical markets						
Singapore	440	190	200	–	–	830
Malaysia	35	–	–	10	–	45
Australia	–	–	17	–	–	17
British Virgin Island	–	–	–	–	88	88
Other countries/jurisdictions	–	–	–	–	15	15
	475	190	217	10	103	995
Timing of services						
At a point in time	454	–	200	–	–	654
Over time	21	190	17	10	103	341
	475	190	217	10	103	995
Three months ended 31 March 2020 (unaudited)						
Primary geographical markets						
Singapore	411	567	1,114	569	75	2,736
Malaysia	16	–	–	10	62	88
Australia	–	–	30	–	–	30
	427	567	1,144	579	137	2,854
Timing of services						
At a point in time	427	401	1,096	–	–	1,924
Over time	–	166	48	579	137	930
	427	567	1,144	579	137	2,854

	Three months ended 31 March	
	(unaudited) 2021 S\$'000	(unaudited) 2020 S\$'000
Revenue		
Investment management		
— SPV investment management fees	475	427
— Fund management fees	190	567
Acquisitions and projects management fees	217	1,144
Property management and tenancy management fees	10	579
Financial advisory fees	103	137
	995	2,854
Other income and gains		
Government grants*	269	168
Interest income	12	9
Foreign exchange differences, net	34	51
Others	9	7
	324	235

* Government grants were received/ are receivable by certain subsidiaries and the Company in connection with employment of senior Singaporean workers under Special Employment Credit, Wage Credit Scheme, Jobs Growth Incentive and Jobs Support Scheme 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.

5. Loss before tax

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

	Three months ended 31 March	
	(unaudited) 2021 S\$'000	(unaudited) 2020 S\$'000
Auditor's remuneration	37	41
Dividend income from the establishment shares included in SPV investment management fees	(326)	(410)
Foreign exchange differences, net	34	(51)
Professional fees	34	169

6. Income tax expense

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% during the three months ended 31 March 2021 (Three months ended 31 March 2020: 17%). 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 three months ended 31 March 2021 (Three months ended 31 March 2020: Nil).

The major components of the income tax expense/(credit) during the periods are as follows:

	Three months ended 31 March	
	(unaudited) 2021	(unaudited) 2020
	S\$'000	S\$'000
Current:		
- Provision for current period	-	4
- Overprovision in prior years	-	(22)
Deferred taxation:		
- Origination of temporary differences	-	25
Income tax expense for the period	-	7

7. Loss per share attributable to owners of the Company

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

	Three months ended 31 March	
	(unaudited) 2021	(unaudited) 2020
	S\$'000	S\$'000
Loss		
Loss for the purpose of calculating basic and diluted loss per share (loss for the period attributable to owners of the Company)	(425)	(55)
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

8. Dividend

No dividend was paid or proposed by the Company for the three months ended 31 March 2021 (Three months ended 31 March 2020: Nil).

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 three months period ended 31 March 2021 (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;
- (3) Business Outlook

EXECUTIVE OVERVIEW

The Group managed a total of 28 investment structures under the PE structures and fund structures over 27 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia. The Group provided ongoing acquisitions and projects management services to two 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 executing ten corporate advisory mandates, including providing investment advisory services for a family office with an assets-under-management of approximately USD100 million.

FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net loss of approximately S\$425,000 for the three months ended 31 March 2021 as compared to a net loss of approximately S\$55,000 for the three months ended 31 March 2020 (the “**Previous Period**”), representing an increase in net loss of approximately S\$370,000 or 672.7%. The increase in net loss was mainly attributable to the decrease in revenue of approximately S\$1.9 million, partially offset by the decrease in staff costs of approximately S\$887,000, decrease in other expenses, net of approximately S\$456,000 and increase in other income of approximately S\$89,000.

Revenue

The unaudited revenue of the Group decreased by 65.1% or approximately S\$1.9 million from approximately S\$2.9 million for the Previous Period to approximately S\$995,000 for the Review Period. The decrease was mainly attributable to lower revenue in the acquisitions and projects management business segment as there was no project acquisition completed in the Review Period, decrease in property management fees as a result of the strategic realignment of this business segment where property management contracts were novated to third party managing agents in December 2020 and there was no new investment fund closed in the Review Period, resulting in the decrease in the fund management fees.

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

Period ended 31 March 2021 (unaudited)	Investment management			Property management and tenancy management	Financial advisory	Total
	SPV investment management	Fund management	Acquisitions and projects management			
	S\$'000	S\$'000	S\$'000			
Segment revenue						
External customers	475	190	217	10	103	995
Segment results	288	(53)	103	(18)	(205)	115
<i>Reconciliation:</i>						
Other income and gains						324
Corporate and unallocated expenses						(864)
Loss before tax						(425)

Period ended 31 March 2020 (unaudited)	Investment management			Property management and tenancy management	Financial advisory	Total
	SPV investment management	Fund management	Acquisitions and projects management			
	S\$'000	S\$'000	S\$'000			
Segment revenue						
External customers	427	567	1,144	579	137	2,854
Segment results	311	105	775	(47)	(259)	885
<i>Reconciliation:</i>						
Other income and gains						235
Corporate and unallocated expenses						(1,168)
Loss before tax						(48)

(a) Investment Management Services

i) SPV investment management

The unaudited revenue increased from approximately S\$427,000 for the Previous Period to approximately S\$475,000 for the Review Period, representing an increase of approximately S\$48,000 or 11.2%. The increase was mainly due to higher performance fees derived in the Review Period as compared to the Previous Period, partially offset by the decrease in dividend income. 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.

ii) Fund management

The unaudited revenue in fund management services decreased from approximately S\$567,000 for the Previous Period to approximately \$190,000 for the Review Period, representing a decrease of approximately by S\$377,000 or 66.5%. During the Review Period, the Group did not derive any subscription fee income as there was no new investment fund closed while during the Previous Period, the Group realised subscription fee income of approximately S\$389,000 from the new development fund (the "Mandai

Fund") established in early 2020. The Group derived higher management fees of approximately S\$24,000 for the Review Period as compared to the Previous Period.

(b) Acquisitions and Projects Management Services

The unaudited revenue decreased from approximately S\$1.1 million for the Previous Period to approximately S\$217,000 for the Review Period, representing a decrease of approximately S\$927,000 or 81.0%. The decrease was mainly attributed to an acquisition fee of approximately S\$1.1 million derived from the developer SPV which the fund vehicle of the Company, Mandai Fund jointly established with an external business partner, following its efforts to secure and complete the acquisition of a freehold site in Mandai Singapore for industrial development in the Previous Period while there was no project acquisition completed in the Review Period.

(c) Property Management and Tenancy Management Services

The unaudited revenue decreased from approximately S\$579,000 for the Previous Period to approximately S\$10,000 for the Review Period, representing a decrease of approximately S\$569,000 or 98.3%. Reference is made to the voluntary announcement dated 28 December 2020. Since 2018, the profitability of the property management and tenancy management business has shrunk over the past years largely due to the reducing number of the properties managed which comprises mainly the residential and industrial properties as a result of management contracts that had ceased and/or have not been renewed at the end of the contract term. As this business segment has not reached its desired economics of scale by managing mainly the residential and industrial properties and as a result it had been incurring losses. The Board considered that it is no longer commercially attractive to engage in residential and industrial projects and believed that it is in the best interests of the Company and its shareholders as a whole to make a strategic move in this business segment from managing the residential and industrial properties to government and international projects in order to generate better income for the Group. In order to allocate more resources and management efforts in the desired workhead for government and international projects, the Board decided to re-align the property management and tenancy management business with ZACD International Pte. Ltd. As a result, the property management contracts entered into by ZACD POSH Pte. Ltd. that are for residential and industrial properties were either ceased at the end of the contract term or novated to independent third party managing agents by December 2020, and the only tenancy management services in respect of a dormitory in Malaysia was novated to ZACD International Pte. Ltd.

(d) Financial Advisory Services

The unaudited revenue decreased from approximately \$137,000 for the Previous Period to approximately S\$103,000 for the Review Period, representing a decrease of approximately S\$34,000 or 24.8%. We are actively sourcing for more client mandates to bring this business segment to profit. The Group intends to continue to expand the corporate advisory team in Singapore and Hong Kong to manage and execute current advisory mandates and converting deal leads. 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.

Other notable items are further elaborated as follows:

Other income and gains

Other income and gains saw an increase of approximately S\$89,000 or 37.9% from approximately S\$235,000 for the Previous Period to approximately S\$324,000 for the Review Period. This increase was mainly due to 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 this period of economic uncertainty affected by the COVID-19 pandemic.

Staff costs

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Total staff costs decreased from approximately S\$2.1 million for the Previous Period to approximately S\$1.2 million for the Review Period, representing a decrease of approximately S\$887,000 or 41.9%.

As at the end of Review Period, the Group had 50 employees as compared to 95 as at the end of Previous Period. While headcount decreased mainly in the property management services as a result of the strategic re-alignment of this business segment in December 2020, 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.

Other expenses, net

Other expenses, net decreased by approximately S\$456,000 or 57.6% from approximately S\$791,000 for the Previous Period to approximately S\$335,000 for the Review Period. The decrease was mainly due to the decrease in professional fees, decrease in property repair and maintenance outsourcing expenses as a result of the strategic re-alignment of the property management services and decrease in fees payment on referral programs on fund investors.

Income tax expense

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 Review Period.

Loss for the period attributable to owners of the Company

As a result of the foregoing, we recorded loss for the period attributable to the owners of the Group of approximately S\$425,000 for the Review Period as compared to loss of approximately S\$55,000 for the Previous Period.

Financial guarantees

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.

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 6 June 2018, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$38,015,040 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a mixed-use development project located at Bukit Batok West Avenue 6, Singapore (the “**BBW6 Development**”). This amount represents 12.0% of the total liabilities of the underlying Development SPVs under a facility agreement in proportion of the shareholding of ZACD (BBW6) Ltd.’s (the “**BBW6 Fund**”) in the underlying Development SPVs. In terms of the above, the Company, acting as the sponsor of the BBW6 Fund by way of indirectly holding the nominal share capital of the corporate entity of the BBW6 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 BBW6 Development (the “**Previous Facility Agreement**”). BBW6 Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

Following the issuance of the temporary occupation permit for the BBW6 Development by the Building and Construction Authority under the Building Control Act (Cap. 29) on 23 March 2020, and the confirmation of the final maturity date of the existing loan facilities on 23 July 2020 in accordance with the Previous Facility Agreement, the Development SPVs has been granted the refinancing loan facilities of S\$125,000,000 by the lender for the BBW6 Development, which will be applied towards firstly refinancing partially the existing outstanding loan facilities of S\$55,000,000 under the Previous Facility Agreement and partially repaying their existing shareholders’ loans for S\$70,000,000, and thereafter if any funding their respective working capital requirements (the “**Refinancing Facility Agreement**”). Upon the security agent’s satisfaction of the repayment of the existing outstanding loan facilities by the final maturity date of 23 July 2020 under the Previous Facility Agreement, the existing guarantee was released and discharged.

Pursuant to the Refinancing Facility Agreement, the Company is required to provide the guarantee in the lower sum of (i) 12.0% of all moneys and liabilities (whether actual, contingent or otherwise) owing or payable by the Development SPVs to the lender from time to time, estimated of approximately S\$15,000,000; and (ii) the aggregate of the principal amount of the refinancing loan facilities of S\$125,000,000 and any interest, commission, other banking charges, costs and expenses accrued thereon. Pursuant thereto, the Company has entered into the Deed of Guarantee in favour of the lender pursuant to which the Company agreed to provide the guarantee, which was executed by the lender and dated by the lender on 20 July 2020.

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.

Contingent Liabilities

Reference is made to the voluntary announcement dated 20 September 2019, the positive profit alert announcement dated 2 March 2020, the inside information and business update announcements dated 23 July 2020, 24 July 2020 and 6 August 2020 and the profit warning announcements dated 29 July 2020, 28 October 2020 and 1 February 2021 of the Company in relation to the establishment of a new fund, ZACD Australia Hospitality Fund and ZACD (Development4) Ltd., an indirect wholly-owned special purpose fund vehicle of the Company is the fund holding entity of this new fund pursuant to the Transaction with respect to the Australia Hotel Portfolio (the “**Announcements**”). Pursuant to the Announcements, the legal proceedings commenced on 6 August 2020 by the Company and ZACD Australia Hospitality Fund in the Supreme Court of New South Wales in Australia against the Trust Lawyer for *inter alia* the recovery of the ZACD Deposit and other ancillary reliefs is currently in progress.

Subsequent to the Transaction with respect to the Australia Hotel Portfolio, 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 in January 2020. 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. This US\$10 million deposit payment was 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 the lawyers to seek various recovery actions against iProsperity Group and its administrators to recover this deposit.

Further external counsels are of the opinion, having studied the circumstances surrounding the mentioned cases as well as the documents in the matter, that there exists no evidence of any negligence, fraud or dishonesty 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 31 March 2021. As at 31 March 2021, legal fees

incurred in relation to legal actions taken against the Trust Lawyer and iProsperity Group accumulated to S\$592,000 where S\$578,000 is currently reflected as a recoverable asset from ZACD Australia Hospitality Fund.

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

Commitments

At the end of the Review Period, the Group had no significant commitments.

BUSINESS OUTLOOK

Singapore's economy grew by 0.2 % year-on-year in the first quarter of 2021, a turnaround after three quarters of contraction, as the country continued its recovery from the COVID-19 pandemic. Private residential property prices rose in Q1 2021 for the fourth consecutive quarter, fuelled by healthy take-up, pent-up demand and the low interest rate environment. It grew by another 2.9% q-o-q in Q1 2021, compared to the 2.1% q-o-q increase in the previous quarter. While residential property prices have been trending up, buyers have been gravitating towards smaller units and this sweet spot still remains at an affordable quantum of below SGD 2 million, which made up 85.6% of new home sales in Q1 2021.

The redevelopment of Mount Emily Project, a newly secured freehold residential site at Mount Emily, plans to capitalise on this demand for smaller units and is expected to generate a lot of interest on account of its central location. With fewer new residential launches going forward in 2021, the sales of The Landmark, a redevelopment project acquired by LT Fund is also expected to pick up over the next quarters.

The freehold industrial project acquired by Mandai Fund, FoodFab@Mandai was launched successfully in late March 2021 and has achieved higher than expected performance. Demand for food factories is expected to remain strong, fuelled by demand for food delivery services and the government's push to raise productivity, as outlined in the Food Manufacturing Industry Transformation Map rolled out in 2018.

The Group is actively working to expand its assets under management and will continue to source and identify growth opportunities from assets with attractive returns and distressed assets with redevelopment/turnaround potential when an attractive opportunity arises, focusing in Singapore and surrounds to create a pipeline of assets for acquisition for our investment management business and acquisitions and projects management business.

The Group also continues to build on its financial advisory services arm, utilising our Securities and Futures Commission Type 1, 4 and 6 licenses to grow our revenue stream. The Group has created a new fund product to take advantage of the global easing environment in profiteering from Hong Kong IPO placements on unicorns and high growth market corporations. The fund was launched in March 2021 and the Group expects good returns and positive take up rate in this new product segment.

The Group intends to continue to expand the corporate advisory team in Singapore and Hong Kong to manage and execute current advisory mandates and converting deal leads. 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.

The Group will continue to strengthen its cost control measures to mitigate the adverse impact from the prolonged COVID-19 pandemic and monitor the situation and make further adjustments to its operations and business strategies as and when required.

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 three months ended 31 March 2021 and up to the date of this announcement, the Company has complied with all applicable code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

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 three months ended 31 March 2021.

INTERESTS OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

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

The Audit Committee currently consists of all three of the independent non-executive directors, namely Mr. Kong Chi Mo, Dato’ Dr. Sim Mong Keang and Mr. Lim Boon Yew and the chairman is Mr. Kong Chi Mo. The Audit Committee with senior management have reviewed the First Quarterly Results announcement of the Group.

PUBLICATION OF THE FIRST QUARTERLY REPORT ON THE WEBSITES OF THE EXCHANGE AND THE COMPANY

The first quarterly report for the three months ended 31 March 2021 will be despatched to the Shareholders and available on the Company’s website (www.zacdgroup.com) and the designated website of the Exchange (www.hkexnews.hk) in due course.

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

Singapore, 6 May 2021

As at the date of this announcement, the Board 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. Patrick Chin Meng Liong; 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.