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ZACD GROUP LTD.

杰地集團有限公司*

(A company incorporated in Singapore with limited liability)

(Stock code: 8313)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of the Company 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.

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

* *for identification purposes only*

FINANCIAL HIGHLIGHTS

- The unaudited revenue of the Group dropped by 24.5% from approximately S\$7.5 million for the six-month period ended 30 June 2017 to approximately S\$5.7 million for the corresponding period in 2018. This decrease was mainly attributable to lower dividends received from the investment management business segment.
- The fall in revenue was mitigated by a drop in Listing Expenses, from approximately S\$1.2 million to approximately S\$959,000 during the six-month period ended 30 June 2017 and 2018 respectively.
- In spite of negating effect from higher staff costs with lower Listing Expenses and higher unrealised foreign exchange gain, the Group recorded a profit before tax of approximately S\$212,000 during the six-month period ended 30 June 2018, as compared to S\$1.8 million for the corresponding period in 2017. If the one-off Listing Expenses were excluded, the Group would have recorded a higher profit before tax of approximately S\$1.2 million and S\$3.0 million for the six-month period ended 30 June 2018 and 2017 respectively.
- Earnings per share during the six-month period ended 30 June 2018 was approximately S\$0.01 cents.

INTERIM RESULTS

This is an Interim 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 financial results of the Group for the six-month period ended 30 June 2018, together with the audited comparative figures for the corresponding period in 2017, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

		Group	
		Six-month period ended	
		30 June	
	<i>Note</i>	2018	2017
		<i>S\$’000</i>	<i>S\$’000</i>
		(unaudited)	(audited)
Revenue	4	5,679	7,522
Other income and gains	4	249	51
Staff costs		(3,474)	(3,185)
Depreciation		(71)	(92)
Office rentals and related expenses		(346)	(237)
Marketing expenses		(102)	(128)
Other expenses, net		(1,723)	(2,140)
Profit before tax	5	212	1,791
Income tax credit	6	—	57
Profit for the period attributable to owners of the Company		<u>212</u>	<u>1,848</u>
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(23)	8
Fair value changes on available-for-sale financial assets		343	(2,927)
Other comprehensive income/(loss) for the period		<u>320</u>	<u>(2,919)</u>
Total comprehensive income/(loss) for the period attributable to owners of the Company		<u>532</u>	<u>(1,071)</u>
Earnings per share attributable to owners of the Company	7		
— Basic (cents)		0.01	N/A
— Diluted (cents)		0.01	N/A

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		Group	
		30 June	31 December
		2018	2017
	<i>Note</i>	\$'000	\$'000
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	9	509	183
Available-for-sale financial assets	10	5,319	4,976
Loans and related receivables	11	250	—
Deferred tax assets		<u>264</u>	<u>264</u>
Total non-current assets		<u>6,342</u>	<u>5,423</u>
Current assets			
Trade receivables		2,433	6,416
Amounts due from related parties		557	4,116
Prepayments, deposits and other receivables		1,256	1,640
Loans and related receivables	11	18,861	—
Cash and cash equivalents	12	<u>10,335</u>	<u>2,615</u>
Total current assets		<u>33,442</u>	<u>14,787</u>
Current liabilities			
Trade payables, other payables and accruals		1,918	3,304
Amount due to ultimate holding company		—	553
Amounts due to related parties		407	420
Tax payable		<u>22</u>	<u>22</u>
Total current liabilities		<u>2,347</u>	<u>4,299</u>
Net current assets		31,095	10,488
Non-current liabilities			
Other payables		<u>289</u>	<u>443</u>
Net assets		<u>37,148</u>	<u>15,468</u>
Equity			
Share capital	13	29,866	4,718
Reserves		<u>7,282</u>	<u>10,750</u>
Total equity		<u>37,148</u>	<u>15,468</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Group	Share capital (Note 13) S\$'000	Available- for-sale financial assets revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Retained profits/ (accumulated losses) S\$'000	Total equity S\$'000
Six-month period ended							
30 June 2018							
At 1 January 2018 (audited)	4,718	4,976*	22*	—*	1,491*	4,261*	15,468
Profit for the period	—	—	—	—	—	212	212
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations	—	—	(23)	—	—	—	(23)
Fair value changes on available- for-sale financial assets	—	343	—	—	—	—	343
Total comprehensive income for the period	—	343	(23)	—	—	212	532
Issuance of shares pursuant to initial public offering, net of share issuance expenses	25,148	—	—	—	—	—	25,148
Dividends (Note 8)	—	—	—	—	—	(4,000)	(4,000)
At 30 June 2018 (unaudited)	<u>29,866</u>	<u>5,319*</u>	<u>(1)*</u>	<u>—*</u>	<u>1,491*</u>	<u>473*</u>	<u>37,148</u>

* These reserve accounts comprise the consolidated reserves of S\$10,750,000 and S\$7,282,000 in the consolidated statements of financial position as at 31 December 2017 and 30 June 2018 respectively.

Group	Share capital (Note 13) S\$'000	Available- for-sale financial assets revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Retained profits/ losses) (accumulated S\$'000	Total equity S\$'000
Six-month period ended							
30 June 2017							
At 1 January 2017 (audited)	—	16,995	(10)	4,718	1,491	(869)	22,325
Profit for the period	—	—	—	—	—	1,848	1,848
Other comprehensive income/(loss) for the period:							
Exchange differences on translation of foreign operations	—	—	8	—	—	—	8
Fair value changes on available- for-sale financial assets	—	(2,927)	—	—	—	—	(2,927)
Total comprehensive loss for the period	—	(2,927)	8	—	—	1,848	(1,071)
Issue of shares by the Company for acquisition of subsidiaries in connection with the Reorganisation	4,718	—	—	(4,718)	—	—	—
At 30 June 2017 (audited)	<u>4,718</u>	<u>14,068</u>	<u>(2)</u>	<u>—</u>	<u>1,491</u>	<u>979</u>	<u>21,254</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

	Group	
	Six-month period ended	
	30 June	
	2018	2017
	S\$'000	S\$'000
	(unaudited)	(audited)
Cash flows from operating activities		
Profit before tax	212	1,791
Adjustments for:		
Depreciation	71	92
Interest income	(107)	—
Unrealised foreign exchange gains	(41)	—
	<u>135</u>	<u>1,883</u>
Operating cash flows before changes in working capital		
Changes in working capital:		
Decrease/(increase) in trade receivables	3,982	(1,958)
Decrease/(increase) in prepayments, deposits and other receivables	384	(118)
Decrease in trade payables, other payables and accruals	(1,538)	(338)
Decrease in amounts due to related parties	(373)	(296)
	<u>2,590</u>	<u>(827)</u>
Cash generated from/(used in) operations		
Income tax paid	—	(21)
Interest received	38	—
	<u>2,628</u>	<u>(848)</u>
Net cash flows generated from/(used in) operating activities		
Cash flows from investing activities		
Purchases of items of property, plant and equipment	(397)	(25)
Redemption of a financial asset at fair value through profit or loss	—	1,500
Decrease/(increase) in amounts due from related parties	3,559	(11)
Loans granted to third party and related parties	(19,042)	—
	<u>(15,880)</u>	<u>1,464</u>
Net cash flows (used in)/generated from investing activities		

	Group	
	Six-month period ended	
	30 June	
	2018	2017
	<i>S\$'000</i>	<i>S\$'000</i>
	(unaudited)	(audited)
Cash flows from financing activities		
Decrease in amount due to ultimate holding company	(553)	(274)
Increase in amounts due to related parties	362	16
Proceeds from issue of shares on initial public offering	25,148	—
Dividends paid	<u>(4,000)</u>	<u>—</u>
Net cash flows generated from/(used in) financing activities	<u>20,957</u>	<u>(258)</u>
Net increase in cash and cash equivalents	7,705	358
Cash and cash equivalents at beginning of period	2,615	4,371
Effect of foreign exchange rate changes, net	<u>15</u>	<u>6</u>
Cash and cash equivalents at end of period	<u><u>10,335</u></u>	<u><u>4,735</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

1. CORPORATE INFORMATION

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

The immediate and ultimate holding company of the Company is ZACD Investments Pte. Ltd. (“**ZACD Investments**”), which is incorporated in Singapore.

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six-month ended 30 June 2018 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“**IAS 34**”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2017.

The interim condensed consolidated financial statements are presented in Singapore dollars (S\$) and all values are rounded to the nearest thousand except when otherwise indicated.

New standards, interpretations and amendments adopted by the Group

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

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

IFRS 9 *Financial Instruments*

IFRS 9 replaces the whole of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. Classification is driven by the entity’s business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

For financial liabilities, there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability’s own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 introduces a new model for the recognition of impairment losses, the expected credit losses (“ECL”) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on the ECL model either on a twelve-month basis or a lifetime basis.

The Group adopts IFRS 9 from 1 January 2018. The adoption of IFRS 9 does not have a significant impact on the classification of financial instruments and the Group’s financial performance and financial position, including the measurement of financial assets and disclosures, except the adoption of the ECL model may generally result in earlier recognition of credit losses of the Group’s receivables. The Group expects to apply simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group has performed a detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of ECL on its trade and other receivables upon the adoption of IFRS 9. It concluded that this change does not have a material impact on the Group’s interim condensed consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when a performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. IFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. Under IFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligations are identified.

The Group adopts IFRS 15 from 1 January 2018. Based on the Group's initial assessment, the adoption of IFRS 15 impacts the Group's pattern of revenue and profit recognition for its performance fees from a major investor in return for providing a priority right to this investor from its SPV investment management services. Previously, the Group recognises such performance fees when performance obligation is satisfied and when uncertainty is resolved. IFRS 15 prohibits the recognition of variable consideration as revenue until it is highly probable that a significant reversal of the cumulative amount of revenue recognised will not occur upon the resolution of the uncertainty. The application of IFRS 15 generally results in earlier recognition of revenue when performance obligation is satisfied and when the highly probable requirement is fulfilled rather than when the uncertainty is resolved. Management has assessed the impact arising from the initial adoption of IFRS 15 including performance fee recognition from the major investor and concluded this to be not material to the Group's interim condensed consolidated financial statements. The Group uses the modified retrospective transition method for the adoption of IFRS 15.

3. SEGMENT INFORMATION

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

(a) *Investment management*

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

(i) *SPV investment management*

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

(ii) *Fund management*

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

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

(b) *Project consultancy and management services*

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

(c) *Property management and tenancy management*

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

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

(d) *Financial advisory*

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

Geographical information

(a) *Revenue from external customers*

	Group	
	Six-month period ended	
	30 June	
	2018	2017
	S\$'000	S\$'000
	(unaudited)	(audited)
Singapore	5,008	6,776
Malaysia	186	720
Australia	409	—
Other countries/jurisdictions	76	26
	<u>5,679</u>	<u>7,522</u>

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

(b) *Non-current assets*

	Group	
	30 June	31 December
	2018	2017
	<i>S\$'000</i>	<i>S\$'000</i>
	(unaudited)	(audited)
Singapore	502	171
Other countries/jurisdictions	<u>7</u>	<u>12</u>
	<u>509</u>	<u>183</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

4. REVENUE, AND OTHER INCOME AND GAINS

Revenue represents the aggregate of service fee income earned from the provision of investment management services, project consultancy and management services, property management and tenancy management services, and financial advisory services.

An analysis of revenue, other income and gains is as follows:

	Group	
	Six-month period ended	
	30 June	
	2018	2017
	<i>S\$'000</i>	<i>S\$'000</i>
	(unaudited)	(audited)
Revenue		
Investment management		
— SPV investment management fees	2,530	4,018
— Fund management fees	896	719
Project consultancy and management service fees	483	844
Property management and tenancy management fees	1,730	1,895
Financial advisory fees	<u>40</u>	<u>46</u>
	<u>5,679</u>	<u>7,522</u>
Other income and gain		
Government grants*	115	51
Interest income	107	—
Others	<u>27</u>	<u>—</u>
	<u>249</u>	<u>51</u>

* Government grants were received by certain subsidiaries in connection with employment of senior Singaporean workers under Special Employment Credit and Wage Credit Scheme and enhancement/scale up of business capabilities under Capability Development Grant provided by the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	Group	
	Six-month period ended	
	30 June	
	2018	2017
	S\$'000	S\$'000
	(unaudited)	(audited)
Auditor's remuneration	91	8
Listing expenses	959	1,186
Minimum lease payments under operating leases	346	237
Fair value gain for financial asset at fair value through profit or loss	—	(36)
Dividend income from the Establishment Shares included in		
SPV investment management fees	(2,256)	(3,124)
Foreign exchange differences, net	(460)	72

6. INCOME TAX CREDIT

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

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

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

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Group	
	Six-month period ended	
	30 June	
	2018	2017
	<i>S\$'000</i>	<i>S\$'000</i>
	(unaudited)	(audited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u>212</u>	<u>1,848</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>1,958,563,536</u>	<u>N/A</u>

Earnings per share information for the six-month period ended 30 June 2017 is not meaningful due to the Reorganisation.

8. DIVIDENDS

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

The Board did not recommend the payment of any dividend for the six-month periods ended 30 June 2017 and 2018.

9. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2018, the Group acquired assets with aggregate cost of S\$397,000 (six-month period ended 30 June 2017: S\$25,000)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	30 June	31 December
	2018	2017
	<i>S\$'000</i>	<i>S\$'000</i>
	(unaudited)	(audited)
Unlisted equity shares, at fair value	3,511	3,367
Contractual rights over unlisted equity shares, at fair value	<u>1,808</u>	<u>1,609</u>
	<u>5,319</u>	<u>4,976</u>

During the six-month period ended 30 June 2018, the fair value change in respect of the Group's available-for-sale financial assets recognised in other comprehensive income amounted to a gain of S\$343,000 (six-month period ended 30 June 2017: loss of S\$2,927,000).

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

Available-for-sale financial assets represent the Establishment Shares or contractual rights over the Establishment Shares to be awarded by the investors of Investment SPVs that the Group currently acts as a manager, as consideration for services rendered by the Group to the investors (that include independent third parties and the ultimate holding company) in relation to the establishment and incorporation of the Investment SPVs as real estate development investment structures. Through these Investment SPVs, the investors participate in real estate development projects by investing in convertible loans issued by the Investment SPVs.

Although the contractual rights over the Establishment Shares are earned by the Group upon the subscription of convertible loans in the Investment SPVs by the investors, the shares will only be received by the Group from the investors upon conversion of their convertible loans as and when the underlying real estate development project is substantially completed.

The Group receives dividend distributions from the Investment SPVs through the Establishment Shares it has received from the investors and as and when declared by the Investment SPVs. Such dividend distributions are included in the Group's SPV investment management fees (Note 4).

11. LOANS AND RELATED RECEIVABLES

	Group	
	30 June	31 December
	2018	2017
	S\$'000	S\$'000
	(unaudited)	(audited)
Current		
Bridging loans funded to:		
ZACD (Development2) Ltd.	6,432	—
ZACD Income Trust	12,360	—
Interest receivable on loan to:		
ZACD Income Trust	69	—
	18,861	—
Non-current		
Bridging loan funded to:		
ZACD (Shunfu2) Ltd.	250	—

12. CASH AND CASH EQUIVALENTS

Group

30 June	31 December
2018	2017
<i>S\$'000</i>	<i>S\$'000</i>
(unaudited)	(audited)

Cash and bank balances	<u>10,335</u>	<u>2,615</u>
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Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

13. SHARE CAPITAL

Group

30 June	31 December
2018	2017
<i>S\$'000</i>	<i>S\$'000</i>
(unaudited)	(audited)

Issued and paid up capital:

2,000,000,000 ordinary shares at 30 June 2018
(31 December 2017: 1,500,000,000 shares)

<u>29,866</u>	<u>4,718</u>
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A summary of movements in the Group's issued share capital during the period from 8 November 2016 (date of incorporation) to 30 June 2018 is as follows:

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares <i>S\$'000</i>
Issued and fully paid:			
Upon incorporation on 8 November 2016 and as at 31 December 2016 and 1 January 2017	<i>(a)</i>	1	—
Issue of shares	<i>(b)</i>	13,704,641	13,705
Acquisition of subsidiaries in the Reorganisation	<i>(b)</i>	—	(8,987)
Issue of shares as a result of share split	<i>(c)</i>	986,295,358	—
Issue of shares as a result of further share split	<i>(d)</i>	<u>500,000,000</u>	<u>—</u>
As at 31 December 2017 (audited)		1,500,000,000	4,718
Issue of shares pursuant to initial public offering	<i>(e)</i>	<u>500,000,000</u>	<u>25,148</u>
As at 30 June 2018 (unaudited)		<u>2,000,000,000</u>	<u>29,866</u>

- (a) The Company was incorporated in Singapore as an exempt company with limited liability on 8 November 2016. On the same date, 1 ordinary share of the Company was allotted and issued to the ultimate holding company at S\$1.
- (b) On 28 February 2017 and 31 March 2017, the Company allotted and issued an aggregate 13,704,641 ordinary shares (the “**Allotted Shares**”) to the ultimate holding company to acquire four subsidiaries (the “**Acquired Subsidiaries**”) from the ultimate holding company for an aggregate consideration of approximately S\$13,705,000 in connection with the Reorganisation. In the opinion of the directors, since the Acquired Subsidiaries were under the common control of the Controlling Shareholders before and after the Reorganisation, the value of the Allotted Shares should equal to the cost of investment of the ultimate holding company with respect to the Acquired Subsidiaries which amounted to approximately S\$4,718,000.
- (c) On 18 April 2017, the ultimate holding company of the Company resolved that the 13,704,642 ordinary shares in the capital of the Company be split into 1,000,000,000 ordinary shares in the capital of the Company (the “**Share Split**”). Upon completion of the Share Split, the Company had a total of 1,000,000,000 issued ordinary shares, all of which were directly held by the ultimate holding company and the amount of issued share capital and paid-up share capital was S\$13,704,642.

In the opinion of the directors, since the Share Split did not involve any economic inflow to the Company which would result in a change of the value of the Allotted Shares, the carrying value of the Company’s share capital in the statement of financial position remains unchanged and is stated at S\$4,718,000.

- (d) On 13 December 2017, the ultimate holding company of the Company resolved that the 1,000,000,000 ordinary shares in the capital of the Company be split into 1,500,000,000 ordinary shares in the capital of the Company. Upon completion, the Company had a total of 1,500,000,000 issued ordinary shares, all of which were directly held by the ultimate holding company, and the amount of issued share capital and paid-up share capital was S\$13,705,000. The carrying amount of the share capital remains unchanged and is stated at S\$4,718,000.
- (e) On 16 January 2018, the Company’s shares were listed on GEM of the Stock Exchange. Upon listing, Company issued additional 500,000,000 ordinary shares, and the amount received from public offering was S\$25,148,000.

14. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in this report, the Group had the following material transactions with related parties during the six-month period ended 30 June 2017 and 2018:

	<i>Notes</i>	Group	
		Six-month period ended	
		30 June	
		2018	2017
		<i>S\$'000</i>	<i>S\$'000</i>
		(unaudited)	(audited)
Investment management — SPV management fees:			
The ultimate holding company	<i>(i)</i>	114	75
Investment management — dividend income:			
ZACD (Punggol Central) Pte. Ltd.	<i>(ii)</i>	138	848
ZACD (Punggol Drive) Pte. Ltd.		22	—
ZACD (Punggol Field) Pte. Ltd.		27	1,787
ZACD (Kaki Bukit) Pte. Ltd.		19	—
ZACD (KB2) Pte. Ltd.		31	—
ZACD (Sennett) Pte. Ltd.		46	—
ZACD (Sengkang) Pte. Ltd.		41	—
ZACD (Woodlands) Pte. Ltd.		31	310
ZACD (Woodlands2) Pte. Ltd.		46	179
ZACD (Woodlands3) Pte. Ltd.		313	—
ZACD (AMK) Pte. Ltd.		755	—
ZACD (Anchorvale) Pte. Ltd.		447	—
ZACD (Pasir Ris) Pte. Ltd.		340	—
		2,256	3,124
Investment management — fund management fees:			
ZACD (BBW6) Ltd.	<i>(iii)</i>	77	95
ZACD Investments (ARO II) Ltd.		159	159
ZACD (Shunfu) Ltd.		19	465
ZACD (Shunfu2) Ltd.		19	—
		274	719
Project consultancy and management fees:			
BH-ZACD (Tuas Bay) Development Pte. Ltd.	<i>(iv)</i>	262	129
BH-ZACD (Woodlands) Development Pte. Ltd.		—	16
Wee Hur (Punggol Central) Pte. Ltd.		80	160
Publique Realty (Pasir Ris) Pte. Ltd.		—	262
		342	567

	<i>Notes</i>	Group	
		Six-month period ended	
		30 June	
		2018	2017
		<i>S\$'000</i>	<i>S\$'000</i>
		(unaudited)	(audited)
Property management and tenancy management fees:	(v)		
BH-ZACD (Woodlands) Development Pte. Ltd.		—	98
BH-ZACD (Tuas Bay) Development Pte. Ltd.		81	48
Publique Realty (Jurong) Pte. Ltd.		111	111
Publique Realty (Pasir Ris) Pte. Ltd.		11	58
Wee Hur (Punggol Central) Pte. Ltd.		69	84
		<u>272</u>	<u>399</u>
Financial advisory fees:	(vi)		
SLP International Property Consultants Pte. Ltd.		—	46
Corporate services expense:	(vii)		
Magnificent Vine Group Holdings Pte. Ltd.		527	62
Repair and maintenance services expense:	(viii)		
Neew Pte. Ltd.		314	329
Rental expenses:	(ix)		
The ultimate holding company		98	97
SLP International Property Consultants Pte. Ltd.		152	40
		<u>250</u>	<u>137</u>

Notes:

- (i) The SPV management fee income was related to investment management services provided to the ultimate holding company and was charged based on either of 2% per annum of dollar value of the ultimate holding company's investments in the Investment SPVs managed by the Group and at an annual fee of S\$100,000 from 1 June 2013 to 31 May 2016.
- (ii) The dividend income was derived from the Establishment Shares of the Investment SPVs when the Group's right to receive payment is established. In the opinion of the directors, the Group charged the ultimate holding company a higher percentage of the Establishment Shares compared with other investors as the Group granted the ultimate holding company a priority right to participate in real estate projects.
- (iii) The fund management income included fund establishment fee and fund management fees and was related to the fund management services rendered by the Group. The fees were determined at terms stipulated in the respective service contracts.
- (iv) The project consultancy and management fee income was related to project consultancy and management services rendered by the Group to these related parties who are real estate developers. The fees were determined at terms stipulated in the respective service contracts.

- (v) The property management and tenancy management fee income was related to property management and tenancy management services provided in relation to the properties managed by the Group and was determined at terms stipulated in the respective service contracts.
- (vi) The financial advisory fee income was related to corporate finance advisory services provided and was charged at terms mutually agreed between the relevant parties.
- (vii) The corporate services expense was related to corporate and business support services rendered by the related party and was charged at terms mutually agreed between the relevant parties.
- (viii) The repair and maintenance services expense was related to building maintenance works rendered by the related party and was charged at terms mutually agreed between the relevant parties.
- (ix) The rental expenses were related to office space leased from the ultimate holding company and a related party. The rental expense was determined at monthly rentals of S\$16,200 to S\$19,800.

The above transactions were conducted on terms and conditions mutually agreed between the relevant parties. The directors of the Company are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

15. COMMITMENTS

Operating lease commitments — Group as lessee

The Group has entered into operating leases for its office properties, with lease terms between one and three years. The Group has an option, under one of its leases, to lease an office property for an additional term of one year. At the end of each of the financial period, the Group had no other significant commitments.

16. CONTINGENCIES

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% 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. BBW6 Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

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 ZACD Group Ltd. (the “Company”, together with its subsidiaries as the “Group”) has been prepared and reviewed by the management for the six-month period ended 30 June 2018. All amounts are expressed in Singapore Dollars unless otherwise stated.

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

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

EXECUTIVE OVERVIEW

During the period under review, the Group managed over 27 investment projects in Singapore, Australia, Malaysia and Indonesia. The Group provided ongoing project consultancy and management services to 3 residential real estate projects which include Vue 8 Residence, Ecopolitan and Lake Life. The Group also provide ongoing property management services to 23 real estate projects in Singapore and Malaysia, and tenancy management services to 6 property owners in Singapore and Malaysia.

FINANCIAL REVIEW

Revenue

The unaudited revenue of the Group decreased by approximately 24.5% from approximately S\$7.5 million for the six-month period ended 30 June 2017 to approximately S\$5.7 million for the corresponding period in 2018. This decrease was mainly attributable to lower dividends received from the investment management business segment.

The following table sets forth the breakdown of our operating segment information for the six-month period ended 30 June 2017 and 2018:

Period ended 30 June 2018	<u>Investment management</u>		Project consultancy and management services S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
Segment revenue						
External customers	<u>2,530</u>	<u>896</u>	<u>483</u>	<u>1,730</u>	<u>40</u>	<u>5,679</u>
Segment results	1,879	309	324	(27)	(315)	2,170
<i>Reconciliation:</i>						
Other income and gains						249
Corporate and unallocated expenses						<u>(2,207)</u>
Profit before tax						<u>212</u>
	<u>Investment management</u>					
			Project consultancy and management services S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
Period ended 30 June 2017	SPV investment management S\$'000	Fund management S\$'000				
Segment revenue						
External customers	<u>4,018</u>	<u>719</u>	<u>844</u>	<u>1,895</u>	<u>46</u>	<u>7,522</u>
Segment results	3,325	20	644	(49)	(489)	3,451
<i>Reconciliation:</i>						
Other income and gains						51
Corporate and unallocated expenses						<u>(1,711)</u>
Profit before tax						<u>1,791</u>

(a) *Investment Management Services*

The unaudited revenue of the Group decreased from approximately S\$4.7 million for the six-month period ended 30 June 2017 to approximately S\$3.4 million for the corresponding period in 2018. The decrease was mainly due to the dividends derived from one Investment SPV during the six-month period ended 30 June 2017 which received its first tranche dividend from the Development SPV during the period. Such decrease was partially offset by dividends received from several other Investment SPVs during the six-month period ended 30 June 2018 with substantially of their dividends have been received from the Development SPVs in prior years. No new Investment SPVs will be established as the Group focuses to expand fund structures instead, which is the Group's current adopted business model. During the six-month period ended 30 June 2018, we also derived fund management fees of S\$896,000 from several funds.

(b) *Project Consultancy and Management Services*

The unaudited revenue of the Group decreased from approximately S\$844,000 for the six-month period ended 30 June 2017 to approximately S\$483,000 for the corresponding period in 2018. The decrease was mainly due to the contract terms with some projects had expired after the completion of those projects. The Group is looking into both local and international region to secure more contracts during the year to broaden its client base, and diversify its portfolio.

(c) *Property Management and Tenancy Management Services*

The unaudited revenue of the Group decreased slightly from approximately S\$1.9 million for the six-month period ended 30 June 2017 to approximately S\$1.7 million for the six-month period ended 30 June 2018. During the period under review, some contracts had ceased and/or not renewed at the end of the contract term. This decrease is partially offset by new contracts taken up between the second half of 2017 and beginning this year. The Group is rallying to get new contracts in the prime areas of Singapore which construes higher management fee.

(d) *Financial Advisory Services*

The unaudited revenue of the Group was level at approximately S\$40,000 for the six-month period ended 30 June 2018 as compared to approximately S\$46,000 for the corresponding period in 2017. The Group is actively pitching for corporate advisory mandates, in order to grow its presence and expand its advisory channel. The Group is also actively expanding its team by selective hiring of suitable professionals in both its Singapore and Hong Kong offices.

Other income and gains

Other income and gains increased from approximately S\$51,000 for the six-month period ended 30 June 2017 to approximately S\$249,000 for the corresponding period in 2018, representing an increase of approximately 387.4%. The increase was mainly due to interest income derived from the bridging loan and bank balances and several government grants received by certain subsidiaries of the Company in connection with employment of senior Singaporean workers under Special Employment Credit and

Wage Credit Scheme and enhancement/scale up of business capabilities under Capability Development Grant provided by the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

Staff costs

Total staff costs (including remuneration of the Directors) increased from approximately S\$3.2 million for the six-month period ended 30 June 2017 to approximately S\$3.5 million for the corresponding period in 2018 mainly due to the remuneration of two executive directors and fees to the non-executive directors following the listing of the Company. There were no such costs incurred during the previous corresponding period.

Other expenses, net

Other expenses, net decreased by approximately 19.5% from approximately S\$2.1 million in the six-month period ended 30 June 2017 to approximately S\$1.7 million in the six-month period ended 30 June 2018. The decrease was mainly due to increase in net foreign exchange gain of S\$532,000 and decrease of Listing Expenses by approximately S\$227,000, partially offset by the increase in professional fees by approximately S\$184,000 and other operating expenses by approximately S\$123,000.

Majority of the proceeds from the Company's listing is retained in Hong Kong Dollars while presentation of the Group's reporting is in Singapore Dollars. Singapore Dollars weakened against Hong Kong Dollars as at 30 June 2018, with conversion rate of HK\$5.75 as compared to HK\$5.85 as at 31 December 2017. The Group mitigates the exchange rate risk by implementing working capital management and selective conversion and depositing in local and foreign currencies.

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

Income tax credit

No provision for profits tax has been made during the six-month period ended 30 June 2018. The Group benefited from progressive tax system in each tax jurisdiction, whereas under Singapore's one-tier system, dividend income is tax-exempted when it is received by shareholders.

Profit for the period

As a result of the foregoing, we recorded profit for the period of approximately S\$212,000 and S\$1.8 million for the six-month period ended 30 June 2018 and 2017, respectively.

If the one-off Listing Expenses were excluded, the Group would have recorded a higher profit of approximately S\$1.2 million and S\$3.0 million for the six-month period ended 30 June 2018 and 2017 respectively.

	Group	
	Six-month period ended	
	30 June	
	2018	2017
	<i>S\$'000</i>	<i>S\$'000</i>
	(unaudited)	(unaudited)
Profit for the period	212	1,848
Listing expenses	<u>959</u>	<u>1,186</u>
Profit before listing expenses	<u><u>1,171</u></u>	<u><u>3,034</u></u>

LIQUIDITY AND CAPITAL RESOURCES

For the six-month period ended 30 June 2018, the Group had cash and cash equivalents of S\$10.3 million which were placed with major banks in Singapore and Hong Kong.

The Group adopts a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position throughout the reporting period. The management of the Group regularly reviews the recoverable amount of trade receivables by performing ongoing credit assessments and monitoring prompt recovery and if necessary to make adequate impairment losses for irrecoverable amounts.

Capital Structure

The Company's shares were successfully listed on the GEM on 16 January 2018. There has been no change in the Company's capital structure since 16 January 2018. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

Exposure to foreign exchange

The Group mainly operates in the Singapore with the majority of its transactions denominated and settled in Singapore dollars, which is the functional currency of the majority of the Group's operating subsidiaries. However, the Group retains some proceeds from the Share Offer in Hong Kong dollars. The Group mitigates the exchange rate risk by implementing working capital management and selective conversion and depositing in local and foreign currencies.

Available-for-sale financial assets

The establishment shares were accounted for as available-for-sale financial assets and were measured at fair value. The available-for-sale financial assets amounted to S\$5.3 million and S\$5.0 million as at 30 June 2018 and 31 December 2017, respectively. The fair value was determined based on future dividend distributions expected to be received by the Group based on the Investment SPV's projected distributable profits, the current stage of the real estate development project and its sale progress, as well as the discount rate. The increase in fair value in 2018 compared to 2017 was mainly due to actual profit from three Investment SPVs higher than the previously estimated.

Trade receivables

Total trade receivables amounted to S\$2.4 million and S\$6.4 million as at 30 June 2018 and 31 December 2017, respectively. It comprises trade receivables of S\$1.8 million and dividend receivables of S\$0.6 million as at 30 June 2018, as compared to trade receivables of S\$3.3 million and dividend receivables of S\$3.1 million as at 31 December 2017.

Trade receivables decreased from S\$6.4 million as at 31 December 2017 to S\$2.4 million as at 30 June 2018, mainly contributed by settlement of outstanding debts from customers.

Current liabilities

Current liabilities comprised trade payables, other payables and accruals, tax payable and amount due to ultimate holding company and related parties. The Group's total current liabilities as at 30 June 2018 and 31 December 2017 amounted to S\$2.3 million and S\$4.3 million, respectively. The decrease in current liabilities is largely attributable to the decrease in amount due to ultimate holding company and accrual of Listing Expenses.

Charges on assets

As at 30 June 2018, the Group did not have any charges on assets.

Contingent liabilities

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% 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. BBW6 Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

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

Commitments

Operating lease commitments — Group as lessee

The Group has entered into operating leases for its office properties, with lease terms between one and three years. The Group has an option, under one of its leases, to lease an office property for an additional term of one year. At the end of each of the financial period, the Group had no other significant commitments.

Dividends

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

The Board did not recommend the payment of any dividend for the six-month period ended 30 June 2018 and 2017.

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 June 2018.

USE OF PROCEEDS

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

The use of proceeds is further elaborated as follows:

Total net proceeds raised S\$21.6 million (HK\$125.2 million)		IPO proceed allocated	Utilisation in first quarter of 2018
		<i>S\$'000</i>	<i>%</i>
BRIDGING RESERVE FUND	<ul style="list-style-type: none"> ● Increase investment sourcing capabilities ● Areas of utilization: <ul style="list-style-type: none"> (i) Tenders or sales for land parcels and real estate assets in Singapore and Australia (ii) Take up the investment stake of real estate projects with real estate developer partners 	8,900	100.0% <i>(Note 1)</i>
INVESTMENT MANAGEMENT	<ul style="list-style-type: none"> ● Develop investor network by recruiting experienced managers ● Expand research and consultancy capabilities ● Hire supporting staff to smoothen general operations in Singapore 	3,400	2.0%
PROJECT CONSULTANCY & MANAGEMENT	<ul style="list-style-type: none"> ● Establish client service centre ● Potential acquisition of project management companies ● Upgrade software system on workflow processing ● Purchase commercial vehicle to support business activities 	900	—
PROPERTY & TENANCY MANAGEMENT	<ul style="list-style-type: none"> ● Hiring more real estate developer relationship managers ● Recruiting building construction and architectural professional ● Expand expertise to assist new potential real estate projects acquired through use of bridging reserve fund 	3,300	2.1%
FINANCIAL ADVISORY	<ul style="list-style-type: none"> ● Enhance product marketing and distribution in Hong Kong ● Expand Type 1 regulated activities by dealing in a wider range of securities 	3,500	—
GENERAL WORKING CAPITAL	<ul style="list-style-type: none"> ● General working capital 	1,600	100.0%

Note 1: During the six-month period ended 30 June 2018, the Group participated in several biddings of land parcels and/or real estate assets tendering to secure potential attractive real estate projects and granted a bridging facility to ZACD Income Trust. The Group utilised the entire bridging reserve fund and S\$3.46 million of the unused proceeds was temporarily used to fund the facility to ZACD Income Trust. The entire loan is expected to be repaid by ZACD Income Trust in the third quarter of the year when the financing of one of the Australian properties held by the trust is completed.

BUSINESS OUTLOOK

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

The listing proceeds has been allocated to cover different areas of the Group's business expansion, the majority of which is for setting up a bridging reserve fund. This bridging reserve fund will better allow us to participate in more tenders or sales for land parcels and/or real estate assets.

During the six-month period ended 30 June 2018, the Group participated in several biddings of certain parcels of land and utilised the bridging reserve funds. ZACD (Development2) Ltd., an indirect wholly-owned special purpose fund vehicle of the Company, has successfully secured a leasehold residential redevelopment project through tender via a joint-venture company.

During the period, the Group has granted a facility to ZACD Income Trust. The provision of the facility will facilitate ZACD Income Trust to more proactively participate in tenders or sales for land parcels and/or real estate assets, and to bridge the monetary gap until sufficient amount of the capital commitments for ZACD Income Trust has been drawn from investors so as to enable ZACD Income Trust to fulfil the repayment obligations in full or in part. The Company is also entitled to an interest of 6% per annum.

On the macro economic front, Singapore's GDP forecast is trending positively and the real estate markets in the rest of the Asia-Pacific region generally are holding up well, which should benefit our Group in expanding our businesses and increasing our assets under management in the investment management services segment. The Group believes there are ample opportunities to capitalise on the expected increases in demand for real estate investment and development.

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

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

In respect of property and tenancy management service, the Group is expanding our existing offering via acquisition into the Building Survey industry in Singapore, expanding the business into Malaysia via acquisition for property management, and seeking new projects in property and tenancy management.

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

CORPORATE GOVERNANCE PRACTICES

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

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

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which any such director or chief executive if taken or deemed to have under such provision of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Name of corporation	Nature of interest and capacity	Number of Shares held	Approximate percentage of issued Shares immediately after the Global Offering
Mr. Yeo Choon Guan (“Mr. Yeo”)	Our Company (<i>Note 1</i>)	Interest in a controlled corporation	1,500,000,000 Shares	75%
Ms. Sim Kain Kain (“Ms. Sim”)	Our Company (<i>Note 1</i>)	Interest in a controlled corporation	1,500,000,000 Shares	75%

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

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Mr. Yeo	ZACD Investments Pte. Ltd.	Beneficial owner	867,000 ordinary shares	51%	—	—
Ms. Sim	ZACD Investments Pte. Ltd.	Beneficial owner	833,000 ordinary shares	49%	—	—
Mr. Yeo/Ms. Sim	ZACD Land Pte. Ltd. (Note 2)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	ZACD Property Pte. Ltd. (Note 3)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	48 Fintech Pte. Ltd. (Note 4)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	ZACD (Canberra) Pte. Ltd. (Note 5)	Interest in a controlled corporation	100 ordinary shares	100%	228 ordinary shares	228%
Mr. Yeo/Ms. Sim	ZACD (Frontier) Pte. Ltd. (Note 6)	Interest in a controlled corporation	2 ordinary shares	100%	305 ordinary shares	15,250%
Mr. Yeo/Ms. Sim	ZACD (Neew) Pte. Ltd. (Note 7)	Interest in a controlled corporation	2 ordinary shares	100%	194 ordinary shares	9,700%
Mr. Yeo/Ms. Sim	ZACD (Berwick Drive) Pte. Ltd. (Note 8)	Interest in a controlled corporation	2 ordinary shares	100%	—	—
Mr. Yeo/Ms. Sim	SRI5000 Neew Developments Pte. Ltd. (Note 9)	Interest in a controlled corporation	60,000 ordinary shares	60%	—	—
Mr. Yeo/Ms. Sim	ZACD (Tuas Bay) Pte. Ltd. (Note 10)	Interest in a controlled corporation	2 ordinary shares	100%	121 ordinary shares	6,050%
Mr. Yeo/Ms. Sim	Kainaan Land Investment Pte. Ltd. (Note 11)	Interest in a controlled corporation	502 ordinary shares	50.20%	—	—

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

Notes:

1. Mr. Yeo and Ms. Sim are spouses and hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO.
2. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD Land Pte. Ltd. held by ZACD Investments by virtue of the SFO.
3. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD Property Pte. Ltd. held by ZACD Investments by virtue of the SFO.
4. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the shares of 48 Fintech Pte. Ltd. held by ZACD Investments by virtue of the SFO.
5. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 16 October 2014 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Canberra) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Canberra) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,400,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into

22.80% of the enlarged issued capital of ZACD (Canberra) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Canberra) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Canberra) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Canberra) Pte. Ltd. by virtue of the SFO.

6. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 31 October 2014 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Frontier) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Frontier) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,300,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 30.50% of the enlarged issued capital of ZACD (Frontier) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Frontier) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Frontier) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Frontier) Pte. Ltd., by virtue of the SFO.
7. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 6 February 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Neew) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Neew) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$2,000,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 19.40% of the enlarged issued capital of ZACD (Neew) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Neew) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Neew) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Neew) Pte. Ltd. by virtue of the SFO.
8. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD (Berwick Drive) Pte. Ltd. held by ZACD Investments by virtue of the SFO.
9. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments which holds the entire issued capital of ZACD (Berwick Drive) Pte. Ltd. which in turn holds 60% of the total issued capital of SRI5000 Neew Developments Pte. Ltd. As such, both of them are deemed to be interested in 60% of the total issued shares of SRI5000 Neew Developments Pte. Ltd. indirectly held by ZACD Investments by virtue of the SFO.
10. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 27 May 2013 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Tuas Bay) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Tuas Bay) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,100,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 12.10% of the enlarged issued capital of ZACD (Tuas Bay) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Tuas Bay) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Tuas Bay) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Tuas Bay) Pte. Ltd. by virtue of the SFO.

11. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in 50.20% of the total issued shares of Kainaan Land Investment Pte. Ltd. held by ZACD Investments by virtue of the SFO.
12. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 7 September 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (CCK) Pte. Ltd., ZACD Investments agreed to make available to ZACD (CCK) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,390,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 14.80% of the enlarged issued capital of ZACD (CCK) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (CCK) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (CCK) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (CCK) Pte. Ltd. by virtue of the SFO.
13. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. As such, both of them are deemed to be interested in all the issued shares of ZACD (Gambas) Pte. Ltd. held by ZACD Investments by virtue of the SFO.
14. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 6 August 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Neew2) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Neew2) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$300,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 7.00% of the enlarged issued capital of ZACD (Neew2) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Neew2) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Neew2) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Neew2) Pte. Ltd. by virtue of the SFO.
15. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 13 February 2013 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Jurong) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Jurong) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$3,830,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 17.10% of the enlarged issued capital of ZACD (Jurong) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Jurong) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Jurong) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Jurong) Pte. Ltd. by virtue of the SFO.
16. Mr. Yeo and Ms. Sim hold 51% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 18 July 2014 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Woodlands12) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Woodlands12) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,450,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 10.90% of the enlarged issued capital of ZACD (Woodlands12) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Woodlands12) Pte. Ltd. As

such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Woodlands12) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Woodlands12) Pte. Ltd. by virtue of the SFO.

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

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2018, the following persons or entity who have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions:

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 (<i>Note</i>)	1,500,000,000	75%
Ms. Sim	Interest in a controlled corporation (<i>Note</i>)	1,500,000,000	75%
ZACD Investments	Beneficial owner (<i>Note</i>)	1,500,000,000	75%

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

Save as disclosed above, as at 30 June 2018, the Company had not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company which fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the period under review.

INTERESTS OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

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

The Audit Committee currently consists of all three of the independent non-executive Directors, namely Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Cheung Ying Kwan and the chairman is Mr. Kong Chi Mo. The Audit Committee of the Company with senior management and external auditor of the Company have reviewed the Interim Results Announcement of the Company and its subsidiaries for the six-month period ended 30 June 2018.

PUBLICATION OF THE INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim report for the six-month period ended 30 June 2018 will be despatched to the Shareholders and available on the Company's website (www.zacdgroup.com) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

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

Hong Kong, 3 August 2018

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

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk and the GEM website at www.hkgem.com and in the case of this announcement, 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.