ZACD GROUP LTD.
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 2019

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*

FIRST QUARTERLY FINANCIAL HIGHLIGHTS

- The Group reported a net loss after tax for the three months ended 31 March 2019 of approximately S$313,000, representing an improvement of approximately 16.8% as compared to that for the corresponding period ended 2018. The improvement was mainly attributable to a decrease in exchange loss and listing expenses, partially mitigated by a decrease in revenue mainly in the investment management business segment and an increase in staff costs.

- The unaudited revenue of the Group dropped by 32.8% or approximately S$1.3 million from approximately S$3.8 million for the three months ended 31 March 2018 to approximately S$2.6 million for the corresponding period ended 2019. The decrease was mainly attributable to lower dividends derived from the investment management business segment.

- No dividend was paid or proposed by the Company for the three months period ended 31 March 2019.

- Loss per share during the three months period ended 31 March 2019 was approximately S$0.02 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 2019 (the "**First Quarterly Results**"), together with the unaudited comparative figures for the three months ended 31 March 2018:

Unaudited condensed consolidated statement of profit or loss and other comprehensive income
For the three months ended 31 March 2019

		Three months ended 31 March (unaudited)	
	Notes	**2019**	**2018**
		S$'000	S$'000
Revenue	4	**2,582**	3,840
Other income and gains	4	**247**	136
Staff costs		**(2,163)**	(1,764)
Depreciation		**(224)**	(36)
Office rentals and related expenses		**–**	(162)
Marketing expenses		**(3)**	(34)
Other expenses, net		**(743)**	(2,356)
Interest expenses		**(9)**	–
Loss before tax	5	**(313)**	(376)
Income tax credit	6	**–**	–
Loss for the period attributable to owners of the Company		**(313)**	(376)
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Fair value changes on investment in equity securities		**(253)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**16**	25
Other comprehensive (loss)/income for the period		**(237)**	25
Total comprehensive loss for the period attributable to owners of the Company		**(550)**	(351)
Loss per share attributable to owners of the Company	7		
Basic (cents)		**(0.02)**	(0.02)
Diluted (cents)		**(0.02)**	(0.02)

Unaudited condensed consolidated statement of changes in equity
For the three months ended 31 March 2019

	Share capital	Investment in equity securities revaluation reserve	Exchange fluctuation reserve	Capital reserve	Retained profits/ (accumulated losses)	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2019						
At 1 January 2019 (audited)	**29,866**	**3,424**	**(34)**	**1,491**	**342**	**35,089**
Loss for the period	**–**	**–**	**–**	**–**	**(313)**	**(313)**
Other comprehensive (loss)/income for the period:						
Exchange differences on translation of foreign operations	**–**	**–**	**16**	**–**	**–**	**16**
Fair value changes on investment in equity securities	**–**	**(253)**	**–**	**–**	**–**	**(253)**
Total comprehensive (loss)/income for the period	**–**	**(253)**	**16**	**–**	**–**	**(237)**
At 31 March 2019 (3 months, unaudited)	**29,866**	**3,171**	**(18)**	**1,491**	**29**	**34,539**
2018						
At 1 January 2018 (audited)	4,718	4,976	22	1,491	4,261	15,468
Loss for the period	–	–	–	–	(376)	(376)
Other comprehensive income for the period:						
Exchange differences on translation of foreign operations	–	–	25	–	–	25
Total comprehensive income for the period	–	–	25	–	–	25
Issuance of shares under IPO, net of share assurance expenses	25,148	–	–	–	–	25,148
At 31 March 2018 (3 months, unaudited)	29,866	4,976	47	1,491	3,885	40,265

1. Corporate information

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

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

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

2. Basis of preparation

The 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”), which the Group adopted on 1 January 2018.

The financial statements are presented in the Group’s functional currency, Singapore Dollar (“S$”), and all values are rounded to the nearest thousand (S$'000), except when otherwise indicated.

On 29 December 2017, the ASC issued SFRS(I), Singapore’s equivalent of the IFRS which is available for application by Singapore-incorporated companies for annual periods beginning on or after 1 January 2018. Following the introduction and adoption of this new financial reporting framework, the Group has chosen to comply with both IFRS and SFRS(I).

For the purpose of SFRS(I), financial statements that have been prepared in accordance and complied with IFRS are deemed to have also complied with SFRS(I). SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are referred to collectively as “IFRS” in these financial statements, unless specified otherwise.

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 2018. The Group adopted IFRS 16 *Leases* on 1 January 2019.

On adoption of IFRS 16, the Group had recognised right-of-use (“ROU”) assets and lease liabilities of approximately S$1,060,000 for its leases previously classified as operating leases as at 1 January 2019. The nature of expenses related to its operating leases has changed as IFRS 16 replaced the straight-line operating lease expense (previously recognised in “Office rentals and related expenses”). For the three months period ended 31 March 2019, the Group has recognised depreciation expense of approximately S$128,000 relating to the amortisation of the ROU assets and interest expense of approximately S$9,000 arising from the accretion of the lease liabilities using the effective interest method.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Operating segment information

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

(a) Investment management

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

(i) SPV investment management

The Group provides investment management services to investors of real estate development projects by establishing and incorporating Investment SPV through which the investors participate in the project by subscribing convertible loans that are issued by the Investment SPV. 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. In the case of the performance fees, revenue is recognised only when it is highly probable that a significant reversal of the cumulative amount of revenue recognised will not occur upon the resolution of any uncertainty.

(b) Project consultancy and management services

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

(c) Property management and tenancy management

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

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

(d) Financial advisory

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

4. Revenue, 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 is as follows:

	Three months ended 31 March (unaudited)	
	2019	**2018**
	S$'000	S$'000
Revenue		
Investment management		
— SPV investment management fees	**799**	2,135
— Fund management fees	**413**	417
Project consultancy and management service fees	**225**	415
Property management and tenancy management fees	**860**	873
Financial advisory fees	**285**	–
	2,582	3,840
Other income and gains		
Government grants*	**81**	83
Interest income	**164**	28
Others	**2**	25
	247	136

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

5. Loss before tax

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

	Three months ended 31 March (unaudited)	
	2019	**2018**
	S$'000	S$'000
Auditor's remuneration	**34**	25
Listing expenses	**–**	988
Minimum lease payments under operating leases	**–**	162
Dividend income from the establishment shares included in SPV investment management fees	**(669)**	(1,935)
Foreign exchange differences, net	**36**	657

6. Income tax credit

No provision for profits tax has been made during the three months period ended 31 March 2019. Under Singapore One-Tier System, dividend income from establishment shares are tax-exempted. Elsewhere in other countries/jurisdictions where the Group operate, there was no assessable profit generated during the period under review or had estimated tax losses brought forward to offset the assessable profit for the period.

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

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)	
	2019	**2018**
	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)	**(313)**	(376)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**2,000,000,000**	1,916,666,667

8. Dividends

No dividend was paid or proposed by the Company for the three months period ended 31 March 2019 (three months ended 31 March 2018: 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 2019 (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; and
(4) Use of Proceeds

EXECUTIVE OVERVIEW

The Group managed a total of 29 investment structures under the PE structures and fund structures over 28 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia. The Group provided ongoing project consultancy and management services to two real estate projects in Singapore and delivered ongoing property management services to 23 real estate projects in Singapore, and tenancy management services to three property owners in Singapore and Malaysia. The Group is currently executing five corporate advisory mandates.

FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net loss after tax for the three months ended 31 March 2019 of approximately S$313,000, representing an improvement of approximately 16.8% as compared to that for the corresponding period ended 2018. The improvement was mainly attributable to a decrease in exchange loss and listing expenses, partially mitigated by a decrease in revenue mainly in the investment management business segment and an increase in staff costs.

Revenue

The unaudited revenue of the Group dropped by 32.8% or approximately S$1.3 million from approximately S$3.8 million for the three months ended 31 March 2018 (the "Previous Period") to approximately S$2.6 million for the Review Period. The decrease was mainly attributable to lower dividends derived from the investment management business segment.

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

Three months ended 31 March 2019 (unaudited)	**Investment management** **SPV investment management** S$'000	**Fund management** S$'000	**Project consultancy and management services** S$'000	**Property management and tenancy management** S$'000	**Financial advisory** S$'000	**Total** S$'000
Segment revenue						
External customers	**799**	**413**	**225**	**860**	**285**	**2,582**
Segment results	**551**	**134**	**134**	**(104)**	**(128)**	**587**
Reconciliation:						
Other income and gains						**247**
Corporate and unallocated expenses						**(1,147)**
Loss before tax						**(313)**

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

(a) Investment Management Services

The unaudited revenue decreased by approximately 52.5% from approximately S$2.6 million for the Previous Period to approximately S$1.2 million for the Review Period. The decrease was mainly due to dividends were derived from four Investment SPVs for the Review Period while 11 Investment SPVs with three Investment SPVs receiving the first tranche dividends from their respective Development SPVs attributable to Bellewoods, Bellewaters and Vue 8 Residence for the Previous Period. As a result, the unaudited revenue derived from the SPV investment management services decreased from approximately S$2.1 million for the Previous Period to approximately S$0.8 million for the Review Period. No new Investment SPVs was established as the Group focuses to expand fund structures instead, which is the Group's current adopted business model.

(b) Project Consultancy and Management Services

The unaudited revenue decreased by approximately 45.8% from approximately S$415,000 for the Previous Period to approximately S$225,000 for the Review Period. Revenue is recognised on a time-apportioned basis or based on project milestones over the contractual service period. The decrease was mainly due to the expiry of project contracts after the completion of those projects, partially offset by two new projects secured in the second half of last year. However, our strategic position as a business partner for new real estate projects will enable us to replace the would-be expired contracts. This can be achieved by diversifying our deal sourcing routes as we seek for broadening our client base in the region, expanding into Australia, Malaysia, Indonesia, and other Asia Pacific countries and exploring opportunities in emerging markets to diversify our portfolio. Other than staff cost and project manager charges, this business segment did not incur any other particular expenses.

(c) Property Management and Tenancy Management Services

The unaudited revenue decreased slightly from approximately S$873,000 for the Previous Period to approximately S$860,000 for the Review Period. The decrease was mainly attributable to the decrease in tenancy management services where contracts with two property owners had ceased. The business segment has not reached its desired economies of scale which resulted in a loss registered in the Review Period. Beside staff and office rental costs, key expenses incurred by this business segment entail the administrative costs of managing properties. In this respect, the Group is exploring the possibility of setting up a centralised structure where related administrative functions can be housed to achieve cost efficiency. The Group is rallying to secure new contracts particularly in the prime areas of Singapore which construe higher management fee, expanding our existing offering via tender on facilities management on government-owned properties in Singapore and expanding business into Malaysia via acquisition for property management.

(d) Financial Advisory Services

The unaudited revenue recorded for this business segment had increased tremendously from no revenue recorded for the Previous Period to approximately S$285,000 for the Review Period. This business segment continued to record a loss of approximately S$138,000, mostly from staff costs, office rental, travelling expenses and other operational costs. We are actively sourcing for more client mandates to bring this business segment to profit. We have expanded the team in corporate advisory by recruiting more experienced professional staff with wide client networks and are currently working on new mandates advising Singapore companies interested in raising capital and/or seeking a listing in Hong Kong. The Group intends to continue expanding our corporate advisory team in Singapore and Hong Kong to manage and execute current advisory mandates and converting deal leads.

Other notable items are further elaborated as follows:

Other income and gains

Other income and gains saw an approximately 81.6% increase from approximately S$136,000 for the Previous Period to approximately S$247,000 for the Review Period. This increase was mainly due to interest income derived from the bridging loan extended to ZACD Income Trust. The Company and certain subsidiaries of the Company also received several government grants in connection with employment of senior Singaporean workers under Special Employment Credit and Wage Credit Scheme provided by the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

Staff costs

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Total staff costs for the Review Period amounted to approximately S$2.2 million, up from approximately S$1.8 million for the Previous Period. The increase in staff costs was attributed to the expanded size of the executive board members and as a result of the recruitment of additional professional staff for business expansion.

As at the Review Period, the Group had 115 employees as compared to 107 at the Previous Period. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus may be granted to eligible staff by reference to the Group's achievement as well as individual's performance.

Other expenses, net

Other expenses, net decreased by approximately 68.5% from approximately S$2.4 million for the Previous Period to approximately S$743,000 for the Review Period. The decrease was mainly due to decrease in listing expenses by approximately S$1.0 million and decrease in unrealised foreign exchange loss by approximately S$0.6 million.

The significant unrealised foreign exchange loss in the Previous Period was mainly attributable to the proceeds from the Company's listing which was mainly retained in Hong Kong Dollars, while Singapore Dollars appreciated against Hong Kong Dollars in the same period. The decrease in unrealised foreign exchange loss in the Review Period was mainly due to the fact that majority of the proceeds had been subsequently converted to Singapore Dollars for operational purposes during the financial year ended 31 December 2018.

Income tax credit

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

Loss for the period attributable to owners of the Company

As a result of the foregoing, we recorded a net loss of approximately S$313,000 for the Review Period as compared to a net loss of approximately S$376,000 for the Previous Period.

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.

BUSINESS OUTLOOK

Singapore Residential Property Market Update

In 1Q 2019, the overall Singapore private residential price index eased by 0.6% comparing to the previous quarter. Average prices of non-landed homes fell by 1.0% quarter-on-quarter ("qoq") while prices of landed homes increased by 1.1% qoq. Private Residential Developers' Sales in the first quarter of 2019 edged up by 7% compared to last year in 1Q 2018.

About 60 new residential projects with an estimated 24,800 units in total could potentially be launched in the next 12 to 18 months. As a result, homebuyers will be spoilt for choice. At the same time, some of them would be price sensitive due to higher stamp duties and tighter financing regime.

On the whole, the overall private residential property price index is expected to remain soft, varying between a 1% growth to a 3% contraction year-on-year ("yoy") for the whole of 2019.

Singapore Industrial Property Market Update

After almost four years of gradual price decline, there are more indications that the Singapore industrial property market is stabilizing. As of 4Q 2018, industrial space prices remain unchanged since the last quarter, and unchanged compared to last year's figures. Likewise, industrial rentals remain unchanged since the last quarter, and is down by 0.3% compared to last year's figures. Occupancy rates in the overall industrial space market improved in 4Q 2018 to 89.3%.

Outlook for the Singapore industrial market is mostly moderate. The Singapore industrial property price and rental indices should continue to stabilize in 2019. A potential over-supply could occur in the next 3 years, which would place a cap on rental and capital values growth.

Prospects

In the next quarter of 2019, the Group will continue to focus on the closing of Landmark Tower fund, source for attractive real estate investment opportunities both in local and international regions, and expand our investor base by diversifying into institutions and family offices.

The Group is seeking to broaden our client base for project consultancy and management services both locally and in the region, expanding into Australia, Malaysia, Indonesia 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 rallying to secure new contracts particularly in the prime areas of Singapore which construe higher management fee, expanding our existing offering via tender on facilities management on government-owned properties in Singapore and expanding the business into Malaysia via potential acquisition of property management.

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

USE OF PROCEEDS

Total net proceeds raised from the Company's listing approximated HK$125.2 million (S$21.6 million) after deducting underwriting commissions and all related expenses.

The use of proceeds is further elaborated as follows:

Total net proceeds raised S$21.6 million		IPO proceed allocated S$'000	Utilisation up to first quarter of 2019 %
BRIDGING RESERVE FUND	• Increase investment sourcing capabilities • Areas of utilization: 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%
INVESTMENT MANAGEMENT	• Develop investor network by recruiting experienced managers • Expand research and consultancy capabilities • Hire supporting staff to smoothen general operations in Singapore	3,400	13.4%
PROJECT CONSULTANCY & MANAGEMENT	• Establish client service centre • Potential acquisition of project management companies • Upgrade software system on workflow processing • Purchase commercial vehicle to support business activities	900	18.5%
PROPERTY & TENANCY MANAGEMENT	• 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	38.9%
FINANCIAL ADVISORY	• Enhance product marketing and distribution in Hong Kong • Expand Type 1 regulated activities by dealing in a wider range of securities	3,500	7.4%
GENERAL WORKING CAPITAL	• General working capital	1,600	100.0%

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 2019 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 2019.

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 2019 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

Hong Kong, 8 May 2019

As at the date of this announcement, the Board of the Company comprises five (5) executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Siew Chen Yei, Mr. Darren Chew Yong Siang (Zhou Yongxiang) and Mr. Wee Hian Eng Cyrus; 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.