ZACD GROUP LTD.

杰地集團有限公司*

(A company incorporated in Singapore with limited liability)

(Stock code: 8313)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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.

ANNUAL RESULTS HIGHLIGHTS

- The Group reported a net profit after tax for the year ended 31 December 2018 of approximately S$1.1 million, representing a significant decrease of approximately 83.7% as compared to that for the year ended 31 December 2017. The decrease was mainly attributable to a decrease in revenue mainly in the investment management business segment, an increase in staff costs as a result of business expansion and an increase in professional and compliance fees subsequent to the listing of the Company's shares on GEM. The decrease was mitigated by a drop in listing expenses, an increase in interest income derived from the bridging loans and higher foreign exchange gain.

- Revenue reached S$11.8 million in 2018, decreased by 36.6% from S$18.6 million in 2017, mainly attributable to the fact that a substantial portion of dividends from two highly profitable projects had been realized in 2017, leaving only lesser residual portion realized and reported in 2018 in the investment management business segment.

- Total staff costs for 2018 amounted to approximately S$7.2 million, up from approximately S$6.8 million in 2017.

- The professional and compliance fee increased from S$0.4 million to S$0.9 million.

- Earnings per share during the year 2018 was approximately 0.05 Singapore cents (2017: 0.90 Singapore cents).

- If the one-off listing expenses were excluded, the Group would have recorded a higher profit of approximately S$2.1 million in 2018 (2017: S$9.4 million).

ANNUAL RESULTS

This is an annual 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 audited consolidated results of the Group for the financial year ended 31 December 2018 together with comparative figures for the financial year ended 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31 December 2018

		Group	
	Note	**2018** **S$'000**	2017 *S$'000*
Revenue	4	**11,786**	18,583
Other income and gains	4	**1,466**	270
Staff costs		**(7,158)**	(6,772)
Depreciation		**(183)**	(139)
Office rentals and related expenses		**(738)**	(567)
Marketing expenses		**(169)**	(128)
Other expenses, net		**(3,889)**	(4,808)
Profit before tax	5	**1,115**	6,439
Income tax (expense)/credit	6	**(34)**	191
Profit for the year attributable to owners of the Company		**1,081**	6,630
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss			
Fair value changes on investment in equity securities		**(1,552)**	–
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(56)**	32
Fair value changes on investment in equity securities		**–**	(11,760)
Fair value changes on investment in equity securities reclassified to profit or loss		**–**	(259)
Other comprehensive loss for the year		**(1,608)**	(11,987)
Total comprehensive loss for the year attributable to owners of the Company		**(527)**	(5,357)
Earnings per share attributable to owners of the Company			
Basic (cents)	7	**0.05**	0.90
Diluted (cents)	7	**0.05**	0.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

		Group	
		2018	2017
	Note	***S$'000***	*S$'000*
Non-current assets			
Property, plant and equipment		**599**	183
Investment in equity securities		**3,424**	4,976
Prepayments, deposits and other receivables		**324**	–
Deferred tax assets		**234**	264
Total non-current assets		**4,581**	5,423
Current assets			
Trade receivables	8	**4,160**	6,416
Amounts due from a shareholder		**89**	–
Amounts due from related parties		**542**	4,116
Prepayments, deposits and other receivables		**439**	1,640
Loans and related receivables		**19,968**	–
Cash and cash equivalents		**7,708**	2,615
Total current assets		**32,906**	14,787
Current liabilities			
Trade payables, other payables and accruals	9	**1,847**	3,304
Amount due to a shareholder		**56**	553
Amounts due to related parties		**248**	420
Income tax payable		**22**	22
Total current liabilities		**2,173**	4,299
Net current assets		**30,733**	10,488
Non-current liability			
Other payables	9	**225**	443
Net assets		**35,089**	15,468
Equity			
Share capital	10	**29,866**	4,718
Reserves		**5,223**	10,750
Total equity		**35,089**	15,468

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 Company is an investment holding company. During the year, 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 have been prepared on a historical cost convention, except as disclosed in the accounting policies and explanatory notes below. 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.

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 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.

Geographical information

(i) Revenue from external customers

	Group	
	2018	2017
	S$'000	*S$'000*
Singapore	**10,518**	17,431
Malaysia	**474**	1,094
Australia	**413**	–
Indonesia	**314**	27
Other countries/jurisdictions	**67**	31
	11,786	18,583

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

(ii) Non-current assets

	Group	
	2018	2017
	S$'000	*S$'000*
Singapore	**457**	171
Other countries/jurisdictions	**142**	12
	599	183

The non-current assets 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	
	2018	2017
	S$'000	*S$'000*
Revenue		
Investment management		
– SPV investment management fees	**4,407**	12,017
– Fund management fees	**1,872**	1,293
Project consultancy and management service fees	**1,690**	1,571
Property management and tenancy management fees	**3,586**	3,656
Financial advisory fees	**231**	46
	11,786	18,583
Other income and gains		
Government grants*	**175**	86
Foreign exchange differences, net	**462**	44
Gain on disposal of investment in equity securities, net of fair value changes reclassified from other comprehensive income of S$NIL (2017: S$259,000)	**–**	100
Fair value gain for financial asset at fair value through profit or loss	**–**	35
Income from transfer of unutilised tax losses	**74**	–
Interest income	**718**	–
Others	**37**	5
	1,466	270

* *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	
	2018	2017
	S$'000	*S$'000*
Auditor's remuneration	**177**	121
Listing expenses	**1,037**	2,751
Minimum lease payments under operating leases	**738**	567
Fair value gain for financial asset at fair value through profit or loss	**–**	(35)
Dividend income from the Establishment Shares included in SPV investment management fees	**(3,882)**	(10,603)

6. INCOME TAX (EXPENSE)/CREDIT

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% during the current year. 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 years ended 31 December 2017 and 2018.

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

	Group	
	2018	2017
	S$'000	*S$'000*
Current:		
(Underprovision)/Overprovision in prior years	**(4)**	78
Deferred tax (expensed off)/credited	**(30)**	113
Total tax (expense)/credit for the year	**(34)**	191

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:

	2018	2017
	S$'000	*S$'000*
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,081**	6,630
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**1,979,452,055**	734,591,427

8. TRADE RECEIVABLES

	Group	
	2018	2017
	S$'000	*S$'000*
Trade receivables	**4,160**	6,416

The Group's trading terms with its customers are mainly on credit settlement. The credit period is generally 30 days. The Group's dividend receivables are not governed by any credit terms. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables, other than receivables not yet invoiced and dividend receivables, as at the end of each of the year, based on the invoice date, is as follows:

	Group	
	2018	2017
	S$'000	*S$'000*
Within 1 month	**2,183**	878
1 to 2 months	**413**	321
2 to 3 months	**112**	284
Over 3 months	**985**	1,861
	3,693	3,344

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2018	2017
	S$'000	*S$'000*
Dividend receivables	**467**	3,072
Neither past due nor impaired	**2,183**	1,071
Less than 1 month past due	**413**	128
1 to 3 months past due	**1,097**	2,145
	4,160	6,416

Trade receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

9. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Group	
	2018	2017
	$'000	*$'000*
Trade payables	**24**	94
Other payables	**611**	235
Accruals	**890**	2,658
Deferred revenue	**547**	760
	2,072	3,747
Less: amounts classified as current liabilities	**(1,847)**	(3,304)
Amounts classified as non-current liabilities	**225**	443

An aged analysis of the Group's trade payables as at 31 December 2017 and 2018, based on the invoice date, is as follows:

	Group	
	2018	2017
	S$'000	*S$'000*
Within 1 month	**14**	94
More than 2 months	**10**	–
	24	94

Included in the Group's trade payables as at 31 December 2017 is an amount due to Neew Pte. Ltd., a subsidiary of a company controlled by the Controlling Shareholders who are also the directors of the Company, which amounted to S$78,000. No such balance was noted as at 31 December 2018.

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

Other payables are non-interest-bearing and have average payment terms of 1 to 3 months.

Deferred revenue relates to investment management fees received in advance by the Group for which related services were not yet rendered as at the end of the respective reporting period. As at 31 December 2018, investment management fees received in advance of S$181,000 (2017: S$443,000), were classified under non-current liabilities because the related services were expected to be rendered after one year from the end of the respective reporting period.

10. SHARE CAPITAL

	Group	
	2018	2017
	S$'000	*S$'000*
Issued and paid up capital:		
2,000,000,000 ordinary shares on 31 December 2018 (2017: 1,500,000,000 shares)	**29,866**	4,718

A summary of movements in the Group's issued share capital is as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares
			S$'000
Issued and fully paid:			
Upon incorporation on 8 November 2016 and as at 31 December 2016 and 1 January 2017	(a)	1	–
Issue of shares	(b)	13,704,641	13,705
Acquisition of subsidiaries in the Reorganisation	(b)	–	(8,987)
Issue of shares as a result of share split	(c)	986,295,358	–
Issue of shares as a result of further share split	(d)	500,000,000	–
As at 31 December 2017 and 1 January 2018		1,500,000,000	4,718
Issue of shares pursuant to initial public offering	(e)	500,000,000	27,040
Less: payments in relation to initial public offering expenses	(e)	–	(1,892)
As at 31 December 2018		2,000,000,000	29,866

(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 a shareholder 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 a shareholder to acquire four subsidiaries (the "Acquired Subsidiaries") from a shareholder 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 a shareholder with respect to the Acquired Subsidiaries which amounted to approximately S$4,718,000.

(c) On 18 April 2017, a shareholder 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 a shareholder 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, a shareholder 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 a shareholder, and the amount of issued share capital and paid-up share capital was S$13,704,642. 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, the Company issued additional 500,000,000 ordinary shares, the amount received from public offering was S$27,040,000 and the payments in relation to initial public offering expenses was S$1,892,000.

11. DIVIDENDS

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

On 30 November 2018, an interim dividend of S$1,000,000, representing 0.05 Singapore cents per ordinary share, in respect of the financial year ended 31 December 2018 was paid to the shareholders of the Company. No final dividend was paid or proposed by the Company for the financial year ended 31 December 2018.

Management Discussion and Analysis (MD&A)

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 year ended 31 December 2018, and includes information up to the date of the audit report (the "Report Date"). The MD&A should be read in conjunction with the Group's audited financial statements and related notes to the financial statements for the year ended 31 December 2018. All amounts are expressed in Singapore Dollars unless otherwise stated.

The Group's Management Discussion and Analysis is divided into the following sections:

(1) Executive Overview;
(2) Financial Review and Business Review
(3) Liquidity and Capital Resources;
(4) Business Outlook; and
(5) Use of Proceeds

EXECUTIVE OVERVIEW

The Group is an asset manager headquartered in Singapore offering integrated solutions across the real estate value chain in Singapore and elsewhere in the Asia-Pacific region. Currently, the Group is principally engaged in the following businesses: (i) investment management services, which are carried out as (a) SPV investment management (PE structures) and (b) fund management; (ii) project consultancy and management services; (iii) property management and tenancy management services; and (iv) financial advisory services.

The Group has been listed on the GEM board of Hong Kong Exchange since 16 January 2018. In preparation for the listing, the Group underwent reorganisation which involved incorporation of the subsidiary companies, transfer of subsidiary companies into the Group, transfer of business into the Group, and share split in the holding company. This step was taken to acquire a lean business structure, to give swift response to market opportunities, and to maximise profit for investors and shareholders. The Group considers that the reorganisation has been properly and legally completed and settled, and complies with all applicable laws and regulations, and that all applicable regulatory approvals have been obtained.

In line with our strategy to explore real estate investment opportunities both within Singapore and the Asia-Pacific region, during the year, the Group has successfully established a fund, ZACD Income Trust of the desired fund size of S$34.1 million to acquire real estate properties in Australia and Malaysia. The successful acquisition through the tender of Landmark Tower in Singapore was remarkable and seminal in the sense that the fund in which the Group set up, is the largest stakeholder in the project and the fund had attracted more than 70 investors including for the first time an institutional fund manager from Hong Kong; and that it accentuates our first time entering into joint venture with reputable partners in the real estate industry for a redevelopment project. This cannot be achieved without the deployment of the bridging reserve fund set up by the Group from the listing proceeds, serving to help us to secure attractive project prior to sufficient amount of the capital commitments from investors is realized. As of end 2018, this fund has secured commitment investment of S$30 million.

Currently the Group is undergoing an exciting stage of evolution, operating in a dynamic market. During the year, we focused on putting the right infrastructure, capabilities and processes in place in key business areas to enable us to deliver long-term accelerated growth. The Group successfully managed a total of 30 investment structures under the PE structures and fund structures over 28 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia. We also provided ongoing project consultancy and management services to a total of four real estate projects in Singapore, delivered ongoing property management services to 24 real estate projects in Singapore and Malaysia, and tenancy management services to four property owners in Singapore. The Group is exploring both local and international regions to secure more contracts to broaden its client base, and diversify its portfolio.

FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net profit after tax for the year ended 31 December 2018 of approximately S$1.1 million, representing a significant decrease of approximately 83.7% as compared to that for the year ended 31 December 2017. The decrease was mainly attributable to a decrease in revenue mainly in the investment management business segment, an increase in staff costs as a result of business expansion and an increase in professional and compliance fees subsequent to the listing of the Company’s shares on GEM. The decrease was mitigated by a drop in listing expenses, an increase in interest income derived from the bridging loans and higher foreign exchange gain.

Revenue reached approximately S$11.8 million in 2018, decreased by approximately 36.6% from approximately S$18.6 million in 2017, mainly attributable to the fact that a substantial portion of dividends from two highly profitable projects had been realized in 2017, leaving only lesser residual portion realized and reported in 2018 in the investment management business segment as further elaborated below.

The following table sets forth the breakdown of our operating segment information for the years ended 31 December 2018 and 2017:

Year ended 31 December 2018	**Investment management**					
	SPV investment management	**Fund management**	**Project consultancy and management services**	**Property management and tenancy management**	**Financial advisory**	**Total**
	S$'000	***S$'000***	***S$'000***	***S$'000***	***S$'000***	***S$'000***
Segment revenue						
External customers	**4,407**	**1,872**	**1,690**	**3,586**	**231**	**11,786**
Segment results	**3,409**	**338**	**1,255**	**(139)**	**(691)**	**4,172**
Reconciliation:						
Other income and gains						**1,466**
Corporate and unallocated expenses						**(4,523)**
Profit before tax						**1,115**

Year ended 31 December 2017	Investment management					
	SPV investment management	Fund management	Project consultancy and management services	Property management and tenancy management	Financial advisory	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Segment revenue						
External customers	12,017	1,293	1,571	3,656	46	18,583
Segment results	10,459	(91)	1,275	(514)	(762)	10,367
Reconciliation:						
Other income and gains						270
Corporate and unallocated expenses						(4,198)
Profit before tax						6,439

(a) *Investment Management Services*

Revenue decreased by approximately 52.8% from approximately $13.3 million in 2017 to approximately S$6.3 million in 2018. The decrease in revenue derived from the SPV investment management services is mainly attributable to substantial dividends amounted to approximately S$8.4 million were derived from two Investment SPVs during 2017 which received their first tranche of dividends from the two highly profitable projects in Singapore, namely 7000 Ang Mo Kio Avenue 5 and Flo Residence which the Investment SPV respectively invests in. Majority of the dividends amounted to approximately S$5.5 million derived from the successful partial exit of our investment property at 7000 Ang Mo Kio Avenue 5 was realized in 2017, leaving only a residual portion of dividends of approximately S$0.9 million was realized in 2018. The delay in timing of distributions by our project developer partners, whom we did not have control over, for two profitable projects in Singapore, namely MEGA@Woodlands and Vue 8 Residence had also adversely affected the Group's revenue performance in 2018. Such decrease was partially offset by several other Investment SPVs receiving their first tranche dividends during 2018 from the real estate investment projects which the Investment SPVs invest. No new Investment SPVs was established as the Group focuses to expand fund structures instead, which is the Group's current adopted business model.

During the year, we derived fund management fees of approximately S$1.9 million from several funds, which is approximately 44.8% higher than last year as a result of our focus to expand the fund structures. However, due to intense competitive bidding environment where the Group had participated in tenders or sales for land parcels and/or real estate assets for five residential and commercial developments in Singapore and three residential and commercial developments in Australia while the Group only managed to successfully secure one residential development in Singapore at the desired price for our investors, resulted in lesser number of expected fund launches in 2018 and the imposition of higher Additional Buyer's Stamp Duty ("ABSD") by the Singapore Government on residential property purchases made on or after 6 July 2018 that had adversely affected investors' sentiment and prolonged fundraising efforts that resulted in longer closure of our funds during the year where our fund management fees are realized upon successful closure of the desired fund size.

(b) *Project Consultancy and Management Services*

Revenue increased slightly by approximately 7.6% from approximately S$1.6 million in 2017 to approximately S$1.7 million in 2018. The revenue is recognised on a time-apportioned basis or based on project milestones over the contractual service period. This increase was mainly due to three new contracts secured, offset by lower revenue contribution from existing contracts which were ended during the year and 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, Taiwan 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*

Revenue decreased slightly by approximately 1.9% from approximately S$3.7 million in 2017 to approximately S$3.6 million in 2018. The decrease was mainly attributable to six new contracts secured, offset by some contracts had ceased and/or not been renewed at the end of the contract term. The business segment has not reached its desired economies of scale which resulted in its continual loss registered in 2018, notwithstanding that the loss has improved compared to 2017. 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*

Revenue recorded for this business segment had increased tremendously from approximately S$46,000 to approximately S$0.2 million in 2018, representing an increase of approximately 402.2%. Being newly established in 2017, this business segment continued to record a loss of approximately S$0.7 million, 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 in 2019. 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 443.0% increase from approximately S$0.3 million in 2017 to approximately S$1.5 million in 2018. This increase was mainly due to approximately S$0.7 million interest income derived from the bridging loans extended to ZACD Income Trust and ZACD (Development2) Ltd (the "Landmark Tower fund") and increase in foreign exchange gain of approximately S$0.4 million. 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 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

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. The total staff costs (including remuneration of the Directors and mandatory provident fund contributions) for 2018 amounted to approximately S$7.2 million, up from approximately S$6.8 million in 2017. The increase in staff costs was attributed to the expanded size of the executive board members pursuant to the listing and as a result of the recruitment of additional professional staff for business expansion.

As at 31 December 2018, the Group had 118 employees as compared to 105 at the previous financial year-end. 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 19.1% from approximately S$4.8 million in 2017 to approximately S$3.9 million in 2018. The decrease was mainly due to decrease in listing expenses from approximately S$2.8 million in 2017 to approximately S$1.0 million in 2018, partially offset by an increase of approximately S$0.5 million in relation to professional fees, compliance services and listing fees subsequent to the listing of the Company's shares on GEM.

Income tax (expense)/credit

No significant provision for profits tax was recorded for the year ended 31 December 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 year attributable to owners of the Company

As a result of the foregoing, we recorded profit for the year attributable to owners of the Company of approximately S$1.1 million in 2018 and approximately S$6.6 million in 2017, representing a drop by approximately 83.7%.

If the one-off listing expenses were excluded, the Group would have recorded a higher profit of approximately S$2.1 million in 2018 (2017: S$9.4 million).

	Group	
	2018	2017
	S$'000	*S$'000*
Profit for the year	**1,081**	6,630
Listing expenses	**1,037**	2,751
Profit before listing expenses	**2,118**	9,381

LIQUIDITY AND CAPITAL RESOURCES

The Group adopts a prudent financial management approach towards its treasury policy and this maintained a healthy liquidity position throughout the financial year. 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. As at 31 December 2018 and 2017, the Group had no banking facilities or borrowings, hence no gearing ratio of the Group was presented.

Cash and cash equivalents

Cash and cash equivalents amounted to approximately S$7.7 million and approximately S$2.6 million as at 31 December 2018 and 2017, respectively which were placed with major banks in Singapore and Hong Kong. The increase is mainly attributable to the unutilised proceeds received from the listing of the Company's shares on GEM. The cash balance is denominated in Singapore Dollar, Hong Kong Dollar, Australian Dollar and Chinese Renminbi. By becoming a global company with international operation, the Group is exposed to foreign currency exchange rate risk. The Group mitigates this risk by implementing working capital management.

Trade receivables

Total trade receivables amounted to approximately S$4.2 million and approximately S$6.4 million as at 31 December 2018 and 2017, respectively. It comprises trade receivables of approximately S$3.7 million and dividends receivable of approximately S$0.5 million as at 31 December 2018, as compared to approximately S$3.3 million and approximately S$3.1 million respectively in 2017.

Trade receivables increased slightly from approximately S$3.3 million as at 31 December 2017 to approximately S$3.7 million as at 31 December 2018, mainly contributed by the uncollected revenue from the project consultancy and management business segment.

Net current assets

The Group benefited from stronger net current assets of approximately S$30.7 million as at 31 December 2018 compared to approximately S$10.5 million as at 31 December 2017. This increase was mainly due to increase in bridging loans and related receivables of approximately S$20.0 million and increase in cash and cash equivalents of approximately S$5.1 million. This was however partially offset by decrease in amount due from related parties of approximately S$3.6 million, and decrease in deferred listing expenses of approximately S$1.0 million. The current ratio (calculated by current assets divided by current liabilities) of the Group increased from 3.4 times as at 31 December 2017 to 15.1 times as at 31 December 2018.

Current liabilities

Current liabilities comprised trade payables, other payables, accruals, tax payable and amount due to a shareholder and related parties. The Group's total current liabilities as at 31 December 2018 and 2017 amounted to approximately S$2.2 million and approximately S$4.3 million, respectively. The decrease in current liabilities is largely attributable to the decrease in accruals on listing expenses subsequent to the listing of the Company's shares on GEM.

Investment in equity securities

The establishment shares were accounted for as investment in equity securities and were measured at fair value. The investment in equity securities amounted to approximately S$3.4 million and approximately S$5.0 million as at 31 December 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 decrease in fair value in 2018 compared to 2017 was mainly due to the realisation of the fair value as the Group recorded dividend payouts from Investments SPVs during the year and revisions made to future dividend distributions expected to be received by the Group for certain projects.

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

The Group's operating lease commitments for leased properties increased from S$0.7 million at end 2017 to S$1.1 million at end of 2018. This amount entirely relates to office rental arrangements with related parties. There are no other significant capital and lease commitments.

Human resources

We believe that human resources represent an essential component to support the growth of the Group as a whole, across all business segments. The Group has developed into its current stage because it is well supported by strong management and a dedicated team. In line with our business expansion strategy, we plan to increase our staff strength, especially at managerial level, in order to source and undertake more projects.

Dividends

No final dividend was paid or proposed by the Company for the year ended 31 December 2018 (2017: S$4,000,000), but an interim dividend of S$1,000,000 was declared for the nine months ended 30 September 2018. This was settled in cash using internal cash resources.

BUSINESS OUTLOOK

As the recovery of the Singapore private residential property prices and demand gathered pace in the first half of 2018, the government surprised the market by implementing a new round of market curbs in July as a pre-emptive measure against potential overheating. The latest market curbs included a 5% increase of the ABSD and a tightened Loan-to-Value ("LTV") ratio by 5%, even when buying the first home. These measures will most likely cast a dimmer outlook for the private residential property market as buying demand and price growth could be capped in 2019.

Likewise, it is estimated that Hong Kong's pricy property market may continue to cool in 2019 as property prices are forecasted to weaken by continued poor affordability, rising mortgage rates and slowing demand from Chinese buyers. Furthermore, the Hong Kong real estate market may be negatively impacted by the projected slower Chinese economy.

In Australia, following a tumultuous 12 months for Australian property market, the market looks set to turn a corner in 2019. Tighter lending conditions brought on by the Australian Prudential Regulation Authority, combined with more cautious banks following the bruising royal commission, led to a decrease in mortgage volume in most markets with loan clearance rates plummeted to less than 50 per cent in some major cities. As a result, residential real estate prices in most major cities are expected to weaken.

In this regard, the Group intends to strengthen its position by expanding its business, both in the local Singapore market, and internationally in the Asia Pacific region to maintain market competitiveness. Our listing status has enabled us to have access to the equity capital markets to fulfil our capital needs. Total net proceeds raised from the Company's listing approximated HK$125.2 million (or equivalent to approximately S$21.6 million) after deducting underwriting commissions and listing related expenses.

The listing proceeds have 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. To support these growth strategies, additional staff and professionals will be hired to lead and manage the expanding business. The Group is also open for partnership with other companies in the industry, as and when the opportunity arises.

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$125.2 million)		**IPO proceed allocated** *S$'000*	**Utilisation in the Review Period** *%*
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	100.0% *(Note 1)*
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	12.5%
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	15.7%
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	30.2%
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	6.2%
GENERAL WORKING CAPITAL	• General working capital	1,600	100.0%

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

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.

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 year 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. Lim Boon Yew and the chairman is Mr. Kong Chi Mo. The Audit Committee with senior management have reviewed the audited consolidated results of the Group for the year ended 31 December 2018.

The Audit Committee has reviewed this announcement with senior management and the external auditor of the Company.

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

The annual report for the year ended 31 December 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, 20 March 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.

This announcement, for which the Directors 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, 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*