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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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*

ANNUAL FINANCIAL HIGHLIGHTS
For the year ended 31 December 2019

- The Group derived revenue of approximately S$14.9 million in 2019, an increase by approximately 26.6% from approximately S$11.8 million in 2018. This increase was mainly attributable to higher revenue derived from the fund management business segment and the financial advisory business segment and was partially offset by the decrease in the SPV investment management business segment.

- Total staff costs increased from approximately S$7.2 million in 2018 as compared to approximately S$7.7 million in 2019. The increase was mainly attributed to the recruitment of additional professional staff for business expansion and the expanded size of the executive board members.

- Other expenses, net decreased from approximately S$4.6 million in 2018 to approximately S$2.6 million in 2019. There were no listing expenses incurred in 2019 subsequent to the listing of the Company's shares on GEM in 2018. The Group incurred listing expenses of approximately S$1.0 million in 2018. Other expenses, net also include the short term lease of office property of approximately S$33,000 in 2019 as compared to approximately S$738,000 in 2018. The decrease was mainly due to the adoption of IFRS 16 Leases which led to the increase in amortisation of right-of-use asset by approximately S$513,000 and the termination of the lease of an office premise in February 2019. Professional fees and financial reports printing expenses were reduced by approximately S$375,000 mainly due to the stabilisation in operating a publicly-listed company.

- The Group reported a net profit after tax in 2019 of approximately S$4.6 million, representing a significant increase of 327.6% as compared to the corresponding year.

- 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 2019 was approved by the Board on 8 August 2019 and paid on 6 September 2019. No final dividend was paid or proposed by the Company for the financial year ended 31 December 2019.

- Basic and diluted earnings per share during 2019 was approximately S$0.23 cents.

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 2019 (the "**Annual Results**"), together with the comparative figures for the financial year ended 31 December 2018:

Consolidated statement of profit or loss and comprehensive income
For the year ended 31 December 2019

		Group	
	Note	**2019**	**2018**
		S$'000	S$'000
Revenue	4	**14,919**	11,786
Other income and gains	4	**1,183**	1,466
Staff costs		**(7,720)**	(7,158)
Depreciation		**(189)**	(183)
Amortisation of right-of-use asset		**(513)**	–
Amortisation of capitalised contract costs		**(59)**	–
Marketing expenses		**(37)**	(169)
Other expenses, net		**(2,559)**	(4,627)
Interest expense		**(31)**	–
Profit before tax	5	**4,994**	1,115
Income tax expense	6	**(372)**	(34)
Profit for the year attributable to owners of the Company		**4,622**	1,081
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss			
Fair value changes on investment in equity securities		**(1,127)**	(1,552)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**1**	(56)
Other comprehensive loss for the year		**(1,126)**	(1,608)
Total comprehensive income/(loss) for the year attributable to owners of the Company		**3,496**	(527)
Earnings per share attributable to owners of the Company			
Basic (cents)	7	**0.23**	0.05
Diluted (cents)	7	**0.23**	0.05

Consolidated statement of financial position
As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Non-current assets			
Property, plant and equipment		**435**	599
Right-of-use asset		**547**	–
Investment in equity securities		**2,297**	3,424
Prepayments, deposits and other receivables		**304**	324
Deferred tax assets		**12**	234
Total non-current assets		**3,595**	4,581
Current assets			
Trade receivables	8	**10,675**	4,160
Amounts due from ultimate holding company		**1**	89
Amounts due from related parties (non-trade)		**6,899**	542
Prepayments, deposits and other receivables		**438**	439
Capitalised contract costs		**415**	–
Loans and related receivables		**–**	19,968
Cash and cash equivalents		**18,342**	7,708
Total current assets		**36,770**	32,906
Current liabilities			
Trade payables, other payables and accruals	9	**1,681**	1,847
Amount due to ultimate holding company		**1**	56
Amounts due to related parties (non-trade)		**276**	248
Lease liabilities		**436**	–
Income tax payable		**172**	22
Total current liabilities		**2,566**	2,173
Net current assets		**34,204**	30,733
Non-current liabilities			
Other payables	9	**93**	225
Lease liabilities		**121**	–
Total non-current liabilities		**214**	225
Net assets		**37,585**	35,089
Equity			
Share capital	10	**29,866**	29,866
Reserves		**7,719**	5,223
Total equity		**37,585**	35,089

Notes to the consolidated financial statements
For the year ended 31 December 2019

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

2. Bases of preparation and changes to the Group's accounting policies

2.1 Basis of preparation

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

The 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 Company's functional currency, Singapore Dollar ("**S$**"), and all values are rounded to the nearest thousand (S$'000), except when otherwise indicated.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted all the new and revised standards that are effective for annual financial year beginning on 1 January 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group adopted IFRS 16 Leases amongst several other amendments and interpretations applicable for the first time in 2019. Except as discussed below, these applications do not have a material impact on the consolidated financial statements of the Group.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application presented as an adjustment against the opening retained earnings, if any. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemption for lease contracts that, at the date of initial application, have a remaining lease term of 12 months or less and do not contain a purchase option ('**short-term leases**'), and lease contracts for which the underlying asset is of low value ('**low-value assets**').

The Group recognised right-of-use asset and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use asset was recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

On adoption of IFRS 16, the Group recognised right-of-use asset and lease liabilities of approximately S$1,060,000 for its leases previously classified as operating leases as at 1 January 2019.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	S$'000
Operating lease commitments as at 31 December 2018	1,132
Less: Commitments relating to short-term leases	(32)
	1,100
Weighted average incremental borrowing rate as at 1 January 2019	3.59%
Discounted operating lease commitments, representing total lease liabilities at 1 January 2019	1,060

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use asset

The Group recognises right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use asset is subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Amounts recognised in the statements of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use asset and lease liabilities and their movements during the period:

	Right-of-use asset S$'000	Lease liabilities S$'000
As at 1 January 2019 – on initial recognition	**1,060**	**1,060**
Amortisation	**(513)**	**–**
Interest expense	**–**	**28**
Payments	**–**	**(531)**
As at 31 December 2019	**547**	**557**

The Group recognised rental expense from short-term leases of S$33,000 for the year ended 31 December 2019 which was included in other expenses, net in the statement of profit or loss. As the Group had elected to use the modified retrospective method, the comparatives prior to 1 January 2019 were not restated. Consequently, in the statement of profit or loss, office rentals and related expenses included in 'other expenses, net' recorded a decrease, and 'amortisation of right-of-use asset' and 'interest expense' both recorded increases in 2019 when compared to 2018. In addition, lease payments made in 2019 were now classified as part of cash flows used in financing activities instead of operating activities.

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) Acquisitions and projects management *(Note 1)*

Acquisitions and projects management include the Group's services in sourcing, assessing and securing quality real estate assets for real estate developers and services rendered by the Group to real estate developers generally comprise services in the areas of tender consultancy and research, design development consultancy, project marketing, 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 to help to address various needs during each major stage of real estate developments.

Note 1: The segment was previously known as "Project consultancy and management". The change in the name of the business segment was mainly to better reflect the current business activities undertaken and to better position the Group's services to its clients in this segment.

(c) Property management and tenancy management

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

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

(d) Financial advisory

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

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

Geographical information

(a) Revenue from external customers

	Group	
	2019	**2018**
	S$'000	S$'000
Singapore	**9,664**	10,518
Malaysia	**306**	474
Australia	**3,153**	413
British Virgin Island	**1,496**	–
Indonesia	**5**	314
Other countries/jurisdictions	**295**	67
	14,919	11,786

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

(b) Non-current assets

	Group	
	2019	**2018**
	S$'000	S$'000
Singapore	**750**	457
Other countries/jurisdictions	**232**	142
	982	599

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, acquisitions and projects management services, property management and tenancy management services, and financial advisory services. An analysis of revenue, other income and gains is as follows:

	Investment management					
Year ended 31 December 2019	**SPV investment management S$'000**	**Fund management S$'000**	**Acquisitions and projects management S$'000**	**Property management and tenancy management S$'000**	**Financial advisory S$'000**	**Total revenue S$'000**
Primary geographical markets						
Singapore	**3,170**	**1,964**	**838**	**3,243**	**449**	**9,664**
Malaysia	**153**	**114**	**–**	**39**	**–**	**306**
Australia	**–**	**3,008**	**144**	**–**	**–**	**3,152**
British Virgin Island	**–**	**–**	**–**	**–**	**1,496**	**1,496**
Indonesia	**2**	**3**	**–**	**–**	**–**	**5**
Other countries/jurisdictions	**3**	**5**	**–**	**–**	**288**	**296**
	3,328	**5,094**	**982**	**3,282**	**2,233**	**14,919**
Timing of services						
At a point in time	**3,281**	**4,345**	**116**	**–**	**–**	**7,742**
Over time	**47**	**749**	**866**	**3,282**	**2,233**	**7,177**
	3,328	**5,094**	**982**	**3,282**	**2,233**	**14,919**
Year ended 31 December 2018						
Primary geographical markets						
Singapore	3,952	1,373	1,415	3,547	231	10,518
Malaysia	435	–	–	39	–	474
Australia	–	409	4	–	–	413
Indonesia	8	35	271	–	–	314
Other countries/jurisdictions	12	55	–	–	–	67
	4,407	1,872	1,690	3,586	231	11,786
Timing of services						
At a point in time	4,284	1,409	4	–	–	5,697
Over time	123	463	1,686	3,586	231	6,089
	4,407	1,872	1,690	3,586	231	11,786

	Group 2019 S$'000	2018 S$'000
Revenue		
Investment management		
- SPV investment management fees	**3,328**	4,407
- Fund management fees	**5,094**	1,872
Acquisitions and projects management	**982**	1,690
Property management and tenancy management fees	**3,282**	3,586
Financial advisory fees	**2,233**	231
	14,919	11,786
Other income and gains		
Interest income	**563**	718
Government grants*	**164**	175
Foreign exchange differences, net	**111**	462
Income from transfer of unutilised tax losses	**325**	74
Others	**20**	37
	1,183	1,466

* *Government grants were received by certain subsidiaries in connection with employment of Singaporean and/or non-Singaporean workers under Special Employment Credit and Wage Credit Scheme, Government-Paid Leave Schemes and training grants 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 2019 S$'000	2018 S$'000
Auditor's remuneration	**160**	177
Listing expenses	**–**	1,037
Minimum lease payments under operating leases included in other expenses, net	**33**	738
Dividend income from the Establishment Shares included in SPV investment management fees	**(3,077)**	(3,882)

6. Income tax expense

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% in 2019. 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 2018 and 2019.

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

	Group	
	2019	**2018**
	S$'000	S$'000
Current:		
- Provision for current year	**(150)**	–
- Underprovision in prior years	**–**	(4)
Deferred taxation:		
- Origination and reversal of temporary differences	**(222)**	(30)
Total tax expense for the year	**(372)**	(34)

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:

	2019	**2018**
	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)	**4,622**	1,081
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**2,000,000,000**	1,979,452,055

8. Trade receivables

	Group	
	2019	**2018**
	S$'000	S$'000
Trade receivables	**10,675**	4,160

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	
	2019	**2018**
	S$'000	S$'000
Within 1 month	**7,241**	2,183
1 to 2 months	**215**	413
2 to 3 months	**141**	112
Over 3 months	**952**	985
	8,549	3,693

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

	Group	
	2019	**2018**
	S$'000	S$'000
Dividend receivables	**2,126**	467
Neither past due nor impaired	**7,241**	2,183
Less than 1 month past due	**215**	413
1 to 3 months past due	**1,093**	1,097
	10,675	4,160

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	
	2019	**2018**
	$'000	$'000
Trade payables	**79**	24
Other payables	**261**	611
Accruals	**1,175**	890
Deferred revenue	**259**	547
	1,774	2,072
Less: amounts classified as current liabilities	**(1,681)**	(1,847)
Amounts classified as non-current liabilities	**93**	225

An aged analysis of the Group's trade payables as at 31 December 2019 and 2018, based on the invoice date, is as follows:

	Group	
	2019	**2018**
	S$'000	S$'000
Within 1 month	**40**	14
More than 2 months	**39**	10
	79	24

Included in the Group's trade payables as at 31 December 2019 is an amount due to Neew Pte. Ltd., a company controlled by the Controlling Shareholders who are also the directors of the Company, which amounted to S$79,000 (2018: Nil).

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 2019, investment management fees received in advance of S$34,000 (2018: S$181,000), 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	
	2019	**2018**
	S$'000	S$'000
Issued and paid up capital:		
2,000,000,000 ordinary shares on 31 December 2019 (2018: 2,000,000,000 shares)	**29,866**	29,866

A summary of movements in the Group's issued share capital during the period from 1 January 2018 to 31 December 2019 is as follows:

	Note	**Number of ordinary shares**	**Nominal value of ordinary shares**
			S$'000
Issued and fully paid:			
As at 1 January 2018		**1,500,000,000**	4,718
Issue of shares pursuant to initial public offering	(a)	**500,000,000**	27,040
Less: Payments in relation to initial public offering expenses	(a)	**–**	(1,892)
As at 31 December 2018, 1 January 2019 and 31 December 2019		**2,000,000,000**	29,866

(a) On 16 January 2018, the Company's shares were listed on GEM of the Stock Exchange of Hong Kong Limited. Upon listing, the Company issued an additional 500,000,000 ordinary shares. The amount of proceeds received from the public offering was S$27,040,000 and the Company capitalised share issuance costs of S$1,892,000.

11. DIVIDENDS

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 2019 was approved by the Board on 8 August 2019 and paid on 6 September 2019. No final dividend was paid or proposed by the Company for the financial year ended 31 December 2019.

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 year ended 31 December 2019, 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, as well as with the related notes to the financial statements for the year ended 31 December 2019. 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, with an addition of a portfolio of up to 23 hotels in Australia following the acquisition of the Australia Hotel Portfolio expected to complete by March 2020. The Group provided ongoing acquisitions & projects management services to four real estate projects in Singapore and delivered ongoing property management services to 14 real estate projects in Singapore, and tenancy management services to a property owner in Malaysia. The Group is currently executing six corporate advisory mandates, including providing investment advisory services for a family office with an assets-under-management of approximately USD100 million.

The Group embarked on a successful expansion plan in 2019, looking for business opportunities both locally and in the region. The Group aggressively searched for attractive real estate investment opportunities in the wider Asia Pacific region and also expanded its investor base by diversifying into institutions and family offices. The Group has also forged new partnerships with various regional established investment firms and fund management companies to form strategic partnerships to explore collaboration investment opportunities in real estate assets in Australia, Malaysia, China and key cities in Southeast Asia.

Among one of its key partnerships in 2019 was a joint venture with an Australia-based fund management company to acquire a portfolio of hotels across several key regional locations in Australia. During the year, we successfully established ZACD Australia Hospitality Fund to jointly acquire a portfolio of up to 23 hotels in Australia (the "**Australia Hotel Portfolio**") from the Luxembourg hotel investor, AccorInvest, with an independent Australia-based fund manager, iProsperity Group. The Australia Hotel Portfolio comprises 17 hotel properties which have been acquired for AUD212.6 million and also incorporates up to six leasehold interests to be transferred subject to various conditions. The acquisition in terms of number of hotels is one of Australia's largest hotel portfolio sales with up to 3046 rooms and includes Accor brands such as MGallery, Novotel, Mercure, ibis and ibis *budget*. The hotels are located in Brisbane, Sydney, Melbourne, Canberra, Perth and regional New South Wales. The acquisition of the Australia Hotel Portfolio will be an attractive real estate investment opportunity for the Group's fund investors. The successful establishment of the ZACD Australia Hospitality Fund is expected to contribute positively to the investment management services business segment of the Group and will create a more diverse offering for the Group's investment management business. As of end 2019, this fund has secured commitment investment of S$19.4 million.

The Group had also expanded into family office management services. During the year, the Group was appointed to perform investment advisory services for a family office with an assets-under-management of approximately USD100 million.

FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net profit after tax for the year ended 31 December 2019 of approximately S$4.6 million, representing a significant increase of 327.6% as compared to that for the year ended 31 December 2018. The increase was mainly attributable to an increase in revenue mainly in the fund management business segment and the financial advisory business segment, and a decrease in other expenses mainly as a result of no listing expenses incurred in 2019, subsequent to the listing of the Company's shares on GEM in 2018. This was partially offset by an increase in staff costs as a result of business expansion, an increase in the amortization of right-of-use asset due to the adoption of IFRS 16 Leases which was effective from 1 January 2019 and higher income tax expenses.

The Group derived revenue of approximately S$14.9 million, an increase by approximately 26.6% from approximately S$11.8 million for the year ended 31 December 2018. This increase was mainly attributable to higher revenue derived from the fund management business segment and the financial advisory business segment towards the end of 2019 and was partially offset by the decrease in the SPV investment management business segment as further elaborated below.

The following table presents the breakdown of our operating segment information for the years ended 31 December 2019 and 2018:

	Investment management					
Year ended 31 December 2019	**SPV investment management**	**Fund management**	**Acquisitions and projects management**	**Property management and tenancy management**	**Financial advisory**	**Total**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue						
External customers	**3,328**	**5,094**	**982**	**3,282**	**2,233**	**14,919**
Segment results	**2,361**	**4,058**	**557**	**(177)**	**849**	**7,648**
Reconciliation:						
Other income and gains						**1,183**
Corporate and unallocated expenses						**(3,837)**
Profit before tax						**4,994**

Year ended 31 December 2018	Investment management: SPV investment management	Investment management: Fund management	Acquisitions and projects management	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

(a) Investment Management Services

i) SPV investment management

Revenue decreased from approximately S$4.4 million in 2018 to approximately S$3.3 million in 2019, representing a decrease of approximately S$1.1 million or 24.5%. The decrease in revenue derived from the SPV investment management services was mainly due to dividends derived from 11 Investment SPVs in 2019 as compared to 13 Investment SPVs in 2018. There were three Investment SPVs receiving the first tranche of dividends from their respective Development SPVs attributable to Bellewoods, Bellewaters and Vue 8 Residence in 2018. The dividends contributed to the Group from these three Investment SPVs was approximately S$2.3 million. While in 2019, there were four Investment SPVs receiving the first tranche of dividends from their respective Development SPVs attributable to Mega@Woodlands, The Visionaire, Inz Residence and Frontier Industrial Park. The dividends contributed to the Group from these four Investment SPVs was approximately S$1.5 million. The majority of the investment projects set up by the Group from 2010 to 2015 that were under the SPV investment management structures are maturing or have matured. There was no investment SPV established from 2016 as the Group is now focusing on expanding fund structures in line with the Group's current business model.

ii) Fund management

Revenue increased from approximately S$1.9 million in 2018 to approximately S$5.1 million in 2019, representing an increase of approximately S$3.2 million or 172.1%. During 2019, the Group had entered into a transaction with the investment vehicle which ZACD Australia Hospitality Fund jointly established with the iProsperity Group to acquire the Australia Hotel Portfolio (the "**Acquisition**"). Under the arrangement of the transaction, the Group will be entitled to an acquisition fee following the completion of agreed milestones with respect to securing the Acquisition. As part of the Group's continuing fund management business and its effort to arrange the business opportunity, the Group further contributed a bridging reserve fund for the above investment vehicle to secure the Acquisition. Thus the Group has derived an acquisition fee of approximately AUD3.2 million from the investment vehicle, leading to the increase in revenue in this business segment. Fund management fees had increased by approximately S$164,000 in 2019 as compared to 2018 mainly due to the expansion into fund structures.

(b) Acquisitions and Projects Management Services

Revenue decreased from approximately S$1.7 million in 2018 to approximately S$1.0 million in 2019, representing a decrease of approximately S$708,000 or 41.9%. Revenue is recognised on a time-apportioned basis or is based on project milestones over the contractual service period. The decrease was mainly due to contract terms with projects that had expired after their completion in 2018. However, the Group managed to secure one new contract in 2019. Other than staff costs and project manager charges, this business segment did not incur any other particular expenses. The Group is exploring opportunities in both local and international regions to secure more contracts to broaden its client base and diversify its portfolio.

(c) Property Management and Tenancy Management Services

Revenue decreased from approximately S$3.6 million in 2018 to approximately S$3.3 million in 2019, representing a decrease of approximately S$304,000 or 8.5%. The decrease was mainly attributable to the decrease in revenue in the property management services where contracts had ceased and/or have not been renewed at the end of the contract term. The decrease was partially offset by three new contracts secured at the end of 2018 and/or during 2019. Revenue from tenancy management services also decreased as contracts with property owners had ceased. The business segment has not reached its desired economies of scale which resulted in a loss. Besides staff and office expenses, key expenses incurred by this business segment include the administrative costs of managing properties. Thus the Group decided to work on setting up a centralised structure where related administrative functions can be housed to achieve cost efficiency. The Group is working on securing new contracts, particularly in the prime areas of Singapore which offer higher management fees. The Group is also expanding its existing offering by applying for tenders for facilities management services on government-owned properties in Singapore.

(d) Financial Advisory Services

Revenue increased from approximately S$231,000 in 2018 as compared to approximately S$2.2 million in 2019, representing an increase of approximately S$2.0 million or 866.7%. During 2019, the Group was appointed to perform investment advisory services for a family office with an assets-under-management of approximately USD100 million and derived a fee of approximately S$1.5 million in 2019. The increase in revenue was further contributed by the incremental fee income derived from the nine corporate advisory mandates executed in 2019. The Group continues to focus on this new business segment, particularly with family offices located in the Southeast Asia region. The Group intends to continue to expand the corporate advisory team in Singapore and Hong Kong to manage and execute current advisory mandates and converting deal leads.

<u>Other income and gains</u>

Other income and gains decreased from approximately S$1.5 million in 2018 to approximately S$1.2 million in 2019. The decrease was mainly due to (i) the decrease in foreign exchange gain attributed from the Company's listing proceeds that were denominated in Hong Kong Dollars and the listing proceeds were subsequently converted to Singapore Dollars for operational purposes towards the end of 2018, (ii) lower interest income was derived from bridging loans as the bridging loans extended to ZACD Income Trust, ZACD (Development2) Ltd. and ZACD (Shunfu2) Ltd. were fully repaid in 2019, and partially offset by (iii) the increase in income from the transfer of unutilised tax losses to one of its fund entities. The Company and certain subsidiaries of the Company also received several government grants in connection with the employment of Singaporean and/or non-

Singaporean workers under the Wage Credit Scheme, Government-Paid Leave Schemes and training grants provided by the Singapore Government. There were no unfulfilled conditions or contingencies relating to these grants.

Staff costs

Staff costs consist of salaries, bonuses, other allowances and retirement benefit scheme contributions. Total staff costs increased from approximately S$7.2 million in 2018 as compared to approximately S$7.7 million in 2019. The increase was mainly attributed to the recruitment of additional professional staff for business expansion and the expanded size of the executive board members.

As at 31 December 2019, the Group had 98 employees as compared to 118 as at 31 December 2018. While headcount decreased mainly in the property management services with the majority were site staff due to some property management contracts had ceased and/or have not been renewed, the Group continues to recruit professional staff to expand its business segments for growth though remaining cautious in the implementation of its business expansion plan. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonuses may be granted to eligible staff depending on the Group's achievements as well as the individual's performance.

Other expenses, net

Other expenses, net decreased from approximately S$4.6 million in 2018 to approximately S$2.6 million in 2019. There were no listing expenses incurred in 2019 subsequent to the listing of the Company's shares on GEM in 2018. The Group incurred listing expenses of approximately S$1.0 million in 2018. Other expenses, net also include the short term lease of office property of approximately S$33,000 in 2019 as compared to approximately S$738,000 in 2018. The decrease was mainly due to the adoption of IFRS 16 Leases which is elaborated in note 2.2 in the notes to the consolidated financial statements and the termination of the lease of an office premise in February 2019. Professional fees and financial reports printing expenses were reduced by approximately S$375,000 mainly due to the stabilisation in operating a publicly-listed company.

Income tax expense

The increase in income tax expense from approximately S$34,000 in 2018 to approximately S$372,000 in 2019 was mainly attributable to the increase in the profit before tax in 2019 as a result of the increase in revenue mainly from the acquisition fee income in the fund management services as compared to 2018. 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 2018 and 2019.

Profit for the year attributable to owners of the Company

As a result of the foregoing, we recorded profit for the year attributable to the owners of the Group of approximately S$4.6 million in 2019 and approximately S$1.1 million in 2018, representing an increase by approximately S$3.5 million or 327.6%.

If the one-off listing expenses were excluded, the profit of the Group would be approximately S$4.6 million in 2019 and approximately S$2.1 million in 2018, representing an increase by approximately S$2.5 million or 118.2%.

	Group	
	2019	2018
	S$'000	S$'000
Profit for the year	**4,622**	1,081
Listing expenses	**–**	1,037
Profit before listing expenses	**4,622**	2,118

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 by monitoring prompt recovery, making adequate impairment losses for irrecoverable amounts if necessary. As at 31 December 2019 and 2018, 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$18.3 million and approximately S$7.7 million as at 31 December 2019 and 2018 respectively, which were placed with major banks in Singapore and Hong Kong. The increase is mainly attributable to the repayment of bridging loans from ZACD Income Trust, ZACD (Development2) Ltd. and ZACD (Shunfu2) Ltd. in 2019. The cash balance is denominated in Singapore Dollar, Hong Kong Dollar and Australian Dollar. By becoming a global company with international operations, the Group is exposed to foreign currency exchange rate risks. The Group mitigates this risk by implementing working capital management.

Trade receivables

Total trade receivables amounted to approximately S$10.7 million and approximately S$4.2 million as at 31 December 2019 and 2018 respectively. It comprises of trade receivables of approximately S$8.6 million and dividends receivable of approximately S$2.1 million as at 31 December 2019, as compared to approximately S$3.7 million and approximately S$0.5 million respectively in 2018.

Trade receivables increased from approximately S$3.7 million as at 31 December 2018 to approximately S$8.6 million as at 31 December 2019, mainly contributed by the increase in revenue in the fund management services and financial advisory services.

Net current assets

The Group benefited from stronger net current assets of approximately S$34.2 million as at 31 December 2019, compared to approximately S$30.7 million as at 31 December 2018. This increase was mainly due to an increase in cash and cash equivalents of approximately S$10.6 million, an increase in trade receivables of approximately S$6.5 million, and increase in amount due from related parties of approximately S$6.4 million. This was however partially offset by the decrease in bridging loans and related receivables of approximately S$20.0 million. The current ratio (calculated by current assets divided by current liabilities) of the Group decreased slightly from 15.1 times as at 31 December 2018 to 14.3 times as at 31 December 2019.

Current liabilities

Current liabilities comprised of trade payables, other payables, accruals, lease liabilities, tax payable and amount due to ultimate holding company and related parties. The Group's total current liabilities as at 31 December 2019 and 2018 amounted to approximately S$2.6 million and approximately S$2.2 million respectively. The increase in current liabilities is largely attributable to the increase in lease liabilities partially offset by the decrease in other payables.

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$2.3 million and approximately S$3.4 million as at 31 December 2019 and 31 December 2018 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 2019 compared to 2018 was mainly due to the realisation of the fair value as the Group recorded dividend payouts from Investments SPVs during the year, with revisions made to future dividend distributions expected to be received by the Group for certain projects.

Contingent liabilities

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

On 6 June 2018, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S$38,015,040 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a mixed-use development project located at Bukit Batok West Avenue 6, Singapore (the "**BBW6 Development**"). This amount represents 12% 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

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

BUSINESS OUTLOOK

The outlook for developers of private residential property in Singapore is turning more positive especially since H2 2019 as we saw private residential prices in Singapore increasing. Private home prices in Singapore rose 2.7% for the whole of 2019 and the overall price index has been gradually rising, being only 0.8% lower compared to its previous peak in Q3 2013. One particular statistic worth noting is that private residential property prices in the Outside Central Region and Rest of Central Region grew 4.3% and 2.7% respectively in 2019, and demand for luxury projects in these regions are expected to be high. This will have a positive impact on our The Landmark re-development at Chin Swee Road, which will have its sales launch in H1 2020 and will potentially attract buyers of small high-end condominiums in the city fringe.

Prices and rentals of industrial spaces in Singapore stayed relatively stable in 2019. New business park properties and high-spec spaces are expected to enjoy favourable rental growth as multinational companies are projected to set up their regional service centres and R&D hubs in Singapore. The Group intends to explore opportunities in the Singapore industrial space given the market outlook. One such opportunity is a rare freehold B2 site in Mandai which we successfully secured for development in Q4 2019. The new development fund to acquire this industrial site is underway and we expect this development fund to reach its targeted fund size in Q1 2020.

Turning our attention to Australia, the country has several factors that we anticipate will benefit our business. One such factor is the Australian dollar, which is expected to remain low in the medium term. The other factor is the robust inflow of tourists to Australia, as the Australian Bureau of Statistics revealed that there were 9.3 million short-term visitor arrivals to Australia from overseas in 2019, the highest year on record. Although the recent bush fires in New South Wales and the Covid-19 disease have, affected business sentiment in Australia and decreased tourist arrivals to Australia, we believe these phenomenon are temporary and should be resolved by H2 2020.

Our optimism regarding the potentially robust growth of the Australian tourism industry led us to enter into a joint venture with an Australia-based fund manager, iProsperity Group, to acquire up to 23 hotels in Australia in 2019 at the purchase price of AUD212.6 million from Luxembourg hotel investor, AccorInvest. This is expected to be one of Australia’s largest hotel portfolio sales in recent years in terms of the number of hotels involved.

Looking back at our performance in 2019, the Group ended 2019 with a net profit of approximately S$4.6 million, a substantial improvement in its financial performance with an increase of over 300% as compared to the preceding financial year. This was mainly attributable to the increase in revenue mainly in our fund management services and our financial advisory services.

The Group plans to build on the success of its fund management services by working aggressively to source for attractive real estate investment opportunities in Singapore as well as in the wider region. We will continue to forge new partnerships with various regional investment firms and fund management companies to explore collaborating in investing in real estate assets in Malaysia, Australia, China and the USA.

The Group also plans to grow by broadening our client base for our acquisitions and projects management services to include real estate developers in the region, expanding into Australia, Malaysia, Indonesia, and other Asia Pacific countries and exploring opportunities in emerging markets to diversify our portfolio.

In addition, we intend to boost our property and tenancy management services by securing new contracts particularly in the prime areas of Singapore, as these areas command a higher management fee. The Group will also expand via tenders on facilities management on government-owned properties in Singapore.

The Group also expanded into family office management in 2019 and was appointed to perform investment advisory services for a family office with an assets-under-management of approximately USD100 million. The Group will continue to focus on this new business segment, particularly with family offices located in the Southeast Asia region and to expand our corporate advisory team in Singapore and Hong Kong to manage and execute current advisory mandates and convert deal leads.

The recent outbreak of Covid-19 may affect global market sentiments which will have an impact on the Group's growth and business expansion plans. However, we remain optimistic that this would be temporary despite business disruptions across nations. On this note, the Group remains cautious in the implementation of its business expansion plans for our business segments.

USE OF PROCEEDS

Total net proceeds raised from the Company's listing approximated HK$125.2 million (approximately 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 31 December 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	100.0%
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	19.5%
ACQUISITIONS & PROJECTS MANAGEMENT *(Note 1)*	• 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	900	53.9%
PROPERTY & TENANCY MANAGEMENT	• Set up of property management team including establishing client service centre and recruiting support staff • Potential acquisition of project management companies • Upgrade software system on workflow processing • Purchase commercial vehicle to support business activities	3,300	50.9%
FINANCIAL ADVISORY	• Enhance product marketing and distribution in Hong Kong • Expand corporate finance team and compliance and general administration team	3,500	21.9%
GENERAL WORKING CAPITAL	• General working capital	1,600	100.0%

Note 1: The segment was previously known as "Project consultancy and management". The change in the name of the business segment was mainly to better reflect the current business activities undertaken and to better position the Group's services to its clients in this segment. The Directors confirm that the amount of net proceeds utilised by the Group in this segment was the same as stated in the prospectus. For details of the Group's use of proceeds, please refer to "Future plans and use of proceeds" in the prospectus.

The unfavourable macro environment conditions and imposition of government's policies in Singapore in the past one year had adversely affected the market sentiment of the Singapore real estate market. As a result, the Group secured less real estate projects and raised less fund for secured projects than expected. Under such conditions, the Group have adopted a cautious approach in the implementation of its business expansion plan, mainly including the recruitment of new staff, expertise and professionals.

For the Group's property and tenancy management business segment, the unutilised listing proceeds allocated was mainly in relation to the acquisition of project management companies which was delayed primarily due to prolonged process in identifying target companies.

For the Group's financial advisory business segment, we also adopted a cautious approach in the implementation of our expansion plan, in particular, there was a slowdown in the pace of staff recruitment for our Group's financial advisory function as there were fewer than expected advisory projects secured.

The Board is in the process of reviewing the status of the prescribed use of the net proceeds and will make further announcement if there is any change on the use of the net proceeds and the unutilised amount.

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 year ended 31 December 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 year ended 31 December 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 and the senior management of the Group have reviewed the audited consolidated results of the Group for the year ended 31 December 2019.

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 EXCHANGE AND THE COMPANY

The annual report for the year ended 31 December 2019 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, 11 March 2020

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 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.