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杰地集團有限公司\*

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

(Stock code: 8313)

## FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2022

### 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](http://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](http://www.zacdgroup.com).*

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

*\* for identification purposes only*

## **FINANCIAL HIGHLIGHTS**

### **For the three months ended 31 March 2022**

- The unaudited revenue of the Group decreased by 53.7% or approximately S\$534,000 from approximately S\$995,000 for the three months ended 31 March 2021 (the “**Previous Period**”) to approximately S\$461,000 for the three months ended 31 March 2022 (the “**Review Period**”). The decrease was mainly attributable to lower dividends derived from the SPV investment management business segment and decrease in project management fees.
- Total staff costs decreased from approximately S\$1.2 million for the Previous Period to approximately S\$997,000 for the Review Period, representing a decrease of approximately S\$235,000 or 19.1%. As at the end of Review Period, the Group had 32 employees as compared to 50 as at the end of Previous Period. Staff costs remains the biggest cost element of the Group. After the outbreak of COVID-19, the Group further streamlined its operations to control this cost element, thus resulting in the reduction in the headcount.
- The Group reported a net loss of approximately S\$760,000 for the Review Period as compared to a net loss of approximately S\$425,000 for the Previous Period, representing an increase in net loss of approximately S\$335,000 or 78.8%. The increase in net loss was mainly attributable to the decrease in revenue by approximately S\$534,000 and impairment loss of approximately S\$177,000 was recognised on the Group’s financial advisory fee receivable, partially offset by the decrease in staff costs by approximately S\$235,000, decrease in amortisation of right-of-use asset by approximately S\$87,000 and increase in other income and gains by approximately S\$82,000.
- No dividend was paid or proposed by the Company for the three months ended 31 March 2022 (Three months ended 31 March 2021: Nil).
- Basic and diluted loss per share for the three months ended 31 March 2022 was approximately S\$0.04 cents (Three months ended 31 March 2021: loss of S\$0.02 cents).

## **FIRST QUARTERLY RESULTS**

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

The board of directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated results of the Group for the three months ended 31 March 2022 (the “**First Quarterly Results**”), together with the unaudited comparative figures for the three months ended 31 March 2021:

**Unaudited condensed consolidated statement of profit or loss and comprehensive income**

**For the three months ended 31 March 2022**

		<b>Three months ended 31 March</b>	
	<b>Notes</b>	<b>(unaudited) 2022 S\$'000</b>	<b>(unaudited) 2021 S\$'000</b>
Revenue	4	<b>461</b>	995
Other income and gains	4	<b>406</b>	324
Staff costs		<b>(997)</b>	(1,232)
Depreciation		<b>(23)</b>	(37)
Amortisation of right-of-use asset		<b>–</b>	(87)
Amortisation of capitalised contract costs		<b>(24)</b>	(24)
Impairment loss on financial assets		<b>(177)</b>	–
Marketing expenses		<b>(9)</b>	(6)
Other expenses, net		<b>(375)</b>	(335)
Interest expenses		<b>(22)</b>	(23)
<b>Loss before tax</b>	5	<b>(760)</b>	(425)
Income tax expense	6	<b>–</b>	–
<b>Loss for the period attributable to owners of the Company</b>		<b>(760)</b>	(425)
<b>Other comprehensive income/(loss):</b>			
<u>Items that will not be reclassified to profit or loss:</u>			
Fair value changes on investment in equity securities		<b>27</b>	(232)
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange differences on translation of foreign operations		<b>10</b>	(26)
Other comprehensive income/(loss) for the period		<b>37</b>	(258)
<b>Total comprehensive loss for the period attributable to owners of the Company</b>		<b>(723)</b>	(683)
<b>Loss per share attributable to owners of the Company</b>			
Basic (cents)	7	<b>(0.04)</b>	(0.02)
Diluted (cents)		<b>(0.04)</b>	(0.02)

**Unaudited condensed consolidated statement of changes in equity**  
**For the three months ended 31 March 2022**

	Share capital S\$'000	Investment in equity securities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	Accumulated loss S\$'000	Total equity S\$'000
<b>Three months ended 31 March 2022</b>						
At 1 January 2022 (audited)	29,866	1,188	23	1,491	(8,838)	23,730
Loss for the period	-	-	-	-	(760)	(760)
Other comprehensive income for the period:						
Exchange differences on translation of foreign operations	-	-	10	-	-	10
Fair value changes on investment in equity securities	-	27	-	-	-	27
Total comprehensive income/(loss) for the period	-	27	10	-	(760)	(723)
At 31 March 2022 (unaudited)	29,866	1,215	33	1,491	(9,598)	23,007
<b>Three months ended 31 March 2021</b>						
At 1 January 2021 (audited)	29,866	1,469	64	1,491	(16,299)	16,591
Loss for the period	-	-	-	-	(425)	(425)
Other comprehensive loss for the period:						
Exchange differences on translation of foreign operations	-	-	(26)	-	-	(26)
Fair value changes on investment in equity securities	-	(232)	-	-	-	(232)
Total comprehensive loss for the period	-	(232)	(26)	-	(425)	(683)
At 31 March 2021 (unaudited)	29,866	1,237	38	1,491	(16,724)	15,908

**Notes to the unaudited condensed consolidated financial information  
For the three months ended 31 March 2022**

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**1. Corporate information**

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

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

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

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

**2.1 Basis of preparation**

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

The unaudited condensed consolidated financial information is presented in Singapore dollars (“**S\$**”) and all values are rounded to the nearest thousand (**S\$’000**) except when otherwise indicated.

**2.2 New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the First Quarterly Results are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new and revised standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. These applications do not have a material impact on the First Quarterly Results of the Group.

**3. Operating segment information**

For management purposes, the Group is organised into business units based on its products and services and has the following reportable segments, 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 and/or entering into trust deeds with the Group's ultimate holding company under the trust structure. With respect to a major investor, the Group also derives revenue in return for providing a priority right to this investor to participate in the Group's real estate development projects. Post establishment and incorporation of the Investment SPV, the Group continues to provide investment management services to the investors by managing the Investment SPV up to the time of project completion. The Group also holds the Establishment Shares received from investors to remunerate its SPV investment management services provided, through dividend distribution from the relevant Investment SPVs under the convertible loan structure. Under the trust structure, the Group derives performance fees from the profits made by the investors through dividend distribution received by the Group's ultimate holding company on behalf of investors.

**(ii) Fund management**

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

Under the contracts entered into with the private real estate funds, the Group is entitled to fund establishment fee and fund management fees based on a percentage of committed capital and performance fees based on a percentage of return on equity of the fund distributed to the investors, and/or upon divestment of all investments in the fund or termination of the fund, whichever is earlier. The fund management fees are received quarterly or annually and are recognised on a straight-line basis over the contract terms. The fund establishment fees are recognised as and when the Group's rights and entitlement to the fees are established. Performance fees are not recognised until it is highly probable that a significant reversal of the cumulative amount of revenue recognised will not occur upon the resolution of any uncertainty.

**(b) Acquisitions and projects management**

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

**(c) Property management and tenancy management**

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

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

**(d) Financial advisory**

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

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

**Geographical information**

**Revenue from external customers**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Singapore	<b>329</b>	830
Malaysia	<b>10</b>	45
Australia	<b>12</b>	17
British Virgin Island	<b>110</b>	88
Other countries/jurisdictions	<b>–</b>	15
	<b>461</b>	995

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

#### 4. Revenue, and other income and gains

Revenue represents the aggregate of service fee income earned from the provision of investment management services, acquisitions and projects management services, property management and tenancy management services, and financial advisory services. An analysis of revenue, other income and gains is as follows:

Three months ended 31 March 2022 (unaudited)	<u>Investment management</u>		Acquisitions and projects management S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total revenue S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
<b>Primary geographical markets</b>						
Singapore	169	160	–	–	–	329
Malaysia	–	–	–	10	–	10
Australia	–	–	12	–	–	12
British Virgin Island	–	110	–	–	–	110
	<b>169</b>	<b>270</b>	<b>12</b>	<b>10</b>	<b>–</b>	<b>461</b>
<b>Timing of services</b>						
At a point in time	153	–	–	–	–	153
Over time	16	270	12	10	–	308
	<b>169</b>	<b>270</b>	<b>12</b>	<b>10</b>	<b>–</b>	<b>461</b>
<b>Three months ended 31 March 2021 (unaudited)</b>						
<b>Primary geographical markets</b>						
Singapore	440	190	200	–	–	830
Malaysia	35	–	–	10	–	45
Australia	–	–	17	–	–	17
British Virgin Island	–	–	–	–	88	88
Other countries/jurisdictions	–	–	–	–	15	15
	<b>475</b>	<b>190</b>	<b>217</b>	<b>10</b>	<b>103</b>	<b>995</b>
<b>Timing of services</b>						
At a point in time	454	–	200	–	–	654
Over time	21	190	17	10	103	341
	<b>475</b>	<b>190</b>	<b>217</b>	<b>10</b>	<b>103</b>	<b>995</b>



	<b>Three months ended 31 March</b>	
	<b>(unaudited) 2022 S\$'000</b>	<b>(unaudited) 2021 S\$'000</b>
<b>Revenue</b>		
Investment management		
— SPV investment management fees	<b>169</b>	475
— Fund management fees	<b>270</b>	190
Acquisitions and projects management fees	<b>12</b>	217
Property management and tenancy management fees	<b>10</b>	10
Financial advisory fees	<b>—</b>	103
	<b>461</b>	995
<b>Other income and gains</b>		
Government grants <i>(Note (i))</i>	<b>8</b>	269
Interest income from bridging loans	<b>144</b>	12
Foreign exchange differences, net	<b>(4)</b>	34
Corporate business service fees <i>(Note (ii))</i>	<b>247</b>	—
Gain on disposal of motor vehicle	<b>11</b>	—
Others	<b>—</b>	9
	<b>406</b>	324

(i) Government grants were received by certain subsidiaries and the Company in connection with employment of Singaporean and/or non-Singaporean workers under Wage Credit Scheme, Jobs Support Scheme, Government-Paid Leave Schemes and Special Employment Credit provided by the Singapore Government and employment of Australian workers under JobKeeper Payment Scheme provided by the Australia Government. There were no unfulfilled conditions or contingencies relating to these grants.

(ii) Corporate business services rendered to external corporate clients by the Group. Services performed include reviewing and advising on financial reports and finance functions and processes, and making recommendations on areas of improvement to the corporate clients.

## 5. Loss before tax

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

	<b>Three months ended 31 March</b>	
	<b>(unaudited) 2022 S\$'000</b>	<b>(unaudited) 2021 S\$'000</b>
Auditor's remuneration	<b>41</b>	37
Dividend income from the establishment shares included in SPV investment management fees	<b>(153)</b>	(326)
Foreign exchange differences, net	<b>(4)</b>	34
Impairment loss on trade receivable	<b>177</b>	—
Professional fees	<b>17</b>	34
Rental expense from short-term leases	<b>98</b>	24

## 6. Income tax expense

No significant provision for Singapore profits tax has been made for the three months ended 31 March 2022 (Three months ended 31 March 2021: Nil). 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 for the three months ended 31 March 2022 (Three months ended 31 March 2021: Nil).

## 7. Loss per share attributable to owners of the Company

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

	<b>Three months ended 31 March</b>	
	<b>(unaudited) 2022 S\$'000</b>	<b>(unaudited) 2021 S\$'000</b>
<b>Loss</b>		
Loss for the purpose of calculating basic and diluted loss per share (loss for the period attributable to owners of the Company)	<b>(760)</b>	<b>(425)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<b>2,000,000,000</b>	<b>2,000,000,000</b>

## 8. Dividend

No dividend was paid or proposed by the Company for the three months ended 31 March 2022 (Three months ended 31 March 2021: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (“**MD&A**”) for the Group has been prepared and reviewed by the management for the three months period ended 31 March 2022 (the “**Review Period**”). All amounts are expressed in Singapore Dollars unless otherwise stated.

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

- (1) Executive Overview;
- (2) Financial Review and Business Review; and
- (3) Business Outlook

### EXECUTIVE OVERVIEW

The Group managed a total of 29 investment structures under the PE structures and fund structures over 28 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia. The Group provided ongoing acquisitions and projects management services to three real estate projects in Singapore and two real estate projects in Australia, delivered ongoing tenancy management services to one property owner in Malaysia. The Group is currently providing corporate support and fund administration services to a family office with an assets-under-management of approximately USD100 million.

### FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net loss of approximately S\$760,000 for the three months ended 31 March 2022 as compared to a net loss of approximately S\$425,000 for the three months ended 31 March 2021 (the “**Previous Period**”), representing an increase in net loss of approximately S\$335,000 or 78.8%. The increase in net loss was mainly attributable to the decrease in revenue by approximately S\$534,000 and impairment loss of approximately S\$177,000 was recognised on the Group's financial advisory fee receivable, partially offset by the decrease in staff costs by approximately S\$235,000, decrease in amortisation of right-of-use asset by approximately S\$87,000 and increase in other income and gains by approximately S\$82,000.

#### **Revenue**

The unaudited revenue of the Group decreased by 53.7% or approximately S\$534,000 from approximately S\$995,000 for the Previous Period to approximately S\$461,000 for the Review Period. The decrease was mainly attributable to lower dividends derived from the SPV investment management business segment and decrease in project management fees in the Review Period.

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

Period ended 31 March 2022 (unaudited)	Investment management			Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000	Acquisitions and projects management S\$'000			
<b>Segment revenue</b>						
External customers	169	270	12	10	–	461
<b>Segment results</b>	(83)	10	(59)	(11)	(264)	(407)
<i>Reconciliation:</i>						
Other income and gains						406
Corporate and unallocated expenses						(759)
Loss before tax						(760)
	Investment management					
Period ended 31 March 2021 (unaudited)	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 S\$'000
<b>Segment revenue</b>						
External customers	475	190	217	10	103	995
<b>Segment results</b>	288	(53)	103	(18)	(205)	115
<i>Reconciliation:</i>						
Other income and gains						324
Corporate and unallocated expenses						(864)
Loss before tax						(425)

**(a) Investment Management Services**

*i) SPV investment management*

The unaudited revenue decreased from approximately S\$475,000 for the Previous Period to approximately S\$169,000 for the Review Period, representing a decrease of approximately S\$306,000 or 64.4%. The decrease was mainly due to lower dividend income as dividend was derived from one investment SPV for the Review Period as compared to five investment SPVs for the Previous Period. The reduced dividend income had also led to the decrease in performance fees. The majority of the investment projects set up by the Group from 2010 to 2015 that were under the SPV investment management structures are maturing or have matured. There was no investment SPV established from 2016 as the Group is now focusing on expanding fund structures which is in line with the Group's current business model.

*ii) Fund management*

The unaudited revenue increased from approximately S\$190,000 for the Previous Period to approximately S\$270,000 for the Review Period, representing an increase of approximately S\$80,000 or 42.1%. During the Review Period, the Group was appointed to perform fund administration and corporate services for a family office client and derived a fee of S\$110,000 for this period. The Group did not derive subscription fee income as there was no new investment fund closed during the Review Period. The Group derived lower management fees for the Review Period as compared to the Previous Period mainly as a result of management fees from two fund structures which were established during 2017 had ceased in the second half of 2021.

**(b) Acquisitions and Projects Management Services**

The unaudited revenue decreased from approximately S\$217,000 for the Previous Period to approximately S\$12,000 for the Review Period, representing a decrease of approximately S\$205,000 or 94.5%. The decrease was mainly attributed to the decrease in the project management fees where the Group derived project management fee of approximately S\$200,000 from the developer SPV of Mandai Fund following its sales launch in March 2021. There was no further project management fee derived in the Review Period from the same project as well as other projects currently managed by the Group as the development of the projects is ongoing.

**(c) Property Management and Tenancy Management Services**

The unaudited revenue was level at S\$10,000 for the Previous Period and the Review Period. Reference is made to the voluntary announcement dated 28 December 2020 with respect to the strategic move on the property management business segment from managing the residential and industrial properties to government and international projects in order to generate better income for the Group. Since the strategic re-alignment of this business segment, there has not been new contracts entered as the Group is still evaluating the strategic direction of this business segment.

**(d) Financial Advisory Services**

Reference is made to the voluntary announcement dated 30 November 2021 where the Board resolved to cease the SFC Regulated Activities. Since the cessation, there has not been new advisory mandates entered. The Group will closely monitor the COVID-19 post-pandemic situation and may consider recommencing this business activity if the business climate changes for the better. The Group continues to focus on the new business segment in the family office management, particularly with family offices located in the Southeast Asia region.

Other notable items are further elaborated as follows:

### **Other income and gains**

Other income and gains increased from approximately S\$324,000 for the Previous Period to approximately S\$406,000 for the Review Period, representing an increase of approximately S\$82,000 or 25.3%. This increase was mainly due to short-term corporate services provided to two external corporate clients and interest income derived from the bridging loans extended to ZACD LV Development Fund, ZACD Mount Emily Residential Development Fund and ZACD (Development2) Ltd., partially offset by the decrease in government grants in relation to the payout of Jobs Support Scheme announced by the Singapore Government and JobKeeper Payment Scheme announced by the Australia Government to provide cashflow support to businesses during the period of economic uncertainty affected by the COVID-19 pandemic as they were paid out by 2021.

### **Staff costs**

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Total staff costs decreased from approximately S\$1.2 million for the Previous Period to approximately S\$997,000 for the Review Period, representing a decrease of approximately S\$235,000 or 19.1%.

As at the end of Review Period, the Group had 32 employees as compared to 50 as at the end of Previous Period. Staff costs remains the biggest cost element of the Group. After the outbreak of COVID-19, the Group further streamlined its operations to control this cost element, thus resulting in the reduction in the headcount. While headcount had decreased, 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.

### **Impairment loss on financial assets**

During the Review Period, the Group recorded allowance for impairment loss of approximately S\$177,000 on the Group's trade receivable in respect of the financial advisory fees. Management has reassessed and made necessary impairment loss for irrecoverable amounts.

### **Other expenses, net**

Other expenses, net increased by approximately S\$40,000 or 11.9% from approximately S\$335,000 for the Previous Period to approximately S\$375,000 for the Review Period. The increase was mainly due to the rental expenses from short-term lease of the Singapore office property, partially offset by the decrease in professional fees and decrease in fees on referral programs on the financial advisory mandates.

### **Income tax expense**

No significant provision for Singapore profits tax has been made for the Review Period. No provision for profits tax has been made in other countries/jurisdictions in which the Group operates as the Group did not generate any assessable profits arising in other countries/jurisdictions for the Review Period.

### **Financial guarantees**

On 22 June 2021, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$19,253,107 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential redevelopment project located at 2, 4 and 6 Mount Emily Road, Singapore (the “**Mount Emily Properties**”). This amount represents the total liabilities of the underlying Development SPV under the facilities agreements in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of ZACD Mount Emily Residential Development Fund (the “**Mount Emily Fund**”), a sub-fund registered under ZACD Capital Partners VCC, by way of indirectly holding the nominal share capital of the corporate entity of Mount Emily Fund, is required by the security agents to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, construction cost and related development costs of the Mount Emily Properties. Mount Emily Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

On 20 March 2020, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$28,985,400 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to an industrial development project located at 7 Mandai Estate, Singapore (the “**Mandai Development**”). This amount represents 60.0% of the total liabilities of the underlying Development SPV under a facility agreement in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the ZACD (Mandai) Ltd. (the “**Mandai Fund**”), by way of indirectly holding the nominal share capital of the corporate entity of the Mandai Fund, is required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development premium, construction cost and related development costs of the Mandai Development. Mandai Fund is managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

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

On 16 January 2018, the Company entered into a deed to provide a guarantee in the aggregate of the principal amount of S\$152,800,000 and any interest, commission, fees and expenses accrued thereon, to secure loan facilities in relation to a residential real estate project located at Shunfu Road in Singapore (the “**Shunfu Development**”). This amount represents 20.0% of the total liabilities of the underlying Development SPV under a facility agreement in proportion of the shareholding of ZACD (Shunfu) Ltd. and ZACD (Shunfu2) Ltd.’s (the “**Shunfu Funds**”) in the underlying Development SPV. In terms of the above, the Company, acting as the sponsor of the Shunfu Funds by way of indirectly holding the nominal share capital of the corporate entity of the Shunfu Funds, are required by the security agent to provide the guarantee for the loan facilities which will be applied towards the payments of the purchase price, development premium, construction cost and related development costs

of the Shunfu Development. Shunfu Funds are managed by ZACD Capital Pte. Ltd. which acts as its fund manager.

### **Contingent Liabilities**

Reference is made to the inside information and business update announcement dated 23 August 2021 in relation to ZACD Australia Hospitality Fund (the “**Fund**”) and ZACD (Development4) Ltd., an indirect wholly-owned special purpose fund vehicle of the Company for the Fund, and the relevant previous announcements as referred to therein (collectively, the “**Announcements**”). Pursuant to the Deed of Settlement, ZACD Australia Hospitality Fund received a substantial portion of the settlement proceeds according to the settlement schedule from the Defendants in September 2021. While the dispute between the Company, ZACD (Development4) Ltd. and the Defendants has been settled amicably, the Company is currently working with our lawyers in other recovery actions against iProsperity Group and its administrators to recover the remaining shortfall of the exposure by the Fund pursuant to the incident.

Subsequent to the Transaction with respect to the Australia Hotel Portfolio in early 2020, the Group was in the midst of setting up a separate investment fund to invest US\$10 million (“**ZACD US Fund**”) in a US hotel acquisition led by iProsperity Group. The deposit of US\$10 million for this acquisition was funded by ZACD US Fund as a bridging loan to iProsperity Group to fulfil its payment obligation of the deposit for the acquisition and shall be refunded by iProsperity Group if the acquisition fails to complete (the “**US Hotel Transaction**”). This US\$10 million deposit payment was funded by an anchor investor through a bridging loan to ZACD US Fund as part of his early commitment to the fund and upon setup of the ZACD US Fund, US\$5 million will be converted into equity in the ZACD US Fund and US\$5 million will be repaid by ZACD US Fund to the anchor investor. The Company is currently working with our lawyers to pursue various recovery options against iProsperity Group and its administrators to recover this deposit.

Further external counsels are of the opinion, having studied the circumstances surrounding the mentioned cases as well as the documents in the matter, that there exists no evidence of any negligence, fraud or dishonesty on the part of the Group or any officer of the Company and its involved subsidiaries. Therefore, no provision for this contingent liability has been made in the Group’s financial statements as at 31 March 2022. As at 31 March 2022, legal fees incurred in relation to legal actions taken against the Trust Lawyer and iProsperity Group accumulated to S\$1,055,000 where S\$976,000 had been borne by ZACD Australia Hospitality Fund, S\$2,000 is held as deposit by the Company’s lawyer for ongoing filing fees and disbursements and S\$77,000 had been expensed off.

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

### **Commitments**

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



## BUSINESS OUTLOOK

Operational efficiency and increase in revenue growth will continue to be priorities for the Group for 2022. Our prospects can be summarised into three major thrusts, with a clear alignment with the bigger strategic landscape of government policies and the global environment.

- Streamlining of existing business to free up resources to focus on core revenue streams. The Group continues working cautiously to expand its assets under management and will continue to source and identify growth opportunities from assets with attractive returns and distressed assets with redevelopment/turnaround potential when an attractive opportunity arises, focusing in Singapore and surrounds to create a pipeline of assets for acquisition for both investment management, and acquisitions and projects management businesses.

At the same time, we will not cease efforts to adopt various lean management measures to manage costs and increase efficiency, while optimizing the management structure, standardising the operation process and strengthening the working team so as to improve the operation and management efficiency. The Group will also continue to monitor the situation of the prolonged COVID-19 pandemic and make adjustments to its operations and business strategies as and when required.

- With the post COVID-19 recovery underway, there is a resurgence of real estate development opportunities in Singapore, our home market. We are confident that we have the home-grown advantage and expertise to capture the growth potential of Singapore's real estate market.
- Singapore is working to enhance the family office ecosystem through partnerships with the public and private sectors. We see the prospect of growing this business segment in family office management, particularly family offices located in the Southeast Asia region.

The collective sale of La Ville, a freehold residential development at Tanjong Rhu, Singapore, secured by the Group in end November 2021 is progressing on track and slated for completion in end June 2022.

The Group is in the midst of setting up a new development fund to participate in the new executive condominium (“**EC**”) development project at Bukit Batok West, Singapore, a site recently acquired by one of the Group's external business partners. This new EC project is expected to generate keen interest from first time home buyers and HDB upgraders in this region as there has not been launches of EC projects in this region since 2017.

The sales of Foodfab@Mandai, the freehold industrial project acquired by Mandai Fund, continues to perform well since the launch in March 2021. This momentum is expected to continue with a more optimistic outlook for 2022 with demand for food factories remain strong, fuelled by the demand for food delivery services.

## CORPORATE GOVERNANCE PRACTICES

The Board has adopted the principles and the code provisions of Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. During the three months ended 31 March 2022 and up to the date of this announcement, the Company has complied with all applicable code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2022.

## **INTERESTS OF THE COMPLIANCE ADVISER**

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

## **AUDIT COMMITTEE**

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

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

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

The first quarterly report for the three months ended 31 March 2022 will be despatched to the Shareholders and available on the Company's website ([www.zacdgroup.com](http://www.zacdgroup.com)) and the designated website of the Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) in due course.

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

Singapore, 5 May 2022

*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. Mark Oh Keng Kwan, Mr. Patrick Chin Meng Liong and Ms. Yong Sze Wan, Cheryl; 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.*