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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

The board of directors (the “**Board**”) of ZACD Group Ltd. (the “**Company**”, together with its subsidiaries as the “**Group**”) hereby announces the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2023 (the “**Third Quarterly Results**”), together with the unaudited comparative figures for the nine months ended 30 September 2023. This announcement, containing the full text of the report of the Company for the Third Quarterly Results, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”).

By Order of the Board
ZACD Group Ltd.
Sim Kain Kain

Chairman and Executive Director

Singapore, 8 November 2023

As at the date of this announcement, the Board of the Company comprises four (4) executive Directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Mark Oh Keng Kwan and Mr. Patrick Chin Meng Liong and three (3) independent non-executive Directors, namely, Mr. Kong Chi Mo, Dato’ Dr. Sim Mong Keang and Mr. Eugene Lim Chin Hon.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will be published on the GEM website at www.hkgem.com and remain on the “Latest Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at www.zacdgroup.com.

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

* for identification purposes only

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 report, 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.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ms. Sim Kain Kain (*Chairman*)
Mr. Yeo Choon Guan (Yao Junyuan) (*CEO*)
Mr. Mark Oh Keng Kwan (*Deputy CEO*)
Mr. Patrick Chin Meng Liong (*CLO*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kong Chi Mo
Dato' Dr. Sim Mong Keang
Mr. Eugene Lim Chin Hon

AUDIT COMMITTEE

Mr. Kong Chi Mo (*Chairman*)
Dato' Dr. Sim Mong Keang
Mr. Eugene Lim Chin Hon

REMUNERATION COMMITTEE

Dato' Dr. Sim Mong Keang (*Chairman*)
Ms. Sim Kain Kain
Mr. Kong Chi Mo
Mr. Eugene Lim Chin Hon

NOMINATION COMMITTEE

Mr. Eugene Lim Chin Hon (*Chairman*)
Mr. Yeo Choon Guan (Yao Junyuan) (*CEO*)
Mr. Kong Chi Mo
Dato' Dr. Sim Mong Keang

AUTHORISED REPRESENTATIVES

Mr. Patrick Chin Meng Liong (*CLO*)
Mr. Ip Pui Sum

JOINT COMPANY SECRETARIES

As to Hong Kong Law

Mr. Ip Pui Sum

As to Singapore Law

Mr. Tan Kim Swee Bernard

COMPLIANCE OFFICER

Mr. Patrick Chin Meng Liong (*CLO*)

COMPLIANCE ADVISER

Innovax Capital Limited

AUDITOR

Ernst & Young LLP

REGISTERED OFFICE

300 Beach Road
#34-05 The Concourse
Singapore 199555

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

300 Beach Road
#34-05 The Concourse
Singapore 199555

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

20/F, Winbase Centre
208 Queen's Road Central
Sheung Wan, Hong Kong

PRINCIPAL BANK

United Overseas Bank
UOB Plaza
80 Raffles Place
Singapore 048624

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN SINGAPORE

Tricor Singapore Pte Ltd
80 Robinson Road
#02-00
Singapore 068898

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

8313

COMPANY'S WEBSITE

www.zacdgroup.com

FINANCIAL HIGHLIGHTS

For the nine months ended 30 September 2023

INTERIM RESULTS AND 5-YEAR FINANCIAL SUMMARY

Financial Results	Interim results			Annual results			
	30 September	30 September		2021		2018	
	2023	2022	2022	2021	2020	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Revenue	6,887	2,949	3,983	5,596	5,325	14,919	11,786
Profit/(loss) before tax	2,032	(1,002)	(2,423)	7,515	(20,330)	4,994	1,115
Profit/(loss) for the period/year	1,675	(1,002)	(2,707)	7,461	(20,263)	4,622	1,081
Earnings/(loss) per share (Singapore cents)	0.08	(0.05)	(0.14)	0.37	(1.01)	0.23	0.05

Financial Position	At 30 September		At 31 December			
	2023	2022	2021	2020	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Total assets	31,272	27,454	28,316	21,600	40,365	37,487
Total liabilities	8,632	6,501	4,586	5,009	2,780	2,398
Net current assets	21,408	20,443	23,429	17,342	34,204	30,733
Net assets	22,640	20,953	23,730	16,591	37,585	35,089
Net assets per share (Singapore cents)	1.13	1.05	1.19	0.83	1.88	1.75

FINANCIAL HIGHLIGHTS

For the nine months ended 30 September 2023

The board of directors (the **“Board”**) of ZACD Group Ltd. (the **“Company”**) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the **“Group”**) for the nine months ended 30 September 2023 (the **“Review Period”** or the **“Third Quarterly Results”**), together with the unaudited comparative figures for the nine months ended 30 September 2022 (the **“Previous Period”**).

- The Group reported a net profit of approximately S\$1.68 million for the Review Period, marking a significant improvement from a net loss of approximately S\$1.00 million in the Previous Period. This represents an increase in net earnings of S\$2.68 million or 268% year-on-year (**“YOY”**). It is noteworthy that the Group has consistently maintained profitability for the third consecutive quarter in 2023, demonstrating a positive turnaround in the Group’s financial performance from 2022.
- The improvement in earnings was mainly attributable to the increase in revenue of approximately S\$3.94 million, stemming from better performance in both Fund Management segment and Acquisition and Project Management segment. The revenue growth is partially offset by the increase in operating costs, where staff costs, interest expense and income tax increased by approximately S\$0.86 million, S\$0.36 million and S\$0.36 million respectively in the Review Period.
- The Group’s revenue grew by 133.6% from approximately S\$2.95 million for Previous Period to approximately S\$6.89 million for the Review Period. Specifically, the revenue growth was mainly attributable to project management fees of S\$3.38 million from the successful completion of two development projects in Singapore and the increase in dividend income from the Group’s investment vehicles by approximately S\$2.03 million in the Review Period, partially offset by the absence of project acquisition fee of S\$1.27 million and fund establishment fees of S\$0.25 million earned in the Previous Period.
- Total staff costs increased from approximately S\$2.95 million for the Previous Period to approximately S\$3.81 million for the Review Period, representing an increase of approximately S\$0.86 million or 29.2%. The increase was mainly due to discretionary bonuses granted to eligible staff in tandem with the improvements in both revenue and earnings in the Review Period.
- Basic and diluted earnings per share for the nine months ended 30 September 2023 was approximately 0.08 Singapore cents (Nine months ended 30 September 2022: loss per share of 0.05 Singapore cents).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2023

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023	2022	2023	2022
		S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)
Revenue	4	1,582	961	6,887	2,949
Other income and gains	4	216	202	703	798
Staff costs		(979)	(950)	(3,812)	(2,954)
Depreciation expense		(27)	(26)	(79)	(71)
Amortisation of right-of-use assets		(61)	(34)	(184)	(34)
Amortisation of capitalised contract costs		(38)	(15)	(117)	(64)
Impairment losses on financial assets		-	-	(65)	(177)
Marketing expenses		(3)	(20)	(21)	(43)
Other expenses, net		(345)	(563)	(1,013)	(1,340)
Interest expense		(142)	(24)	(427)	(66)
Fair value gain on financial derivative		52	-	160	-
Profit/(loss) before tax	5	255	(469)	2,032	(1,002)
Income tax expense	6	(18)	-	(357)	-
Profit/(loss) for the period attributable to owners of the Company		237	(469)	1,675	(1,002)
Earnings/(loss) per share attributable to owners of the Company	7	0.01	(0.02)	0.08	(0.05)
Basic and diluted (Singapore cents)					

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

Note	Three months ended 30 September		Nine months ended 30 September	
	2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)	2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)
Profit/(loss) for the period	237	(469)	1,675	(1,002)
Other comprehensive income/(loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Fair value changes on investment in equity securities	(4)	(294)	23	(260)
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Exchange differences on translation of foreign operations	9	30	(11)	(13)
Other comprehensive income/(loss) for the period	5	(264)	12	(273)
Total comprehensive income/(loss) for the period attributable to owners of the Company	242	(733)	1,687	(1,275)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Share capital S\$'000	Investment in equity securities revaluation reserve S\$'000	Investment in fund entities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	Total reserves S\$'000	Accumulated loss S\$'000	Total equity S\$'000
Nine months ended 30 September 2023								
At 1 January 2023 (audited)	29,866	720	413	8	1,491	2,632	(11,545)	20,953
Profit for the period	-	-	-	-	-	-	1,675	1,675
Other comprehensive income/ (loss) for the period:								
Exchange differences on translation of foreign operations	-	-	-	(11)	-	(11)	-	(11)
Fair value changes on investment in equity securities	-	23	-	-	-	23	-	23
Total comprehensive income/(loss) for the period	-	23	-	(11)	-	12	1,675	1,687
At 30 September 2023 (unaudited)	29,866	743	413	(3)	1,491	2,644	(9,870)	22,640

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Share capital S\$'000	Investment in equity securities revaluation reserve S\$'000	Investment in fund entities revaluation reserve S\$'000	Exchange fluctuation reserve S\$'000	Capital reserve S\$'000	Total reserves S\$'000	Accumulated loss S\$'000	Total equity S\$'000
Nine months ended 30 September 2022								
At 1 January 2022 (audited)	29,866	1,188	-	23	1,491	2,702	(8,838)	23,730
Loss for the period	-	-	-	-	-	-	(1,002)	(1,002)
<u>Other comprehensive loss for the period:</u>								
Exchange differences on translation of foreign operations	-	-	-	(13)	-	(13)	-	(13)
Fair value changes on investment in equity securities	-	(260)	-	-	-	(260)	-	(260)
Total comprehensive loss for the period	-	(260)	-	(13)	-	(273)	(1,002)	(1,275)
At 30 September 2022 (unaudited)	29,866	928	-	10	1,491	2,429	(9,840)	22,455

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

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 300 Beach Road The Concourse #34-05, Singapore 199555.

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 Third Quarterly Results are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new and revised standards effective as of 1 January 2023. 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 Third Quarterly Results of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

3. OPERATING SEGMENT INFORMATION

3.1 Operating segment

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 results, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's results before tax except that unallocated other income and gains as well as head office and corporate expenses are excluded from such measurement.

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

(i) *SPV investment management*

(ii) *Fund management*

(b) Acquisitions and projects management

(c) Property management and tenancy management services

(d) Financial advisory

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

3. OPERATING SEGMENT INFORMATION (cont'd)

3.2 Geographical information

Revenue from external customers

Geographical market*	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Singapore	1,436	794	6,413	2,503
Malaysia	10	10	28	29
Australia	26	47	116	87
British Virgin Islands	110	110	330	330
Other countries/jurisdictions	-	-	-	-
	1,582	961	6,887	2,949

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

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:

Nine months ended 30 September 2023 (unaudited)	Investment management			Property management and tenancy management	Total revenue
	SPV investment management	Fund management	Acquisitions and projects management		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets					
Singapore	354	2,677	3,382	-	6,413
Malaysia	-	-	-	28	28
Australia	-	-	116	-	116
British Virgin Islands	-	330	-	-	330
	354	3,007	3,498	28	6,887
Timing of services					
At a point in time	318	2,167	3,382	-	5,867
Over time	36	840	116	28	1,020
	354	3,007	3,498	28	6,887

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

4. REVENUE, AND OTHER INCOME AND GAINS (cont'd)

Nine months ended 30 September 2022 (unaudited)	Investment management		Acquisitions and projects management S\$'000	Property management and tenancy management S\$'000	Total revenue S\$'000
	SPV investment management S\$'000	Fund management S\$'000			
Primary geographical markets					
Singapore	555	741	1,207	–	2,503
Malaysia	–	–	–	29	29
Australia	–	–	87	–	87
British Virgin Islands	–	330	–	–	330
	555	1,071	1,294	29	2,949
Timing of services					
At a point in time	505	253	1,207	–	1,965
Over time	50	818	87	29	984
	555	1,071	1,294	29	2,949

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

4. REVENUE, AND OTHER INCOME AND GAINS (cont'd)

	Three months ended 30 September		Nine months ended 30 September	
	2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)	2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)
Revenue				
Investment management				
— SPV investment management fees	329	369	354	555
— Fund management fees	817	535	3,007	1,071
	1,146	904	3,361	1,626
Acquisitions and projects management fees	426	47	3,498	1,294
Property management and tenancy management fees	10	10	28	29
	1,582	961	6,887	2,949
Other income and gains				
Interest income				
— Bridging loans	90	157	297	452
— Fixed deposits	32	—	90	—
Government grants	—	10	16	19
Gain on disposal of property, plant and equipment	—	—	69	—
Foreign exchange differences, net	7	(42)	7	(8)
Corporate business service fees (Note (i))	74	77	191	324
Others	13	—	33	11
	216	202	703	798

- (i) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

5. PROFIT/(LOSS) BEFORE TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)	2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)
Auditor's remuneration	61	21	125	124
Bad debts written off — trade	—	5	—	5
Dividend income [^]	(860)	(299)	(2,484)	(452)
Fair value gain on financial derivative [*]	52	—	160	—
Foreign exchange differences, net	—	42	—	8
Professional fees	53	211	105	247
Rental expense for short-term leases	15	61	59	249
Impairment loss on trade receivables	—	—	65	177

[^] Dividend income received from establishment shares included in SPV investment management fees and preference shares included in fund management fees (Note 4).

^{*} Reference is made to the Company's announcement dated 28 December 2022. The Company had granted a put option to an investor, Top Global Limited ("TGL"), subscribing in an investment fund, ZACD LV Development Fund. TGL has the option to require the Company to purchase all of TGL's outstanding loan interest or participating shares in the fund. For the three months ended 30 September 2023, a fair value gain of S\$52,000 was recognised in the profit or loss upon periodic assessment of the fair value of the put option as of period end.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

6. INCOME TAX EXPENSE

The Group calculates income tax expense using the effective tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax	18	-	357	-

7. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings/(loss)				
Profit/(loss) for the period attributable to owners of the Company (S\$'000)	237	(469)	1,675	(1,002)
Number of shares				
Weighted average number of ordinary shares ('000)	2,000,000	2,000,000	2,000,000	2,000,000

8. DIVIDENDS

No dividend was paid or proposed by the Company for the nine months ended 30 September 2023 (Nine months ended 30 September 2022: 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 Review Period. All amounts are expressed in Singapore Dollars unless otherwise stated.

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

- (1) Executive Overview;
- (2) Financial Review and Business Review;
- (3) Net Assets;
- (4) Liquidity and Capital Resources;
- (5) Other Matters; and
- (6) Business Outlook.

1. EXECUTIVE OVERVIEW

ZACD is an integrated asset manager headquartered in Singapore that offers solutions across the real estate value chain in Singapore and the Asia-Pacific region. In general, the Group strategically focused on the two core businesses of “Investment Management” and “Acquisitions and Project Management”. For Investment Management, the Group is fixated at carrying out fund management works in terms of fundraising, investment, management and exit, etc. For Acquisitions and Project Management, the Group has built credible track record in managing end-to-end activities in real estate development cycle, from identifying quality real estate assets, acquisition, development, sales, operations and hand over or exit, etc.

Today, the Group managed a total of 23 investment structures under the PE structures and fund structures over 22 real estate projects and assets in Singapore, Malaysia, Indonesia, Australia and Hong Kong. The Group provided ongoing acquisitions and projects management services to four real estate projects in Singapore and two real estate projects in Australia, delivered ongoing tenancy management services to a property owner in Malaysia. The Group is also currently providing corporate support and fund administration services to a family office with an assets-under-management (AUM) of approximately US\$100 million.

MANAGEMENT DISCUSSION AND ANALYSIS

2. FINANCIAL REVIEW AND BUSINESS REVIEW

The Group reported a net profit of approximately S\$1.68 million for the Review Period, marking a significant improvement from the net loss of approximately S\$1.00 million in the Previous Period. This is an increase in net earnings of S\$2.68 million or 268% YoY.

The improvement in earnings was mainly attributable to the increase in revenue of approximately S\$3.94 million, stemming from better performance in both Fund Management segment and Acquisition and Project Management segment. The revenue growth is partially offset by the increase in operating costs, where staff costs, interest expense and income tax expense by approximately S\$0.86 million, S\$0.36 million and S\$0.36 million respectively in the Review Period.

2.1 Revenue

The Group's revenue grew by 133.6% from approximately S\$2.95 million for the Previous Period to approximately S\$6.89 million for the Review Period.

The revenue growth was mainly attributable to project management fees of S\$3.38 million from the successful completion of two development projects in Singapore and the increase in dividend income received from the Group's investment vehicles by approximately S\$2.03 million in the Review Period, partially offset by the absence of project acquisition fee of S\$1.27 million and fund establishment fees of S\$0.25 million earned in the Previous Period.

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

Period ended	Investment management		Acquisitions and project management	Property management and tenancy management	Financial advisory	Total
	SPV investment management	Fund management				
30 September 2023 (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue						
External customers	354	3,007	3,498	28	-	6,887
Segment results	171	1,962	2,519	6	(114)	4,544
<i>Reconciliation:</i>						
Other income and gains						703
Fair value gain on financial derivative						160
Corporate and unallocated expenses						(3,375)
Profit before tax						2,032

MANAGEMENT DISCUSSION AND ANALYSIS

Period ended 30 September 2022 (unaudited)	Investment management		Acquisitions and project management S\$'000	Property management and tenancy management S\$'000	Financial advisory S\$'000	Total S\$'000
	SPV investment management S\$'000	Fund management S\$'000				
Segment revenue						
External customers	555	1,071	1,294	29	-	2,949
Segment results	260	302	536	-	(279)	819
<i>Reconciliation:</i>						
Other income and gains						798
Corporate and unallocated expenses						(2,619)
Loss before tax						(1,002)

(a) **Investment Management Services**

(i) *SPV investment management*

Revenue decreased from approximately S\$0.56 million for the Previous Period to approximately S\$0.35 million for the Review Period, representing a decrease of approximately S\$0.21 million or 37.5%. The decrease was mainly due to lower dividend income from the establishment shares included in the SPV investment for the Review Period.

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*

Revenue increased from approximately S\$1.07 million for the Previous Period to approximately S\$3.01 million for the Review Period, representing an increase of approximately S\$1.94 million or 181.3%. This is primarily attributable to the dividend income of S\$2.17 million received from a couple of real estate funds managed by the Group in the Review Period.

There was no significant change in the number of fund structures and assets under management in the Previous Period and the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

(b) Acquisitions and Projects Management Services

Revenue increased from S\$1.29 million for the Previous Period to S\$3.50 million for the Review Period, representing an increase of S\$2.21 million or 171.3%. The increase was mainly attributable to the project management fee of S\$3.38 million from the successful completion of two development projects in Singapore during the Review Period. The increase was partially offset by the absence of project acquisition fee of S\$1.27 million earned from the developer SPV following the Group's efforts to secure and complete the acquisition of the freehold site at La Ville for residential redevelopment purpose in June 2022.

(c) Property Management and Tenancy Management Services

Revenue from property management and tenancy management services remained relatively constant at S\$0.02 million for both Review and Review Periods.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Other notable items are further elaborated as follows:

2.2 Other income and gains

Other income and gains decreased from S\$0.80 million for the Previous Period to S\$0.70 million for the Review Period, representing a decrease of S\$0.10 million or 12.5%. The decrease was mainly due to the decrease in interest income derived from the bridging loans extended to the fund structures managed by the Group by S\$0.16 million and lower income from ad-hoc short-term corporate services provided to external corporate clients by S\$0.13 million. The decrease is partially offset by an increase in fixed deposit interest income by S\$0.09 million and the gain in disposal of property, plant and equipment amounting to S\$0.07 million.

2.3 Staff costs

Staff costs consist of salaries, bonuses, commission, other allowances and retirement benefit scheme contributions. Total staff costs increased from S\$2.95 million for the Previous Period to S\$3.81 million for the Review Period, representing an increase of S\$0.86 million or 29.2%. The increase was mainly due to discretionary bonuses granted to eligible staff in tandem with the improvements in both revenue and net earnings in the Review Period.

As at the end of Review Period, the Group had 32 employees as compared to 31 as at the end of Previous Period. Staff costs remains the single biggest cost element of the Group, contributing 69% (Nine months ended 30 September 2022: 62%) of the Group's total expenses. 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.

2.4 Impairment loss on financial assets

Impairment loss on financial assets decreased from approximately S\$0.18 million for the Previous Period to S\$0.06 million for the Review Period, representing a decrease of S\$0.12 million or 66.7%. The decrease was mainly due to lower impairment loss of S\$0.06 million recognised on the Group's trade receivables in respect of the financial advisory business segment during the Review Period, compared to S\$0.18 million allowance in the Previous Period. Management will continue to assess the adequacy of expected credit loss allowance and make necessary loss allowance for irrecoverable amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

2.5 Other expenses, net

Other expenses, net decreased by approximately S\$0.33 million or 24.6% from approximately S\$1.34 million for the Previous Period to approximately S\$1.01 million for the Review Period. The decrease was mainly due to Singapore office rental being recognised under “Amortisation of right-of-use asset” line item upon the commencement of the lease in August 2022.

2.6 Interest expenses

Interest expenses increased from approximately S\$0.07 million for the Previous Period to approximately S\$0.43 million for the Review Period, representing an increase of approximately S\$0.36 million or 514.3%. This increase was mainly due to coupon payments payable to an investor, Top Global Limited (“TGL”), during the Review Period. Please refer to Note 5.4 for more details.

2.7 Income tax expense

During the Review Period, Singapore profits tax of S\$0.36 million has been provided on the estimated assessable profits arising in Singapore at a rate of 17%. No provision for tax was made in the Previous Period as the Group was in a tax loss position.

3. NET ASSETS

As at 30 September 2023, the Group’s total assets amounted to S\$31.27 million (2022: S\$27.45 million) with net assets amounting to S\$22.60 million (2022: S\$20.95 million). The increase in net assets by S\$1.65 million was mainly due to the net profit generated for the Review Period.

Net assets attributable to shareholders of the Company per share was 1.13 Singapore cents (31 December 2022: 1.05 Singapore cents), calculated as net assets divided by total number of issued shares as at period end.

4. LIQUIDITY AND CAPITAL RESOURCES

The Group adopts a prudent financial management approach towards its treasury policy to ensure that the Group is positioned to achieve its business objectives and strategies and this maintained a healthy liquidity position throughout the financial period. The Group’s financing risk management, financing and treasury activities are centrally managed and controlled at the corporate level.

MANAGEMENT DISCUSSION AND ANALYSIS

As part of working capital management, management regularly reviews the recoverable amount of trade receivables through periodic credit assessments on a case-by-case basis, monitoring prompt recovery and setting out recovery procedures for any doubtful debt. Management will then assess and make adequate impairment losses for irrecoverable amounts if necessary. Trade receivables that were past due but not impaired relate to a number of customers with sizable business operations, long business relationship and/or good track record with the Group.

4.1 Cash and cash equivalents

The Group's operations were financed principally by the available bank balances, internally generated operating cashflows and bank facilities.

Cash and cash equivalents amounted to S\$7.34 million and S\$7.66 million as at 30 September 2023 and 31 December 2022 respectively, which were placed with major banks in Singapore, Hong Kong and Australia. All deposits are placed with banks carrying strong credit ratings with appropriate credit limits assigned relative to their credit strength, and are regularly monitored for exposures to each financial counterparty. The Group's foreign exchange exposure was small given both its large asset base and operational cash flows were transacted in Singapore Dollar.

4.2 Bank borrowings and gearing ratio

As at 30 September 2023, the Group was in a net cash position of S\$5.30 million (2022: S\$4.88 million), with bank borrowings (inclusive of lease liabilities) amounted to S\$2.04 million (2022: S\$2.79 million). The gearing ratio of the Group, calculated based on the Group's total borrowings divided by total equity was 9.0% (2022: 13.3%).

	30 September 2023 S\$'000 (unaudited)	31 December 2022 S\$'000 (audited)
Bank borrowings and lease liabilities	2,040	2,786
Less: Cash and cash equivalents	(7,338)	(7,661)
Net cash	5,298	4,875

MANAGEMENT DISCUSSION AND ANALYSIS

5. OTHER MATTERS

5.1 Charges on assets

As at 30 September 2023, the Group did not have any charges on assets.

5.2 Financial guarantees

As disclosed in the Group's annual report for the year ended 31 December 2022, the Company provided several corporate guarantees to the security agents for the loan facilities related to the development projects carried out by the underlying Development SPVs. The corporate guarantees provided are in the aggregate of the loan principal amount and any interest, commission, fees and expenses accrued thereon, representing the proportion of the funds' shareholding interest in the respective Development SPVs.

No.	Date	Fund	Development Project	Funds' shareholding interest in Development SPV	Amount (S\$'000) [^]
1	27 June 2022	ZACD LV Development Fund	La Ville Development	75.0%	129,086
2	15 June 2022	ZACD (BBEC) Pte Ltd	BBEC Development	10.0%	29,980
3	22 June 2021	ZACD Mount Emily Residential Development Fund	Mount Emily Properties	100.0%	19,253
4	20 March 2020	ZACD (Mandai) Ltd.	Mandai Development*	60.0%	28,985
5	7 August 2019	ZACD (Development2) Ltd.	Landmark Development	39.2%	150,745
Total					358,049

* Loan for Mandai Development has been fully repaid by the underlying Development SPV during the Review Period. The loan securities tied to this, which encompass the purchase guarantee from the Company, had been discharged in October 2023.

[^] These amounts represent the total liabilities of the respective underlying Development SPVs based on the proportion of the funds' shareholding interest in the respective Development SPVs under the facility agreements. Based on the terms of the facility agreements, the Company, acting as the sponsor for the respective funds, by way of indirectly holding the nominal share capital of the respective corporate entities of the funds, is required by the security agent to provide a guarantee for the loan facilities which will be applied towards the payments of purchase price, differential premium, construction cost and related development cost of the respective development projects. The funds are managed by ZACD Capital Pte. Ltd in the capacity of fund manager.

MANAGEMENT DISCUSSION AND ANALYSIS

5.3 Contingent Liabilities

(a) *ZACD Australia Hospitality Fund and ZACD US Fund*

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 in turn 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Further external counsels are of the opinion, having studied the circumstances and documents surrounding the incidents of the ZACD Australia Hospitality Fund and the ZACD US Fund, that there exists no evidence of any negligence, fraud or dishonesty whatsoever 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 30 September 2023.

On the 5 May 2023, the Company received a letter before action on a monetary claim by an independent investor. Reference is made to the business update announcement dated 18 May 2023. The Company is of the view that the claim has no merit and has instructed the legal advisors to defend the matter.

As at 30 September 2023, legal fees incurred in relation to legal actions taken against the Trust Lawyer and iProsperity Group accumulated to S\$1,754,000 (31 December 2022: S\$1,292,000) where S\$1,672,000 (31 December 2022: S\$1,210,000) had been borne by ZACD Australia Hospitality Fund, and S\$82,000 (31 December 2022: S\$82,000) had been expensed off by the Group in the previous years. No amount was charged into the Group's profit or loss during the current period.

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

5.4 Commitments

Reference is made to the announcement dated 28 December 2022 where the Company had granted a put option to an investor, Top Global Limited ("**TGL**") subscribing in an investment fund, ZACD LV Development Fund.

On the same day, the Company and TGL entered into an arrangement pursuant to which the Company will pay TGL a coupon payment at the rate of 8% per annum on the amount of TGL's capital contribution to ZACD LV Development Fund less fee rebates given to TGL, payable quarterly in arrears commencing from 4 January 2023 (the "**TGL Drawdown Date**") and shall continue until the fourth anniversary of the TGL Drawdown Date (the "**Coupon Tenure**").

MANAGEMENT DISCUSSION AND ANALYSIS

The total coupon payments aggregate to S\$1,920,000 over the Coupon Tenure. Coupon interest of S\$360,000 was recognised in the profit or loss during the Review Period.

At the end of the Review Period, other than those disclosed in the report, the Group had no other significant commitments.

5.5 Dividends

No dividend was paid or proposed by the Company for the nine months ended 30 September 2023 (Nine months ended 30 September 2022: Nil).

5.6 Share option

On 13 December 2017, the Group has conditionally adopted a share option scheme (the "**Share Option Scheme**") under which employees of the Group including directors and other eligible participants may be granted options to subscribe for shares of the Group. No options have been issued under the Share Option Scheme as at 30 September 2023.

5.7 Events After the Reporting Period

Saved as disclosed elsewhere in this announcement, no significant event that would materially affect the Group's operating and financial performance took place subsequent to 30 September 2023 and up to the date of this announcement.

5.8 Others

The Company has incorporated a wholly-owned subsidiary, ZACD Capital (Australia) Pty Ltd, in Australia on 22 September 2023 in support of the Group's intention to carry out fund management activities in Australia.

ZACD Capital (Australia) Pty Ltd is a limited liability company with paid-up share capital of AUD2.00, funded by the Group's internal funds.

MANAGEMENT DISCUSSION AND ANALYSIS

6. BUSINESS OUTLOOK

Ministry of Trade and Industry (“**MTI**”) reported that the Singapore economy grew by 0.5% on a year-on-year (“**YoY**”) basis in the 2nd quarter of 2023, extending the 0.4% growth in the previous quarter. According to flash estimates from Urban Redevelopment Authority (“**URA**”), private residential property price index rose on a quarter-on-quarter basis by 0.5% in 3rd Quarter 2023, following a 0.2% fall in 2nd Quarter 2023. Despite the signs softening in economy amidst a high interest rate environment, the real estate market in Singapore continues to demonstrate resilience, with consecutive home prices and rentals increase over the past few quarters.

Residential market — The sales at Landmark, a private residential project invested by the ZACD Landmark Fund, had recently crossed the 81% mark with 320 units sold based on caveats lodged on the 10 October 2023.

Altura Executive Condominium (“**EC**”) at Bukit Batok West Ave 8, a private residential project invested by the ZACD Bukit Batok EC Fund, was launched by the developer, Qingjian Realty in August 2023. The project received immense interest and was 61% sold on the day of launch.

The Group is also gearing up for the launch of 2 other private residential projects, namely, La Ville and Mount Emily. The sales launch for La Ville and Mount Emily is slated for the last quarter of 2023 or early 2024. These projects are expected to be well received on the account of their location, pricing and other attributes.

Industrial market — The Singapore industrial property market has been resilient due to tight supply and low vacancies. With the completion of our successful food factory project, Foodfab@Mandai in the early of 2023, the Group has plans to replenish our land banks and is actively sourcing for high quality developments within the industrial space.

ZACD aims to maintain our unique heritage as a leading integrated asset manager in Singapore, with an expanded footprint in Asia Pacific and beyond. Moving ahead, we will remain vigilant in identifying more opportunistic assets and actively engage in forthcoming tenders for residential and industrial sites to enhance our investment portfolio in Singapore. Furthermore, we have ongoing initiatives to extend our global reach and explore opportunistic assets beyond Singapore, with a particular emphasis on the Australian real estate market. We have identified several prospects that are presently under assessment.

The Group will persist in evaluating potential uncertainties stemming from political tensions, property cooling measures, inflationary pressures, and the increasing interest rates.

CORPORATE GOVERNANCE AND OTHER ITEMS

1. 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 nine months ended 30 September 2023 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.

2. DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND LONG POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

At 30 September 2023, the interests and long positions of the Directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong, the “**SFO**”), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Mr. Yeo	Our Company (Note 1)	Interest in a controlled corporation	1,298,600,000 ordinary shares	64.93%	—	—
Ms. Sim	Our Company (Note 1)	Interest in a controlled corporation	1,298,600,000 ordinary shares	64.93%	—	—
Mr. Chin	Our Company (Note 2)	Beneficial owner	30,000 ordinary shares	0.00% (Note 3)	—	—
Mr. Yeo	ZACD Investments Pte. Ltd.	Beneficial owner	833,000 ordinary shares	49%	—	—

CORPORATE GOVERNANCE AND OTHER ITEMS

Name of Director	Name of corporation	Nature of interest and capacity	Number of shares held	Percentage of total issued shares	Number of underlying shares interested	Percentage of total issued shares
Ms. Sim	ZACD Investments Pte. Ltd.	Beneficial owner	833,000 ordinary shares	49%	—	—
Mr. Yeo/Ms. Sim	ZACD CRF (Woodlands) Pte. Ltd. (Note 4)	Interest in a controlled corporation	1,530 ordinary shares	51%	—	—
Mr. Yeo/Ms. Sim	ZACD (Neew) Pte. Ltd. (Note 5)	Interest in a controlled corporation	2 ordinary shares	90%	168 ordinary shares	8,400%
Mr. Yeo/Ms. Sim	ZACD (Tuas Bay) Pte. Ltd. (Note 6)	Interest in a controlled corporation	2 ordinary shares	90%	105 ordinary shares	5,250%
Mr. Yeo/Ms. Sim	ZACD (Neew2) Pte. Ltd. (Note 7)	Interest in a controlled corporation	2 ordinary shares	90%	61 ordinary shares	3,050%

Notes:

1. Mr. Yeo and Ms. Sim are spouses and hold 49% and 49% of the total issued capital of ZACD Investments Pte. Ltd. ("**ZACD Investments**") respectively. As such, both of them are deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO.
2. Mr. Patrick Chin Meng Liong ("**Mr. Chin**") is a Director of the Company.
3. Representing 0.0015% of the issued shares of the Company.
4. Mr. Yeo and Ms. Sim hold 49% and 49% of the total issued capital of ZACD Investments, which in turn holds 51% of the total issued capital of ZACD CRF (Woodlands) Pte. Ltd.. As such, both of them are deemed to be interested in 51% of the total issued shares of ZACD CRF (Woodlands) Pte. Ltd. directly held by ZACD Investments by virtue of the SFO.

CORPORATE GOVERNANCE AND OTHER ITEMS

5. Mr. Yeo and Ms. Sim hold 49% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 6 February 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Neew) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Neew) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$2,000,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 19.40% of the enlarged issued capital of ZACD (Neew) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Neew) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in the shares of ZACD (Neew) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Neew) Pte. Ltd. by virtue of the SFO.
6. Mr. Yeo and Ms. Sim hold 49% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 27 May 2013 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Tuas Bay) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Tuas Bay) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$1,100,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 12.10% of the enlarged issued capital of ZACD (Tuas Bay) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Tuas Bay) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Tuas Bay) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Tuas Bay) Pte. Ltd. by virtue of the SFO.
7. Mr. Yeo and Ms. Sim hold 49% and 49% of the total issued capital of ZACD Investments respectively. Pursuant to a convertible loan agreement dated 6 August 2015 (as amended by a supplemental deed dated 30 September 2016) entered into, between, among others, ZACD Investments and ZACD (Neew2) Pte. Ltd., ZACD Investments agreed to make available to ZACD (Neew2) Pte. Ltd. a non-interest bearing convertible loan in the principal amount of S\$300,000, and the outstanding convertible loan representing not more than a certain amount shall be converted into 7.00% of the enlarged issued capital of ZACD (Neew2) Pte. Ltd. after conversion upon the date of issue of a temporary occupation permit in relation to the underlying property acquired by ZACD (Neew2) Pte. Ltd. As such, Mr. Yeo and Ms. Sim are deemed to be interested in (i) the shares of ZACD (Neew2) Pte. Ltd. held by ZACD Investments and (ii) the underlying shares which are to be converted into by such convertible loan granted by ZACD Investments to ZACD (Neew2) Pte. Ltd. by virtue of the SFO.

CORPORATE GOVERNANCE AND OTHER ITEMS

Save as disclosed above, as at 30 September 2023, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules on terms no less exacting than the required standard of dealings. Having made specific enquiries of the Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the period from the date of listing up to the date of this report.

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

At 30 September 2023, the following interests and short positions of 5% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Interest:

Name	Capacity/ Nature of interest	Number of ordinary shares held	Percentage of total issued share capital of the Company
Mr. Yeo	Interest in a controlled Corporation (Note 1)	1,298,600,000	64.93%
Ms. Sim	Interest in a controlled Corporation (Note 1)	1,298,600,000	64.93%
ZACD Investments	Beneficial owner (Note 1)	1,298,600,000	64.93%

CORPORATE GOVERNANCE AND OTHER ITEMS

Name	Capacity/ Nature of interest	Number of ordinary shares held	Percentage of total issued share capital of the Company
Mr. Rachman Sastra	Beneficial owner and interest in a controlled Corporation (Note 2)	175,350,000	8.77%
Harmonious Tidings Limited	Beneficial owner (Note 2)	125,600,000	6.28%

Notes:

1. Mr. Yeo and Ms. Sim are spouses and hold 49% and 49% of the total issued capital of ZACD Investments Pte. Ltd. respectively. As such, both of them are deemed to be interested in all the Shares held by ZACD Investments by virtue of the SFO.
2. Mr. Rachman Sastra is the ultimate shareholder of Harmonious Tidings Limited. As such, he is deemed to be interested in the shares held by Harmonious Tidings Limited.

Save as disclosed above, as at 30 September 2023, the Company had not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company which fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

4. 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 nine months ended 30 September 2023.

5. 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.

CORPORATE GOVERNANCE AND OTHER ITEMS

6. 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. Eugene Lim Chin Hon and the chairman is Mr. Kong Chi Mo. The Audit Committee with senior management have reviewed the Third Quarterly Results of the Group for the nine months ended 30 September 2023.

7. PUBLICATION ON THE WEBSITES OF THE EXCHANGE AND THE COMPANY

The Third Quarterly Report for the nine months ended 30 September 2023 will be despatched to the Shareholders and available on the Company's website (www.zacdgroup.com) and the designated website of the Exchange (www.hkexnews.hk) in due course.

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

Singapore, 8 November 2023

As at the date of this announcement, the Board of the Company comprises four (4) executive Directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Mark Oh Keng Kwan and Mr. Patrick Chin Meng Liong; three (3) independent non-executive Directors, namely, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Eugene Lim Chin Hon.