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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)**

## **ANNOUNCEMENT**

### **PROVIDE UPDATED INFORMATION ON ANNUAL CAP OF 2017**

Reference is made to the prospectus of ZACD Group Ltd. dated 28 December 2017 (“**Prospectus**”) in relation to, *inter alia*, the transactions contemplated under the Investment Management Agreements. The Board of the Company announces that during the year ended 31 December 2017, the total transaction amounts under the Investment Management Agreement has exceeded its corresponding 2017 annual cap as disclosed in the Prospectus. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

#### **Background of the Transactions**

Upon the Listing, it is expected that ZACD Investments and the Connected SPVs and Fund will continue to engage ZACD International or ZACD Capital for the provision of investment management services for the on-going Investment Projects and in return our Group will continue to receive dividends on the Establishment Shares, management fees and performance fees from ZACD Investments and the Connected SPVs and Fund and hence, those transactions will constitute non-exempt continuing connected transactions of our Company after Listing.

At the time of the listing of the Shares of the Company on 16 January 2018, the Stock Exchange granted the Company a waiver under Rule 20.103 of the GEM Listing Rules from strict compliance with, amongst others, the announcement, circular and independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules in respect of the Investment Management Transactions for the years ending 31 December 2017, 2018 and 2019 provided that the total value of transactions contemplated thereunder will not exceed the annual caps of S\$5,929,000, S\$988,000 and S\$500,000 respectively.

However, during the process of preparing the consolidated financial statements of the Company for the year ended 31 December 2017, our Directors discovered that the transactions with the Connected SPVs and Fund under the Investment Management Agreements for the year ended 31 December 2017 amounted to S\$7,526,000, which exceeded annual cap of the same year by S\$1,597,000 (the “**Exceeded Amount**”), representing 26.9% of the annual cap in 2017. As at the date of this announcement, the Company does not have an intention to revise the annual caps for the years ending 31 December 2018 and 2019.

## **Reasons For Exceeding The Annual Cap**

The Exceeded Amount is mainly attributable to the higher investment management service fee received from one of the Connected SPVs and Fund, namely ZACD (AMK) Pte. Ltd. in Singapore (“**ZACD (AMK)**”) due to unexpected early partial exit of the investment in respond to an attractive market offer in December 2017.

ZACD (AMK) was incorporated solely for the purpose of a minority investment into a mature industrial estate in Singapore (the “**Relevant Investment Property**”). The Relevant Investment Property is held by a Development SPV (the “**AMK Development SPV**”) that in turn the majority interests were held by a local development partner in Singapore (the “**Major Investment Partner**”) that also controlled the daily operation and management of the Relevant Investment Property.

The Relevant Investment Property was intended to be held for long term rental yield and capital appreciation purpose. However, in December 2017, the Major Investment Partner, being the controlling shareholder of the AMK Development SPV, received an attractive offer from a Singapore-based real estate investment trust to acquire 80% stake in the Relevant Investment Property from the AMK Development SPV. The offer was accepted by the AMK Development SPV and the transaction was completed in December 2017.

The proceeds of the disposal were distributed by AMK Development SPV to ZACD (AMK) in late December 2017 in the form of dividend. The disposal decision as well as the timing of the distribution of proceeds from AMK Development SPV was not controllable by ZACD (AMK) as a minority investor. After receiving the dividend from AMK Development SPV, ZACD (AMK) in turn declared dividends to its investors, including dividend payable to our Group under the Investment Management Agreement around the same time. As a result, the partial disposal of the Relevant Investment Property by the AMK Development SPV caused the 2017 annual cap to be exceeded.

## **Measures Adopted By The Group For Continuing Compliance**

The Company has taken necessary measures to continue strengthening the investment management reporting system and internal control procedures of the Investment SPVs and Funds under the management of the Group, and continue training and communicating with all managerial staff in order to comply with the GEM Listing Rules. The Directors and senior management of the Company will continue to closely monitor and review the continuing connected transactions on a regular basis and take prompt actions to assess the disclosure and independent shareholders' approval requirements as set forth in the GEM Listing Rules.

## **GEM Listing Rules Implications**

ZACD (AMK) is a Connected SPV by virtue of it is over 30% owned in aggregate by ZACD Investments and by our Company, through ZACD International. Therefore, the transactions under the Investment Management Agreements with ZACD (AMK) constitute non-exempt continuing connected transactions of the Company after Listing.

The Directors consider that the Exceeded Amount was due to the unexpected early exit of a particular investment, namely the Relevant Investment Property. Despite the best effort of the Directors in estimating the 2017 annual cap, the dividend payable to our Group under the Investment Management Agreement was after the Latest Practicable Date and the partial disposal of the Relevant Investment Property was not within the control of ZACD (AMK) as a minority investor and the disposal decision was made by the Major Investment Partner in respond to an attractive market offer. However, since the 2017 annual cap was exceeded before Listing, the Directors are of the view that seeking an approval from Independent Shareholders to ratify the 2017 annual cap was not applicable to the Company which was yet to be listed at the time. The Directors has promptly notified the Stock Exchange and Shareholders upon awareness of 2017 annual cap was exceeded.

The Company will strictly comply with the requirements under the GEM Listing Rules should there be any necessary adjustments on the annual caps for the years ended 31 December 2018 and 2019.

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

Hong Kong, 13 March 2018

*As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain and Mr. Siew Chen Yei; and three independent non-executive directors, namely, Mr. Kong Chi Mo, Dr. Sim Mong Keang and Mr. Cheung Ying Kwan.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited 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 remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the GEM website at [www.hkgem.com](http://www.hkgem.com) and in the case of this announcement, 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).*

*\* for identification purposes only*