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**ZACD GROUP LTD.**

**杰地集團有限公司\***

*(A company incorporated in Singapore with limited liability)*

**(Stock code: 8313)**

**VOLUNTARY ANNOUNCEMENT  
BUSINESS UPDATE  
ESTABLISHMENT OF NEW FUND  
FOR THE REDEVELOPMENT OF LANDMARK TOWER**

This announcement is made by ZACD Group Ltd. (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) on a voluntary basis.

The Company is pleased to announce that ZACD (Development2) Ltd. (“**ZACD (Development2)**”), an indirect wholly-owned special purpose fund vehicle of the Company, has successfully secured a leasehold residential redevelopment project (the “**Redevelopment Project**”) located at 173 Chin Swee Road, Singapore 169878 currently known as the “Landmark Tower” (the “**Landmark Tower**”) through tender via a joint-venture company, Zelitist Pte. Ltd. (“**Zelitist**”), of which 56% stake are held by ZACD (Development2) and 44% stake are held by an independent third party (the “**Project Partner**”). The tender was submitted by Zelitist to the vendor of Landmark Tower on 18 May 2018 and was awarded by the vendor on even date for a consideration of S\$286 million (the “**Sale Price**”) subject to the terms and conditions therein and in the letter of acceptance issued by the vendor’s solicitor on 18 May 2018 and as varied, amended, or modified by the supplemental letter issued by the vendor’s solicitor on 24 May 2018 (collectively, the “**Tender Award**”). Following the Tender Award, ZACD (Development2) had on 31 May 2018 entered into a joint venture framework agreement with the Project Partner to, inter alia, agree the respective party’s proportionate commitment and obligation in Zelitist under the Tender Award in order to proceed with the completion of the Redevelopment Project.

ZACD (Development2) is incorporated in the Republic of Singapore that has an issued and paid up share capital of S\$2 comprising 2 ordinary shares representing the total nominal share capital, held by ZACD Fund Holdings Pte. Ltd., which in turn is a direct wholly-owned subsidiary of the Company. Upon the establishment of a new fund for the Redevelopment Project (the “**LT fund**”), ZACD (Development2) will be the fund holding entity on behalf of the investors of LT Fund for the investment into the Redevelopment Project.

Completed in 1985, Landmark Tower stands 30 storeys high and comprises 139 residential units located next to Pearl’s Hill City Park and offers 360-degree city views. The 60,821 square feet site is zoned “Residential”, with an as-built plot ratio of 4.014 and is a strategic location close to the central business district of Singapore with excellent accessibility and with the presence of abundant amenities within the area. Currently the land has a remaining leasehold period of approximately 61 years. It is expected that the site will be redeveloped into a new residential development of more than 300 units with the lease period to be topped-up to a fresh 99 years, thereby offering an attractive investment opportunities for our fund investors.

Upon submission of the tender by Zelitist on 18 May 2018, a tender fee of S\$1 million was paid by Zelitist which will be applied towards settling part of the deposit in the sum of \$14.3 million (the “**Deposit**”) (equivalent to 5% of the Sale Price). The remaining balance of the Deposit in the sum of S\$13.3 million is due and payable by Zelitist on 4 June 2018 in accordance with the terms of the Tender Award. The completion of the sale and purchase of Landmark Tower is subject to and conditional upon several conditions precedent including but not limited to the payment of the remaining balance of the Deposit, Zelitist obtaining an outline planning permission and an approval for the lease top-up to a fresh 99 years, as well as an order (the “**Order**”) for the en-bloc sale of Landmark Tower being made by the Strata Titles Board of Singapore (the “**STB**”), of which an application is required to be made by the vendor of Landmark Tower as soon as reasonably practicable but in any event not later than 3 months after the date of the Tender Award and that in the event the Order is not made by STB within 12 months from the date of the application or such other extended date as the vendor and Zelitist may mutually agree, the Tender Award shall be null and void, and thereupon the Deposit shall be refunded to Zelitist without interest.

The total acquisition cost of Landmark Tower as well as the associated redevelopment costs of the Redevelopment Project will be funded by Zelitist through the combination of external bank borrowings and equity contribution by the shareholders in proportion to their respective shareholding in Zelitist. ZACD (Development2) will fund its proportionate equity share of investment in the Redevelopment Project through the establishment of the LT Fund, which will be a single purpose closed-ended real estate private equity fund with an estimated fund life of up to five (5) years and a target fund size of up to S\$70 million to be raised over the next three (3) to five (5) months. The LT Fund will be managed by ZACD Capital Pte. Ltd. (“**ZACD Capital**”), a direct wholly-owned subsidiary of the Company. Initial funding to secure the Redevelopment Project and to settle the Deposit by ZACD (Development2) will be funded by the deployment of bridging reserve fund of the Company and short term loan from an

independent potential investor of the LT Fund, which will eventually be repaid and replaced by the funds from the LT Fund upon its establishment and closure.

As disclosed in the prospectus of the Company dated 28 December 2017, our Group is an asset manager headquartered in Singapore offering integrated solutions across the real estate value chain in Singapore and the Asia-Pacific region. One of the principal businesses of our Group is the provision of investment management services, where we identify investment opportunities in real estate based projects, market them to our investors, and establish investment vehicles to consolidate their investment in these real estate projects. To further develop our investment management business and as part of our ordinary course of business, we have set up a bridging reserve fund and will have the following business activities by utilising the bridging reserve fund:

- participate in tenders or sales for land parcels and/or real estate assets in which the bridging reserve fund will be utilised, including but not limited to payment of the deposits for such transactions;
- after the potential new land parcel, real estate project or real estate asset is secured by us, set up an investment vehicle ourselves and/or may proactively reach out to our preferred real estate developer partners and invite them to co-invest in the new potential real estate projects;
- raise funds from our investors to invest in an investment vehicle which we manage. Any amounts from the bridging reserve fund that we used for participating in such tenders or sales is expected to be replenished by the funds raised from the investors; and
- derive investment management income from the investment vehicle.

By utilising the bridging reserve fund and participating in tenders or sales for land parcel and/or real estate assets, we would be able to more proactively secure attractive investment opportunities for the investors instead of only investing in real estate projects in which our real estate developer partners have already won the land tender bid or sale process, which strengthen our investment management business by way of increasing the assets under our management. When identifying our targets for land parcels and real estate assets, we would take into consideration, among others, the location, estimated tender prices, and the indicative values and net yields of the land parcels or real estate assets.

The board of directors of the Company (the “**Board**”) believes that Landmark Tower is a strategically located property with great potential for redevelopment and will present an attractive real estate investment opportunity for our fund investors. The successful establishment of the LT Fund is expected to contribute positively to the investment management services business segment of the Group and to create a more diverse offering for the Group’s investment management business. The LT Fund will be managed by ZACD Capital, a member of the Group, who in turn will receive a fund

management fee based on the committed capital of investors during the fund life of the LT Fund and a performance fee based on a percentage of the net proceeds from the realisation of investments after full repayment of the invested capital to investors.

However, as disclosed in the prospectus of the Company dated 28 December 2017, our investment management services are subject to various business risks, including but not limited to the investment performance of our real estate projects may be unsatisfactory and may fail to achieve their investment target return, and we may not be able to replenish our bridging reserve fund in the event we are unable to secure sufficient investors' funds for the projects. In this respect, the Company will monitor closely the progress of the fund raising of the LT Fund and the redevelopment of Landmark Tower, and the Company will make further announcement as and when appropriate pursuant to the requirements under the GEM Listing Rules.

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

Hong Kong, 31 May 2018

*As at the date of this announcement, the board of directors of the Company comprises four (4) executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Siew Chen Yei and Mr. Darren Chew Yong Siang (Zhou Yongxiang); and three (3) independent non-executive directors, namely, Mr. Kong Chi Mo, Dato' 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 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 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).*

*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