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If you have sold or transferred all your shares in **ZACD Group Ltd.**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



ZACD GROUP LTD.

杰地集團有限公司*

(A company incorporated in Singapore with limited liability)

(Stock code: 8313)

**MAJOR TRANSACTION
PROVISION OF GUARANTEE**

Capitalised terms used in this cover page of this circular shall have the same meanings as those defined in this circular.

A letter from the Board is set out in pages 7 to 21 of this circular.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven (7) days from the date of its publication. This circular will also be published on the website of the Company at www.zacdgroup.com.

* *for identification purpose only*

CHARACTERISTICS OF GEM

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 Stock 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 the 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“AUM”	assets under management, which refers to moneys and assets contracted to, drawn down by, are under either the discretionary or non-discretionary authority granted by the customer to the company and in respect of which the company is carrying out investment management, as well as those that have been subcontracted to another party
“Announcement”	the announcement made by the Company dated 15 June 2018 regarding the provision of the Guarantee
“BBW6 Development”	a mixed-use development with commercial, common and residential components on the land parcel located at Bukit Batok West Avenue 6, Singapore
“BBW6 Fund”	a single purpose real estate fund established in October 2016, of which the fund holding entity, ZACD (BBW6) Ltd., is a public company limited by shares incorporated in Singapore on 6 September 2016
“Board”	the board of Directors
“Borrower(s)”	jointly and severally, Qingjian Realty (BBC) Pte. Ltd., a private company limited by shares and incorporated in Singapore undertaking the development of the commercial and common components of the BBW6 Development and Qingjian Realty (BBR) Pte. Ltd., a private company limited by shares and incorporated in Singapore undertaking the development of the residential component of the BBW6 Development
“Company”	ZACD Group Ltd., a public company incorporated in Singapore with limited liability, whose issued Shares are listed and traded on GEM (stock code: 8313)
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules and, in the context of this circular, refers to ZACD Investments, Mr. Yeo and Ms. Sim. Mr. Yeo and Ms. Sim are a group of Controlling Shareholders by virtue of their relationships of being spouses and their decision to restrict their ability to exercise direct control over the Company by holding their interests through a common investment holding company, namely ZACD Investments

DEFINITIONS

“Constitution”	the constitution of the Company (as amended from time to time), adopted on 13 December 2017 and which becomes effective from the Listing Date
“Covenantors Deed of Undertaking”	the joint and several deed of undertaking entered into, on 6 June 2018, by and between the Company and other persons as the covenantors, and the Borrowers, in favour of the Security Agent for the benefit of the Secured Parties
“Deed of Guarantee”	the deed of guarantee entered into, on 6 June 2018, by and between the Company as the guarantor and the Security Agent in favour of the Security Agent for the benefit of the Secured Parties
“Deed of Indemnity”	the deed of indemnity entered into, on 6 June 2018, by the Company as one of the covenantors in favour of the Security Agent for the benefit of the Secured Parties
“Development SPV(s)”	the investment vehicle(s) owned by the Investment SPV, the key real estate developer partner of the underlying real estate project and other Development SPV investors (if any) under the private equity structures
“Director(s)”	the director(s) of the Company
“Facility Agreement”	the facility agreement dated 25 August 2016 entered into by and between the Borrowers, the Lenders as the original lenders and the mandated lead arrangers, and the Security Agent as the facility agent and the security agent and made available to the BBW6 Development, which expression shall include the First Supplemental Agreement with effect from 6 June 2018
“Finance Documents”	collectively, the Facility Agreement and any other document designated as such by the Security Agent as the facility agent and the Borrowers
“First Supplemental Agreement”	the first supplemental agreement to the Facility Agreement entered into, on 6 June 2018, by and between the parties to the Facility Agreement
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries

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“Guarantee”	the guarantee in the aggregate of the principal amount of S\$38,015,040 and any interest, commission, fees and expenses accrued thereon, to be provided by the Company to secure the loan facilities for the Borrowers in respect of the BBW6 Development, amounting to 12% of the total liabilities of the Borrowers under the Facility Agreement in proportion of the shareholding of the BBW6 Fund in the Borrowers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the GEM Listing Rules)
“Investment SPV(s)”	the investment vehicle(s) managed by the Group under the private equity structures and the trust structures
“Latest Practicable Date”	20 August 2018, being the latest practicable date for ascertaining certain information for inclusion in this circular prior to the printing of this circular
“Lender(s)”	collectively, United Overseas Bank Limited, Bank of China Limited, Singapore Branch, and Malayan Banking Berhad, Singapore Branch, which are also the arrangers under the Facility Agreement
“Listing Date”	16 January 2018
“Main Board”	the Main Board operated by the Stock Exchange
“Mr. Yeo”	Mr. Yeo Choon Guan (Yao Junyuan), the spouse of Ms. Sim, an executive Director, the chief executive officer and one of the Controlling Shareholders
“Ms. Sim”	Ms. Sim Kain Kain, the spouse of Mr. Yeo, an executive Director, the chairman of the Board and one of the Controlling Shareholders
“Original Covenantors Deed of Undertaking”	the joint and several deed of undertaking dated 25 August 2016 entered into by and between CNQC International Holdings Limited, Qingjian Realty (BBC) Investments Pte. Ltd. and Qingjian Realty (BBR) Investments Pte. Ltd. as the covenantors, the Borrowers, and the Security Agent in favour of the Security Agent for the benefit of the Secured Parties

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“Original Deed of Guarantee”	the deed of guarantee dated 25 August 2016 entered into by and between CNQC International Holdings Limited as the guarantor and the Security Agent in favour of the Security Agent for the benefit of the Secured Parties
“Original Guarantee”	the guarantee provided by CNQC International Holdings Limited under the Original Deed of Guarantee to secure the loan facilities for the Borrowers in respect of the BBW6 Development
“PE structure(s)”	private equity structure(s) comprising convertible loan structures and trust structures adopted by ZACD International for investment management services
“PRC”	the People’s Republic of China
“Qingjian”	Qingjian Realty (South Pacific) Group Pte Ltd., a subsidiary of CNQC International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1240)
“Secured Party(ies)”	the Lenders being the original lenders and arrangers, the Security Agent being the facility agent and security agent, under the Facility Agreement, and any Lender which has become a party to the Security Trust Deed as a hedging bank in accordance with the terms therein
“Security Agent”	United Overseas Bank Limited, which is the facility agent and security agent under the Facility Agreement
“Security Documents”	collectively, the Deed of Guarantee, the Covenantors Deed of Undertaking, the Deed of Indemnity, the Supplemental Security Trust Deed and all other documents to be executed by or involving the Company as guarantee, indemnity for the obligations of the Borrowers under the Finance Documents
“Security Trust Deed”	the security trust deed dated 25 August 2016 entered into by and between the Borrowers, CNQC International Holdings Limited, Qingjian Realty (BBC) Investment Pte. Ltd., and Qingjian Realty (BBR) Investment Pte. Ltd. as the obligors, the Lenders as the original lenders and the mandated lead arrangers, and the Security Agent as the facility agent and the security agent, which expression shall include all variations, amendments and supplements thereto, if any
“SFC”	the Securities and Futures Commission of Hong Kong

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	the lawful currency of Singapore
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules
“Supplemental Security Trust Deed”	the deed supplemental to the Security Trust Deed entered into, on 6 June 2018, by and between the Borrowers, CNQC International Holdings Limited, Qingjian Realty (BBC) Investment Pte. Ltd., Qingjian Realty (BBR) Investment Pte. Ltd., Octava Pte. Ltd., Independent Third Party, OSS Property Investments Pte. Ltd., the Company and the BBW6 Fund as the obligors, the Lenders as the original lenders and the arranger, and the Security Agent as the facility agent and the security agent
“ZACD Capital”	ZACD Capital Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 25 October 2011, and a direct wholly-owned subsidiary of the Company and a member of the Group
“ZACD Financial”	ZACD Financial Group Limited, a company incorporated under the laws of Hong Kong with limited liability on 7 October 2015, and a direct wholly-owned subsidiary of the Company and a member of the Group which holds the SFC licenses to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“ZACD Fund”	ZACD Fund Holdings Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 15 March 2017, and a direct wholly-owned subsidiary of the Company and a member of the Group
“ZACD Group Holdings”	ZACD Group Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability on 7 October 2015, and a direct wholly-owned subsidiary of the Company and a member of the Group

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“ZACD International”	ZACD International Pte. Ltd. (formerly known as ZACD (Bio5) Pte. Ltd.), a company incorporated under the laws of Singapore with limited liability on 28 January 2011, and a direct wholly-owned subsidiary of the Company and a member of the Group
“ZACD Investments”	ZACD Investments Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 15 June 2005, the issued share capital of which is owned by Mr. Yeo and Ms. Sim as to 51% and 49%, respectively and one of the Controlling Shareholders
“ZACD POSH”	ZACD POSH Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 17 November 2016, and a direct wholly-owned subsidiary of the Company and a member of the Group
“%”	per cent.

LETTER FROM THE BOARD



ZACD GROUP LTD.

杰地集團有限公司*

(A company incorporated in Singapore with limited liability)

(Stock code: 8313)

Directors:

Executive Directors:

Mr. Yeo Choon Guan (Yao Junyuan) *(Chief Executive Officer)*

Ms. Sim Kain Kain *(Chairman)*

Mr. Siew Chen Yei *(Chief Financial Officer)*

Mr. Darren Chew Yong Siang (Zhou Yongxiang)
(Chief Operating Officer)

Independent Non-executive Directors:

Mr. Kong Chi Mo

Dato' Dr. Sim Mong Keang

Mr. Cheung Ying Kwan

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Principal Place of Business in Singapore:*
2 Bukit Merah Central #22-00
Singapore 159835

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Unit 501, 5/F, Hing Wai Building
36 Queen's Road Central
Hong Kong

3 September 2018

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION PROVISION OF GUARANTEE

1. INTRODUCTION

References are made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the financial assistance to be provided by the Company to the Borrowers; (ii) financial information of the Group; and (iii) other information in accordance with the GEM Listing Rules.

* for identification purpose only

LETTER FROM THE BOARD

2. PROVISION OF THE GUARANTEE TO THE BORROWERS FOR THE BBW6 DEVELOPMENT

The BBW6 Development has been funded through loan facilities with the Lenders by the Borrowers, which are the Development SPVs of the BBW6 Development.

A brief summary of the Facility Agreement are set out below:

- (a) Date 25 August 2016.
- (b) Parties The Borrowers, as the borrowers;
The Lenders, as the original lenders and the mandated lead arrangers; and
The Security Agent, as the facility agent and the security agent.
- (c) Purpose The loan facilities will be applied towards part of financing for the following:
 - (i) the purchase price of the BBW6 Development;
 - (ii) the payment of the development charge and/or differential premium payable by the Borrowers to the relevant authority in respect of the BBW6 Development; and
 - (iii) the construction costs, goods and services tax and professional fees incurred or to be incurred by the Borrowers in the completion of the BBW6 Development and including the obtaining of the certificate of statutory completion.
- (d) Loan facilities S\$316,792,000 comprising the following:
 - (i) S\$225,870,000 being the land loan facility;
 - (ii) S\$12,375,000 being the differential premium facility; and
 - (iii) S\$78,547,000 being the construction loan facility.

LETTER FROM THE BOARD

The Group was first informed by Qingjian on 7 March 2018 of its intention to request all the shareholders of the Borrowers to provide proportionate guarantees in place of the Original Guarantee specifically for the BBW6 Development following its commercial consideration and its credit risk review. Following such notification, the Group made enquiries on such intent of Qingjian and commenced internal assessment. As notified by the Borrowers on 3 April 2018 that at the request of the Borrowers which was initiated by CNQC International Holdings Limited who provided the Original Guarantee due to its commercial consideration and credit risk review, the Lenders have agreed to amend the terms of the Facility Agreement by way of the First Supplemental Agreement to change, among other things, the guarantor under the Facility Agreement from CNQC International Holdings Limited to:

- (i) CNQC International Holdings Limited which indirectly wholly owns Qingjian Realty (BBC) Investments Pte. Ltd. and Qingjian Realty (BBR) Investments Pte. Ltd., its investment vehicle(s) for the BBW6 Development,
- (ii) Octava Pte. Ltd. which directly owns 50% of the issued share capital of OSS Property Investments Pte. Ltd. together with an Independent Third Party who owns 46.6% of the total issued share capital of Octava Pte. Ltd.; and
- (iii) the Company which indirectly wholly owns BBW6 Fund, the Investment SPV for the BBW6 Development,

to provide the proportionate guarantees in connection with the loan facilities above amounting to 73%, 15% and 12% (the “**Shareholding Proportion**”) of the total liabilities of the Borrowers under the Facility Agreement, respectively.

The Company, which indirectly holds a 12% stake in the BBW6 Development through the Investment SPV, BBW6 Fund, has entered into the following Security Documents in favour of the Security Agent for the benefits of the Secured Parties, which were executed by all the parties thereto and were dated by the Lenders on 6 June 2018, of which the original copies together with a copy of the First Supplemental Agreement executed by the parties thereto and dated 6 June 2018 were delivered by the Lenders’ solicitor to the Company on 14 June 2018:

(1) Deed of Guarantee

as the guarantor with the Security Agent pursuant to which the Company guarantees to pay all due, owing or unpaid liabilities to the Security Agent by the Borrowers as the principal debtor and primary obligor provided that the maximum amount to which the Company shall be liable shall be limited to the aggregate of the principal amount of S\$38,015,040 and any interest, commission, fees and expenses accrued thereon, amounting to 12% of the total liabilities of the Borrowers under the Facility Agreement in proportion of the shareholding of the BBW6 Fund in the Borrowers. The Guarantee will be in addition to any other separate proportionate guarantees provided by other guarantors to the Security Agent to guarantee to pay all due, owing or unpaid liabilities to the Security Agent by the Borrowers as the principal debtor and primary obligors, up to a maximum amount in their respective Shareholding Proportion.

LETTER FROM THE BOARD

(2) Covenantors Deed of Undertaking

as one of the covenantors with the Borrowers and the Security Agent pursuant to which the Company and other covenantors, which have provided on the same date of the Deed of Guarantee the similar proportionate guarantee, agree to jointly and severally covenant with and undertake to the Security Agent, among other things, (i) to perform certain obligations in relation to the BBW6 Development undertaken by the Borrowers, including but not limited to provide funding to the Borrowers, directly or indirectly, as may be necessary from time to time on demand by the Security Agent to meet any cost in respect of the construction of the BBW6 Development, and (ii) that all sums whatsoever from time to time due from or owing by any Borrower to such covenantors are subordinated to any debt of the Borrowers under the Facility Agreement prior to the date on which the Security Agent becomes satisfied that such debt has been paid and discharged in full.

(3) Deed of Indemnity

as one of the covenantors pursuant to which the Company and other covenantors, which have provided on the same date of the Deed of Guarantee the similar proportionate guarantee, agree to share any liability and obligation in respect of any debt of the Borrowers under the Facility Agreement or under the Covenantors Deed of Undertaking as amongst themselves in their respective Shareholding Proportion, and indemnify other covenantors in respect of the debt or the liability or obligation of the Borrowers under the Deed of Guarantee or the Covenantors Deed of Undertaking in excess of their respective Shareholding Proportion, in accordance with in their respective Shareholding Proportion.

(4) Supplemental Security Trust Deed

as one of the obligors with other obligors including the BBW6 Fund, the Lenders as the original lenders and the arranger, and the Security Agent as the facility agent and the security agent pursuant to which the Company agrees to be bound by the terms of the Security Trust Deed as an obligor under the Security Trust Deed in connection with the application of the proceeds of enforcement of the security created by the security documents, all recoveries by the Security Agent under the guarantees and all other amounts paid to the Security Agent pursuant to the security documents, and the enforcement action taken or to be taken by the Security Agent.

3. REASON AND BENEFITS OF THE PROVISION OF THE GUARANTEE

The Group is an asset manager headquartered in Singapore offering integrated solutions across the real estate value chain in Singapore and elsewhere in the Asia-Pacific region and is principally engaged, inter alia, in investment management services which are provided to the investors by managing the Investment SPVs through ZACD Fund as sponsor by holding the entire nominal ordinary share capital of the relevant fund holding entities including but not limited to BBW6 Fund, in all aspects including operation and financing from time to time when the Development SPVs are required.

LETTER FROM THE BOARD

In the Independent Real Estate and Industry Report that prepared by Savills Valuation and Professional Services (S) Pte Ltd (“Savills”) for the Company in 2017, Savills observes from its industry experience and public company announcements that for major real estate developers in Singapore which are involved in business ventures for a development project, the lead developer typically provides corporate guarantees to banks for the borrowings of its business ventures. In other instances, it is not uncommon for participating shareholders in a property development business venture to each provide their proportionate guarantees to banks for the borrowings of such business venture in proportion to their respective shareholding in such business venture. This is a common market practice in Singapore.

As disclosed in the prospectus of the Company dated 28 December 2017, in certain real estate projects, the Development SPV or the development holding company under a fund structure would also need to secure bank borrowings for the development of the real estate projects. Generally, the property developer would lead the discussions with the lending bank(s) and if required by the lending bank(s), the shareholders of the Development SPV or the development holding company under a fund structure (including the relevant Investment SPV or the fund holding entity or the ultimate shareholders of the Investment SPV or the fund holding entity) would provide a corporate and/or personal guarantee in proportion to their investment stakes in the Development SPV or the development holding company under a fund structure to the bank to secure such borrowing by the Development SPV or the development holding company under a fund structure. Typically, such guarantee would be proportionate to the stake of the Investment SPV in the Development SPV or the development holding company under a fund structure. As at the date of the Facility Agreement, CNQC International Holdings Limited indirectly wholly owned the Borrowers and provided the Original Guarantee in full. Subsequently, the BBW6 Fund and OSS Property Investments Pte. Ltd. were invited by Qingjian to participate in the investment in the BBW6 Development by acquiring the existing stake of Qingjian Realty (BBC) Investments Pte. Ltd. and Qingjian Realty (BBR) Investments Pte. Ltd. in the Borrowers and signed the shareholders’ agreements. The guarantee arrangement remained unchanged until the recent notification by the Borrowers of its request on the proportionate guarantee arrangement due to commercial consideration and credit risk review of CNQC International Holdings Limited.

The Borrowers are the Development SPVs of the BBW6 Development. BBW6 Fund is the Investment SPV of the Group for the BBW6 Development which is indirectly wholly owned by the Company through ZACD Fund, acting as the sponsor and investment manager of the BBW6 Fund by way of holding the nominal share capital of the corporate entity of the BBW6 Fund. Under the private placement memorandum of the BBW6 Fund, the sponsor’s commitment is to directly or through one or more of its associates, initially subscribe for all the ordinary shares of the BBW6 Fund to facilitate the establishment of the BBW6 Fund, the Investment SPV as an investment platform for investors. Notwithstanding that there is no other requirement than to hold the nominal ordinary share capital of the BBW6 Fund through ZACD Fund acting as the sponsor by the Company nor any particular requirement to take up any guarantee for the BBW6 Fund, a lender typically requires a guarantee from the ultimate shareholder of the property development company where in respect of the Guarantee, the Company would be required by the Lenders to provide the Guarantee. Although the provision of Guarantee may not have immediate monetary benefits to the Company, it will have direct commercial benefits to the Company by sustaining the performance of the BBW6 Fund and thus the investment management business of the Company (the “**IM Business Benefits**”), as more particularly described in paragraph 3(1)(B) below.

LETTER FROM THE BOARD

Generally in a property development venture such like the Borrowers, the development process is over a long period of time typically over 4 to 5 years and during this process, there are many operational issues, legally, financially and/or commercially, arise from time to time that need to be collectively resolved by the joint venture partners satisfactorily, such that the venture can progress to fruition smoothly. Therefore based on the Company's past experience for all the projects that the investment management business has involved with Qingjian and other developer partners, typically over and above the contractual duties owed to each other, there are also strong commercial interest for the joint venture partners to work closely with each other and act amicably to satisfy the operational needs and business necessities arise from time to time in the best interest of the partnership as a whole to ensure the best possible project outcome, which in turn will benefit each of the joint venture partner.

At the request of the Borrowers and as agreed by the Lenders as stated in paragraph headed "2. Provision of the Guarantee to the Borrowers for the BBW6 Development" above in this circular, the proportionate guarantees provided by CNQC International Holdings Limited, by Octava Pte. Ltd. and an Independent Third Party jointly and severally, including the Guarantee provided by the Company in their respective Shareholding Proportion are to, in place of the Original Guarantee, continuously secure the loan facilities for the Borrowers in respect of the ongoing BBW6 Development as a continuing security. Such request of the Borrowers for proportionate guarantees was not unreasonable as it aligned with the market norms and acted in a manner that the contingent guarantee liability exposure among the shareholders of the Borrowers would be consistent with their respective Shareholding Proportion in the Borrowers pursuant to which the investment return from the BBW6 Development will be distributed, which to certain extent reflects that all relevant parties thereto are acting in the best interest not only for the Borrowers but also for the other joint venture partners as a whole.

Notwithstanding the reasonableness of the request of the proportionate guarantees, the Board has taken into consideration of the possible costs and benefits on whether or not the Company agrees to provide the Guarantee analysed as follows:

(1) if the Company agrees to provide the Guarantee:

(A) Possible costs:

The Company's corporate guarantee exposure amounts to 12% of the total liabilities of the Borrowers under the Facility Agreement in proportion of the shareholding of the BBW6 Fund in the Borrowers. However, such corporate guarantee exposure should be considered in light of the credit risk of the Borrowers associated with Facility Agreement as the Company may only incur liabilities upon a call on the Guarantee arising in the event of default of the Borrowers under the Facility Agreement. In this regard, the Board considers that the Borrowers' credit risk is remote after the Company's assessment including but not limited to review of the annual and/or quarterly investment report of the Borrowers:

(a) out of the 3 facilities initially granted by the Lenders under the Facility Agreement, the differential premium loan has, as confirmed by the Borrowers, been fully repaid in October 2017, the construction loan facility had been requested by the Borrowers by a notice dated 22 August 2017 and had been

LETTER FROM THE BOARD

agreed by the Lenders to be cancelled in full with effect from 31 August 2017, the balance of the land loan as at 31 May 2018 is S\$201,370,000 and the Borrowers have never defaulted in repaying land loan principals and interests under the Facility Agreement. Therefore the contingent exposure and liabilities of the Company in connection with the loan facilities under the Facility Agreement as at 31 May 2018 was S\$24,164,400 plus any interest, commission, fees and expenses accrued thereon, amounting to 12% of the total liabilities of the Borrowers in respect of the balance land loan as at 31 May 2018 of S\$201,370,000 and will be further reduced by further repayments of the outstanding balance land loan by the Borrowers, despite of the original exposure and liabilities of the Company as set out under the Deed of Guarantee amounting to S\$38,015,040 calculated based on the aggregate amount of the initial 3 loan facilities agreed to be granted by the Lenders plus any interest, commission, fees and expenses accrued thereon;

- (b) the number of units in the BBW6 Development sold as at 31 December 2017, 31 March 2018 and 30 June 2018 represents approximately 54.84%, 55.23% and 69.38% of the total number of units available for sale for the residential development alone, respectively. Based on the latest estimated development cost and the estimated gross development value that made known to the Company, the sale proceeds arising solely from the sale of only the residential units in the BBW6 Development up to 30 June 2018 is significantly more than sufficient to repay the balance land loan as at 31 May 2018 of S\$201,370,000 and any interest accrued thereon,

and thus the probability of the event of default of the Borrowers under the Facility Agreement is remote and the Company should not have to be called upon on the Guarantee.

Notwithstanding the remote credit risk of the Borrowers and in the event of default of the Borrowers on repayments of the balance land loans, the Lenders, among other securities available under the Facility Agreement including the proportionate guarantees, have the legal right to make the first call on the BBW6 Development pursuant to the mortgage, including the sale proceeds pursuant to the assignment of agreements and proceeds. The total residual value of BBW6 Development as at 30 June 2018 calculated based on the land cost, the development premium and the construction cost calculated based on percentage of completion for BBW6 Development as at 30 June 2018 that made known to the Company is significantly more than the balance land loan as at 31 May 2018 of S\$201,370,000. The sale proceeds arising solely from the sale of only the residential units in the BBW6 Development up to 30 June 2018 is significantly more than sufficient to repay the balance land loan as at 31 May 2018 of S\$201,370,000. The Directors are of the view that the Company may not have to be called upon on the Guarantee even if the Borrowers default in repayments of the balance land loan.

LETTER FROM THE BOARD

In addition, after reviewing the development budget costs and the construction progress of the BBW6 Development, the fund inflow and outflow of the Borrowers in the investment reports of the Borrowers for 2017 and the Q1 and Q2 2018 which indicate that the Borrowers have the ability in maintaining an adequate cash flow and reserve of the construction costs of the BBW6 Development, the Board also believes that the probability of providing funding to the Borrowers from time to time on demand by the Security Agent to meet any construction cost of the BBW6 Development under other Security Documents is remote.

(B) Possible benefits:

The proportionate guarantees including the Guarantee, in place of the Original Guarantee, continuously securing the utilisation of the loan facilities by the Borrowers for BBW6 Development will facilitate the ongoing development of the BBW6 Development, and will in turn benefit the investment management business of the Group as it will be able to derive investment management income from managing the BBW6 Fund. In particular, BBW6 Fund has an AUM of approximately S\$15.5 million as at its closing date on 20 June 2017 and is managed by ZACD Capital, acting as the fund manager. In providing the fund management services to the BBW6 Fund by ZACD Capital, the Group is entitled to (i) a fund management fee equivalent to 1% per annum of the committed capital for a period of four (4) years; and (ii) a performance fee equivalent to 15% of the net proceeds from the realisation of investments after full repayment of the invested capital to the investors, subject to the investors always achieving at least a hurdle rate of 30% return on equity, in a lump sum fund management income estimated at approximately S\$1.3 million.

Further, by maintaining the Group's the business relationship with Qingjian, the Group may collaborate with Qingjian on more new projects in the future which the Group may have the opportunity to participate if the Group maintains a good business relationship with Qingjian (the "**Qingjian Benefits**") including one (1) Singapore real estate project that the parties have agreed to be committed and one (1) Hong Kong project that parties are in discussion, as more particularly described in paragraph 3(2) (A) below in this circular.

(2) if the Company does not agree to provide the Guarantee:

(A) Possible costs:

As disclosed in the "Risk Factors" section of the Company's prospectus dated 28 December 2017, the Group cannot assure that it will continue to collaborate with its real estate developer partners including but not limited to Qingjian on new real estate projects, as the continuation of the Group's business relationship depends on various factors such as cost efficiencies, common investment direction and business goals. If the Group does not collaborate with them on new real estate projects in the future, the Group will need to obtain new real estate projects from other alternative real estate developer partners. If the Group is unable to find new real estate projects quickly, the

LETTER FROM THE BOARD

Group will manage fewer real estate projects within the investment management business segment, and the Group's financial position and results of operations may be materially and adversely affected.

It may affect the commercial benefits of maintaining the business relationship with Qingjian, which is one of our key real estate developer partners with more than seven (7) years of the business relationship starting from 2010

As at the Latest Practicable Date, the Group has cooperated with Qingjian on total twelve (12) real estate projects, out of which eight (8) are within the investment management business segment which enable the Group to enjoy the IM Business Benefits from such projects, one (1) is within the project consultancy and management business segment where the Group derives revenue from charging the developers of Qingjian a fixed, pre-negotiated fee determined with reference to market rates and subject to arms-length commercial negotiations, which is also one of the businesses that the Group is principally engaged, and three (3) including the BBW6 Development are within both the investment management business and the project consultancy and management business segments.

Based on the available and foreseeable project pipelines for the next one (1) to two (2) years, Qingjian will be the most active developer partner over other developer partners of the Company with more note-worthy and attractive projects that the Company can potentially cooperate with and is considered by the Board the developer partner that the Company has strongest business ties with that cannot be replaced easily by any other developer partner to date.

Any failure of maintaining the Qingjian Benefits may in all probability jeopardise the continuous cooperation with Qingjian and OSS Property Investments Pte. Ltd. in the BBW6 Development as well as the potential cooperation with Qingjian that the parties thereto have agreed to be committed in one (1) Singapore real estate project or are in discussion in one (1) Hong Kong project. The Directors expect that the return of such Singapore real estate project will be attractive as with all 11 previous projects in Singapore that partnered with Qingjian with consistently good return to the investors of the Company based on the track record and in turn has contributed positively and significantly to the investment management business of the Company. In particular,

- (a) it may potentially affect the performance of the BBW6 Fund indirectly in view that the other two (2) parties who have agreed to provide the proportionate guarantees in place of the Original Guarantee and together own 88% shareholding in the Borrowers, can be in a position to effect major resolutions without necessarily obtaining the consent of BBW6 Fund to affect the return of BBW6 Fund's investment stake in the BBW6 Development, initiate and negotiate to impose additional requirements or conditions on the BBW6 Fund being the minority shareholder of the Borrowers, such as levying a fee

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commercially for the additional corporate guarantees that they have to provide in the BBW6 Fund's Shareholding Proportion in view of the non-cooperation of the BBW6 Fund on common investment direction and business goals of BBW6 Development, or change the existing appointment of ZACD International as the project consultant for the BBW6 Development where the Group derives revenue from the Borrowers by providing the project consultancy and management services to the Borrowers for the BBW6 Development;

- (b) for the Singapore real estate project that the Group has agreed to cooperate with Qingjian, although no legal binding contracts have been signed between the Company and Qingjian, but based on the written correspondence exchanged by the parties, the Company has been offered by Qingjian a firm commitment to participate in such Singapore real estate project based on the past experience of partnership with us, such commitment will be honored by Qingjian unless our business relationship with Qingjian deteriorated. The Group expects to establish a single purpose closed-ended real estate private fund with an estimated fund life of up to five (5) years and a target fund size of up to S\$10 million to be raised over the next four (4) months to six (6) months, to invest in the Singapore real estate project with a target net internal rate of return on equity of 50% of such fund and in turn by providing the fund management services will receive (i) a subscription fee of 3% of the committed capital; (ii) a fund management fee equivalent to 0.25% per annum of the committed capital for a period of four (4) years; and (iii) a performance fee equivalent to 10% of the net proceeds from the realisation of investments after full repayment of the invested capital to the investors, in a lump sum fund management income estimated at S\$900,000, which is more importantly weighted as compared to the estimated risk-adjusted corporate guarantee exposure of S\$241,644 gauged using the corporate guarantee exposure of the Company amounting to S\$24,164,400 based on the outstanding land loan as at 31 May 2018 of S\$201,370,000 and an estimated default rate of 1% on the basis that from past experience with the Company's real estate developers partners including but not limited to Qingjian on the real estate projects, as long as the total residual value of the underlying property of the project and the sale proceeds exceed the outstanding loan amount, the project development company being the borrower never defaulted in repayments of the bank borrowing that may result in the guarantor being called upon on the guarantee;
- (c) for the Hong Kong project that the Group is in discussion with Qingjian, considering the good relationship and past successful records with Qingjian, the Directors are of the view that the Company will be in a very good position to secure an investment allocation from Qingjian should the Hong Kong project is successfully secured by Qingjian; and

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- (d) further, less opportunities of collaboration with Qingjian on real estate projects may in turn affect the project consultancy and management services business of the Group, which is project-based, in such potential projects and result in potential future losses of the revenue and profit that may be derived from the project consultancy and management services business segment.

(B) Possible benefits:

There is no corporate guarantee exposure and liabilities to the Company where the probability of the Guarantee being called upon is remote based on the Company's assessment on the Borrowers' credit risk and other securities available to the Lenders as analysed above.

Having considered that (i) the provision of the proportionate guarantees by all joint venture partners aligns with the industry practice, (ii) the reasonable commercial obligations arising from the business necessity that the joint venture partners may consider to comply with among themselves in the best interest of all the joint venture partners as a whole to ensure the best possible project outcome, which in turn will benefit each of the joint venture partner, (iii) as confirmed by Qingjian, the Facility Agreement and the corresponding proportionate guarantees including the Deed of Guarantee are under normal commercial terms as compared to similar bank loans of other real estate development projects that Qingjian entered into with the Lenders or other banks, (iv) the contingent guarantee liability exposure among the shareholders of the Borrowers would be consistent with their respective Shareholding Proportion in the Borrowers pursuant to which the investment return from the BBW6 Development will be distributed and the Guarantee does not impose any additional liability in excess to the Shareholding Proportion of the Company, (v) the nature of the provision of the Guarantee is similar to other funds the Group managed before and from the Group's past experience under both fund structure and PE structure and industry understanding, it is common and usual practice for property development projects that proportionate guarantees are to be provided from the shareholders of the borrower in addition to mortgage and any other securities that the lender holds for the real estate property, and (vi) the possible costs and benefits on whether or not the Company agrees to provide the Guarantee including but not limited to the commercial benefits to be derived by the Company from ensuing the performance of the BBW6 Fund (i.e. the IM Business Benefits and associated benefits of the project consultancy and management business) as well as maintaining the business relationship with Qingjian (i.e. the Qingjian Benefits), the Directors including the independent non-executive Directors consider that the provision of the Guarantee and the terms and conditions of the Security Documents are under normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

4. INFORMATION ON BBW6 DEVELOPMENT AND RELEVANT PARTIES

As at the Latest Practicable Date, the BBW6 Development was beneficially held as to 73% by Qingjian Realty (BBC) Investments Pte. Ltd. and Qingjian Realty (BBR) Investments Pte. Ltd. jointly, as to 15% by OSS Property Investments Pte. Ltd. and as to 12% by BBW6 Fund. The Borrowers are the registered proprietors of the leasehold estate of 99 years in the land parcel of the BBW6 Development and undertake the development of the BBW6 Development.

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrowers, Qingjian Realty (BBC) Investments Pte. Ltd. and Qingjian Realty (BBR) Investments Pte. Ltd. and OSS Property Investments Pte. Ltd. are Independent Third Parties.

Qingjian Realty (BBC) Investments Pte. Ltd. and Qingjian Realty (BBR) Investments Pte. Ltd. are the subsidiaries indirectly wholly owned by CNQC International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1240), with major businesses in real estate, construction, and lifestyle smart home/smart communities application etc and has provided on the same date of the Deed of Guarantee the similar proportionate guarantee as the ultimate beneficial owner of Qingjian Realty (BBC) Investments Pte. Ltd. and Qingjian Realty (BBR) Investments Pte. Ltd. with the liability amounting to 73% of the total liabilities of the Borrowers in its Shareholding Proportion. OSS Property Investments Pte. Ltd. is a real estate investment company with primary interest in the Singapore property market, of which 50% of its issued share capital is legally and beneficially owned by Octava Pte. Ltd. and fully paid, which as the corporate guarantor together with an Independent Third Party, who owns 46.6% of the total issued share capital of Octava Pte. Ltd., as the individual guarantor, have provided on the same date of the Deed of Guarantee the similar jointly and severally proportionate guarantee with the liability amounting to 15% of the total liabilities of the Borrowers in their Shareholding Proportion. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CNQC International Holdings Limited, Octava Pte. Ltd. are Independent Third Parties.

5. FINANCIAL EFFECTS OF GRANTING THE GUARANTEE ON THE GROUP

There is no immediate effect on the earnings, assets and liabilities of the Group on the date of granting the Guarantee. However, the Company, as the guarantor, will be responsible, if the Borrowers fail to make payments when due in accordance with the terms of the Facility Agreement, to make payment of the loan facilities maximally in the aggregate of the principal amount of S\$24,164,400 amounting to 12% of the total liabilities of the Borrowers under the Facility Agreement in respect of the balance land loan as at 31 May 2018 of S\$201,370,000 and any interest, commission, fees and expenses accrued thereon (if any) which will be further reduced by further repayments of the outstanding balance land loan by the Borrowers, despite of the exposure and liabilities of the Company under the Deed of Guarantee amounting to the aggregate of the principal amount of S\$38,015,040 calculated based on the aggregate amount of the initial 3 loan facilities agreed to be granted by the Lenders plus any interest, commission, fees and expenses accrued thereon.

In the event that the Borrowers were to default in making payments under the Facility Agreement, the Company's liabilities would be increased by maximally S\$24,164,400 plus any interest, commission, fees and expenses accrued thereon being the amount guaranteed under the Deed of Guarantee, and the same will be recorded to the Group's statement of financial position.

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Having considered the previous financial performance of the Borrowers and that the Borrowers have never defaulted in repayment to the Lenders under the Facility Agreement and that the credit risk of the Borrowers is remote as among other things that the sale proceeds arising solely from the sale of only the residential units in the BBW6 Development up to 31 May 2018 are more than sufficient to repay the balance land loan as at 31 May 2018 of S\$201,370,000 and any interest accrued thereon and the Borrowers have the ability in maintaining an adequate cash flow and reserve of the construction costs of the BBW6 Development which are unfunded, the Directors considers that there will not be any material effect on the earnings, assets and liabilities of the Group for the provision of the Guarantee unless the Company is required to perform the obligations under the Security Documents.

6. IMPLICATIONS UNDER THE LISTING RULES

The provision of the Guarantee constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and the Shareholders' approval requirements.

7. WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 19.44 of the GEM Listing Rules, Shareholders' approval of the Guarantee may be given by way of written Shareholders' approval in lieu of holding a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Guarantee and the transactions contemplated thereunder; and (ii) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued Shares of the Company giving the right to attend and vote at that general meeting to approve the Guarantee and the transactions contemplated thereunder.

As at the Latest Practicable Date and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Board is not aware that any Shareholder has a material interest in the Guarantee and the transactions contemplated thereunder and accordingly, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Guarantee and the transactions contemplated thereunder.

The written Shareholders' approval of the Guarantee and the transactions contemplated thereunder has been obtained from ZACD Investments, which holds 1,500,000,000 issued Shares of the Company representing 75% of the issued Shares of the Company as at the Latest Practicable Date. Pursuant to Rule 19.44 of the GEM Listing Rules, the written Shareholders' approval from ZACD Investments has been accepted in lieu of holding a general meeting for the approval of the Guarantee and the transactions contemplated thereunder.

8. RECOMMENDATION

The Directors are of the view that the terms of the Security Documents and the transactions contemplated thereunder are fair and reasonable and the entering into the Security Documents is in the interest of the Group and the Shareholders as a whole.

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9. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
On behalf of the Board
ZACD Group Ltd.
Sim Kain Kain
Chairman and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2015, 2016 and 2017 were set out in the prospectus and the annual report of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<https://www.zacdgroup.com/en/investorrelations/announcements>).

Financial information of the Group for the six months ended 30 June 2018 was set out in the interim report 2018 of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<https://www.zacdgroup.com/en/investorrelations/announcements>).

2. STATEMENT OF INDEBTEDNESS

As at 31 July 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no loan facilities and bank borrowings, and had no unutilised banking facilities.

As at 31 July 2018, the contingent liabilities incurred by the Group for provision of the guarantees to the Development SPVs were approximately S\$152.8 million.

Save as otherwise disclosed above, and apart from intra-group liabilities, the Group did not have, as at 31 July 2018, any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

3. WORKING CAPITAL

Taking into consideration the financial resources presently available to the Group, including the cash generated from operations and the net proceeds raised from the Company's listing approximated HK\$125.2 million after deducting underwriting commissions and all related expenses, the Directors, after having made due and careful enquiry, are of the opinion that the Group has sufficient working capital for its present requirements and for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Following the successful initial public offering of the Company in Hong Kong in January 2018, the Group is equipped with enhanced abilities to source for more attractive real estate investment opportunities for the investors, and to explore new business and expansion opportunities across all the business segments, both in the local Singapore market, and internationally in the Asia-Pacific region, and to more efficiently access the equity capital markets to fulfil the capital needs when and if necessary.

The listing proceeds approximated HK\$125.2 million after deducting underwriting commissions and all related expenses has been allocated to cover different areas of the Group's business expansion, the majority of which is for setting up a bridging reserve fund that will better allow the Group to participate in more tenders or sales for land parcels and/or real estate assets to secure investments in potential real estate projects. On the macro economic front, Singapore's GDP forecast is trending positively and the real estate markets in the rest of the Asia-Pacific region generally are holding up well, which should benefit the Group in expanding the businesses and increasing the AUM of the Group.

The Group also explores other possibilities to maintain a steady revenue pipeline such as venturing into other financial markets by collaborating with established financial institutions, while continuing to ramp up its corporate advisory business segment and fund distribution capability.

With the implementation of the growth strategy using the listing proceeds, and the continuing focus on developing a steady pipeline of future revenue, the management believes that the Group is really well positioned to take advantage from the market potentials and expects to achieve satisfactory results in its future business development.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in Shares and underlying Shares and debentures of the Company and its associated corporation

As at the Latest Practicable Date, save as disclosed in the section headed "Corporate Governance and Other Information" of the interim report 2018 of the Company (Pages 43 to 48) of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<https://www.zacdgroup.com/en/investorrelations/announcements>), none of the Directors or the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' and other persons' interest and short positions in Shares and underlying Shares

As at the Latest Practicable Date, save as disclosed in the section headed "Corporate Governance and Other Information" of the interim report 2018 of the Company (Page 49) of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<https://www.zacdgroup.com/en/investorrelations/announcements>), no person, other than the Directors and the chief executive of the Company, whose interests are set out in the section "Director's and chief executive's interests and short positions in Shares and underlying Shares and debentures of the Company and its associated corporation" above, had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company which was required to be recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DISCLOSURE OF OTHER INTERESTS

Directors' service contract

As at the Latest Practicable Date, save as disclosed in the section headed "Disclosure of Interests" in Appendix II to the circular dated 14 June 2018 (Page 13) of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<https://www.zacdgroup.com/en/investorrelations/announcements>), none of the Directors had any proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one (1) year without payment of compensation (other than statutory compensation).

Directors' competing interests

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interests in any business, apart from the business of the Group, which compete or may compete, either directly or indirectly, with the business of the Group.

Directors' interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

Directors' interests in contracts or arrangements of significance

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

4. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

- (i) a trademark assignment agreement dated 28 December 2016 entered into between ZACD Investments and the Company pursuant to which ZACD Investments transferred and assigned the trademark (with trade mark no. T1313388B) and all rights, titles and interests therein to the Company at a consideration of S\$100;
- (ii) a sale and purchase agreement in relation to ZACD Capital dated 17 February 2017 entered into, among ZACD Investments, Mr. Yeo, Ms. Sim and the Company, pursuant to which ZACD Investments agreed to transfer 2,780,000 shares in ZACD Capital, as the sale shares, to the Company at a consideration of S\$3,280,000 to be satisfied by the allotment and issue of 3,280,000 Shares, credited as fully paid, to ZACD Investments by the Company;
- (iii) a supplemental deed to the sale and purchase agreement referred to in paragraph (ii) above dated 16 March 2017 entered into among ZACD Investments, Mr. Yeo, Ms. Sim and the Company, pursuant to which the number of the sale shares was amended to 3,280,000 shares in ZACD Capital;
- (iv) a sale and purchase agreement in relation to ZACD International dated 17 February 2017 entered into, among ZACD Investments, Mr. Yeo, Ms. Sim and the Company, pursuant to which ZACD Investments agreed to transfer two shares in ZACD International, as the sale shares, to the Company at a consideration of S\$8,950,000 to be satisfied by the allotment and issue of 8,950,000 Shares, credited as fully paid, to ZACD Investments by the Company;
- (v) a sale and purchase agreement in relation to ZACD Financial dated 17 February 2017 entered into, among ZACD Investments, Mr. Yeo, Ms. Sim and the Company, pursuant to which ZACD Investments agreed to transfer 10,000 shares in ZACD Financial, as the sale shares, to the Company at a consideration of HK\$8,000,000 to be satisfied by the allotment and issue of 1,472,800 Shares, credited as fully paid, to ZACD Investments by the Company;
- (vi) a supplemental deed dated 16 March 2017 to the sale and purchase agreement referred to in paragraph (v) above entered into among ZACD Investments, Mr. Yeo, Ms. Sim and the Company, pursuant to which the parties thereto agreed that the consideration (as defined therein) was to be satisfied on 28 February 2017 or such other date as agreed by the parties;
- (vii) a second supplemental deed dated 31 March 2017 to the sale and purchase agreement and the supplement deed referred to in paragraphs (v) and (vi) above respectively entered into among ZACD Investments, Mr. Yeo, Ms. Sim and the Company, pursuant to which, the number of the sale shares was amended to 8,000,000 shares in ZACD Financial;

- (viii) a sale and purchase agreement in relation to ZACD Group Holdings dated 17 February 2017 entered into among ZACD Investments, Mr. Yeo, Ms. Sim and the Company, pursuant to which, ZACD Investments agreed to transfer 10,000 shares in ZACD Group Holdings to the Company at a consideration of HK\$10,000 to be satisfied by the allotment and issue of 1,841 Shares, credited as fully paid, to ZACD Investments by the Company;
- (ix) an occupation agreement dated 12 June 2017 entered into between ZACD POSH as licensor and ZACD International as occupier pursuant to which ZACD POSH grants exclusively to ZACD International a licence to use the premises situated and known as part of 237 Alexandra Road, #08-01, Singapore 159929 leased by ZACD POSH from ZACD Investments for a period of three years commencing on 1 January 2017 and expiring on 31 December 2019 at a licence fee of S\$5,400 per month;
- (x) a business transfer agreement dated 7 November 2017 entered into, among Avalon Asset Management Pte. Ltd. (“Avalon”) as project management company, ZACD International as vendor and ZACD (Canberra) Pte. Ltd. (“ZACD (Canberra)”), pursuant to which ZACD International agreed to sell and Avalon agreed to purchase the business of providing project management services to ZACD (Canberra) engaged by ZACD International at a consideration comprising a fixed payment in the amount of S\$5,000 and contingent payments equivalent to 90% of all dividends or other distributions of any kind paid by ZACD (Canberra) in respect of the establishment shares which have been or will be issued to or transferred to Avalon;
- (xi) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (CCK) Pte. Ltd. (“ZACD (CCK)”), pursuant to which ZACD International agreed to sell, and Avalon agreed to purchase, the business of providing project management services to ZACD (CCK) engaged by ZACD International, at a consideration comprising a fixed payment in the amount of S\$8,000 and contingent payments equivalent to 90% of all dividends or other distributions of any kind paid by ZACD (CCK) in respect of the establishment shares which have been or will be issued to or transferred to Avalon;
- (xii) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (Gambas) Pte. Ltd. (“ZACD (Gambas)”), pursuant to which ZACD International agreed to sell, and Avalon agreed to purchase, the business of providing project management services to ZACD (Gambas) engaged by ZACD International, at a consideration comprising a fixed payment in the amount of S\$9,000 and contingent payments equivalent to 90% of all the performance fees which will be paid by ZACD Investments to Avalon;

- (xiii) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (Jurong) Pte. Ltd. (“ZACD (Jurong)”), pursuant to which ZACD International agreed to sell, and Avalon agreed to purchase, the business of providing project management services to ZACD (Jurong) engaged by ZACD International, at a consideration comprising a fixed payment in the amount of S\$45,000 and contingent payments equivalent to 90% of all dividends or other distributions of any kind paid by ZACD (Jurong) in respect of the establishment shares which have been or will be issued to or transferred to Avalon;
- (xiv) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (Tuas Bay) Pte. Ltd. (“ZACD (Tuas Bay)”), pursuant to which ZACD International agreed to sell, and Avalon agreed to purchase, the business of providing project management services to ZACD (Tuas Bay) engaged by ZACD International, at a consideration comprising a fixed payment in the amount of S\$8,000 and contingent payments equivalent to 90% of all dividends or other distributions of any kind paid by ZACD (Tuas Bay) in respect of the establishment shares which have been or will be issued to or transferred to Avalon;
- (xv) a business transfer agreement dated 7 November 2017 entered into, among Avalon as project management company, ZACD International as vendor and ZACD (Woodlands12) Pte. Ltd. (“ZACD (Woodlands12)”), pursuant to which ZACD International agreed to sell, and Avalon agreed to purchase, the business of providing project management services to ZACD (Woodlands12) engaged by ZACD International, at a consideration comprising a fixed payment in the amount of S\$25,000 and contingent payments equivalent to 90% of all dividends or other distributions of any kind paid by ZACD (Woodlands12) in respect of the establishment shares which have been or will be issued to or transferred to Avalon;
- (xvi) a human resources services agreement dated 27 November 2017 entered into between Magnificent Vine Group Holdings Pte. Ltd. and the Company (for itself and on behalf of its subsidiaries), the particulars of which are set out in the section headed “Connected Transactions – Fully Exempt Continuing Connected Transactions – Receiving of human resources services” in the prospectus;
- (xvii) a framework agreement for the provision of repair and maintenance services dated 27 November 2017 entered into between ZACD POSH and Neew Pte. Ltd., the particulars of which are set out in the section headed “Connected Transactions – Non-Exempt Continuing Connected Transactions – Receiving of repair and maintenance services” in the prospectus;
- (xviii) the deed of indemnity dated 13 December 2017 entered into by the Controlling Shareholders in favour of the Company (for the Company and as trustee for each of the subsidiaries of the Company), particulars of which are set out in the paragraph headed “9. Other information – D. Tax and other indemnities” in Appendix IV to the prospectus;

- (xix) the deed of non-competition dated 13 December 2017 entered into by the Controlling Shareholders in favour of the Company (for the Company and as trustee for each of the subsidiaries of the Company), particulars of which are set out in the paragraph headed “Relationship with our Controlling Shareholders – Deed of Non-competition” in the prospectus;
- (xx) the public offer underwriting agreement dated 27 December 2017 entered into among the Company, the Controlling Shareholders, the executive Directors, China Everbright Capital Limited and Innovax Capital Limited as the joint sponsors, China Everbright Securities (HK) Limited, Innovax Securities Limited and Zhongtai International Securities Limited as the joint global coordinators, China Everbright Securities (HK) Limited, CLC Securities Limited, Innovax Securities Limited and Zhongtai International Securities Limited as the joint bookrunners, China Everbright Securities (HK) Limited, CLC Securities Limited, Innovax Securities Limited and Zhongtai International Securities Limited as the joint lead managers, and China Everbright Securities (HK) Limited, Innovax Securities Limited, Zhongtai International Securities Limited, CLC Securities Limited, Eternal Pearl Securities Limited, Marketsense Securities Limited as the public offer underwriters relating to the issue of the 50,000,000 Shares initially offered by the Company for subscription in Hong Kong;
- (xxi) the deed of guarantee and indemnity dated 16 January 2018 entered into between the Company as the guarantor and United Overseas Bank Limited as the security agent, pursuant to which the Company guaranteed to pay all due, owing or unpaid liabilities to United Overseas Bank Limited by Qingjian Realty (Marymount) Pte. Ltd. as the borrower from time to time provided that the maximum amount to which the Company shall be liable shall not exceed the aggregate of the principal amount of S\$152,800,000 and any interest, commission, fees and all other charges, costs and expenses accrued thereon, amounting to 20% of the total liabilities of Qingjian Realty (Marymount) Pte. Ltd. under the facility agreement in proportion of the shareholding in Qingjian Realty (Marymount) Pte. Ltd. indirectly owned by the Company, as well as other agreements and/or deeds pertaining to or in connection with such deed of guarantee and indemnity entered into by the Company on 16 January 2018.
- (xxii) a bridging facility agreement dated 23 May 2018 entered into between the Company as the lender and Portcullis Trust (Singapore) Ltd in its capacity as trustee of ZACD Income Trust, as the borrower, pursuant to which the Company agreed to grant a facility in the amount of S\$13,000,000 from the bridging reserve fund set up by the Company to enhance investments sourcing capabilities to be utilised to, inter alia, participate in tenders or sales for land parcels and/or real estate assets; and

(xxiii) the Deed of Guarantee dated 6 June 2018 entered into between the Company as the guarantor and the Security Agent, pursuant to which the Company guaranteed to pay all due, owing or unpaid liabilities to the Security Agent by the Borrowers from time to time provided that the maximum amount to which the Company shall be liable shall not exceed the aggregate of the principal amount of S\$38,015,040 and any interest, commission, fees and all other charges, costs and expenses accrued thereon, amounting to 12% of the total liabilities of the Borrowers under the Facility Agreement in proportion of the shareholding in the Borrowers indirectly owned by the Company, as well as other agreements and/or deeds pertaining to or in connection with the Deed of Guarantee entered into by the Company on 6 June 2018.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. GENERAL

- (i) The registered office, head office and the principal place of business in Singapore of the Company is 2 Bukit Merah Central, #22-00, Singapore 159835.
- (ii) The principal place of business of the Company in Hong Kong is at Unit 501, 5/F, Hing Wai Building, 36 Queen's Road Central, Hong Kong.
- (iii) Two joint company secretaries in Hong Kong and one joint company secretary in Singapore of the Company were appointed:
 - (a) Mr. Siew Chen Yei (“**Mr. Siew**”), was appointed as one of the joint company secretaries of the Company in Hong Kong on 12 July 2017. He obtained a Bachelor of Arts degree in financial analysis from the University of Newcastle Upon Tyne in the United Kingdom in July 1998 and a master of business administration degree from London Business School to The University of London in the United Kingdom in August 2009. He became an associate of the Institute of Chartered Accountants in England and Wales in the United Kingdom in November 2001 and a chartered accountant with the Malaysian Institute of Accountants in July 2002;
 - (b) Mr. Ip Pui Sum, was appointed as one of the joint company secretaries of the Company in Hong Kong on 12 July 2017. He obtained a higher diploma in accountancy from the Hong Kong Polytechnic University in November 1982 and a master's degree in business administration from Henley Management College in Brunel University in May 1997. He is a Certified Public Accountant (Practising) in Hong Kong, a fellow member of the Chartered Association of Certified Accountants and an associate member of the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries; and

- (c) Mr. Tan Kim Swee Bernard (Chen Jinrui Bernard), was appointed as one of the joint company secretaries of the Company in Singapore on 8 November 2016. He is a practicing solicitor in Singapore. He has over 16 years of experience in legal practice including the professional secretarial services sector in Singapore. He obtained a Bachelor of Laws degree from the National University of Singapore in August 2000.
- (iv) Mr. Siew, was appointed as an executive Director and the compliance officer (pursuant to Rule 5.19 of the GEM Listing Rules) of the Company on 12 July 2017.
- (v) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text unless otherwise specified.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 6:30 p.m. on any weekday (except public holidays) at the office of the Company in Hong Kong at Unit 501, 5/F, Hing Wai Building, 36 Queen's Road Central, Hong Kong up to and including the date falling on 14 days from the date of this circular:

- (i) the Constitution;
- (ii) the material contracts referred to in the paragraph headed "Material Contracts" above in this Appendix;
- (iii) the service contracts referred to in the paragraph headed "Directors' service contract" above in this Appendix;
- (iv) the prospectus;
- (v) the annual report of the Company for the two years ended 31 December 2016 and 2017;
- (vi) the first quarterly report of the Company for the three months ended 31 March 2018;
- (vii) the interim report 2018 of the Company for the six months ended 30 June 2018; and
- (viii) this circular and a copy of each circular issued pursuant to the requirements set out in Chapters 19 and/or 20 of the GEM Listing Rules which has been issued since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up).