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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 FACILITY**

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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 4 to 9 of this circular.

This circular will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://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](http://www.zacdgroup.com).

\* for identification purpose only

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## CHARACTERISTICS OF GEM

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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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## CONTENT

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>APPENDIX I – FINANCIAL INFORMATION OF THE GROUP</b> .....	10
<b>APPENDIX II – GENERAL INFORMATION</b> .....	12

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## DEFINITIONS

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

“Announcement”	the announcement made by the Company dated 23 May 2018 regarding the provision of the Facility
“Board”	the board of Directors
“Borrower”	the Trustee, in its capacity as trustee of ZACD Income Trust
“Bridging Facility Agreement”	the bridging facility agreement entered into, on 23 May 2018, by and between the Company as the lender and the Borrower
“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
“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
“Director(s)”	the director(s) of the Company
“Facility”	the facility in the amount of S\$13,000,000 to be provided by the Company, 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 other internal funds
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“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)
“Latest Practicable Date”	4 June 2018, being the latest practicable date for ascertaining certain information for inclusion in this circular prior to the printing of this circular
“Listing Date”	16 January 2018
“Main Board”	the Main Board operated by the Stock Exchange
“MAS”	the Monetary Authority of Singapore
“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
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“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
“Trustee”	Portcullis Trust (Singapore) Ltd, a public company incorporated in Singapore with limited liability on 29 December 1998

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## DEFINITIONS

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“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 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
“ZACD Income Trust”	a unit trust scheme constituted by deed under the laws of Singapore which will be investing into real estate assets in the Asia-Pacific region
“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.

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## LETTER FROM THE BOARD

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**ZACD GROUP LTD.**

**杰地集团有限公司\***

*(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)*

*Registered Office, Head Office and*

*Principal Place of Business in Singapore:*

2 Bukit Merah Central #22-00

Singapore 159835

*Principal Place of Business in Hong Kong:*

Unit 501, 5/F, Hing Wai Building

36 Queen's Road Central

Hong Kong

*Independent Non-executive Directors:*

Mr. Kong Chi Mo

Dato' Dr. Sim Mong Keang

Mr. Cheung Ying Kwan

14 June 2018

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION PROVISION OF FACILITY**

#### **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 Borrower; (ii) financial information of the Group; and (iii) other information in accordance with the GEM Listing Rules.

\* for identification purpose only

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## LETTER FROM THE BOARD

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### 2. PROVISION OF THE FACILITY TO THE BORROWER FOR ZACD INCOME TRUST

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. The Company has agreed to grant the Facility to the Borrower for drawdown from time to time by the Borrower for the purposes of the investment by ZACD Income Trust into the real estate assets in the Asia-Pacific region and matters related or ancillary thereto subject to and on the terms and conditions of the Bridging Facility Agreement.

As disclosed in the prospectus of the Company dated 28 December 2017, the Group aims to continue focusing on the real estate investment market in Singapore and explore multiple potential real estate targets in Australia as part of the Group's expansion strategy in the Asia-Pacific region. ZACD Income Trust has a target fund size up to S\$150 million to be raised over 3 tranches of S\$50 million each, focusing on acquiring high-yield real estate assets in the Asia-Pacific region. Usually, the Housing and Development Board of Singapore requires a deposit of 5% to the initial tender bid amount of land sales in Singapore and the vendor in Australia requires a deposit of 10% prior to enter into a legally binding contract. The Facility amount of S\$13 million granted by the Company to the Borrower represents approximately 8.6% of the target fund size of ZACD Income Trust, which has been arrived at after taking into consideration of the initial deposit amount that ZACD Income Trust would require to secure the real estate targets to meet the target fund size and the availability of the Company's bridging reserve fund and other internal funds. The Facility will facilitate ZACD Income Trust to participate in tenders or sales for land parcels and/or real estate assets, including but not limited to payment of the deposits for such transactions so as to secure sufficient attractive investment assets in conjunction with the funds raised by ZACD Income Trust, or to temporarily bridge the funding gap on real estate asset acquisition before sufficient funds are raised by ZACD Income Trust from the investors.

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

- |              |   |
|--------------|---|
| (a) Date     | 23 May 2018   |
| (b) Parties  | The Borrower, as the borrower; and The Company, as the lender.  |
| (c) Purpose  | In relation to the investment of ZACD Income Trust, facilitate ZACD Income Trust to participate in tenders or sales for land parcels and/or real estate assets, including but not limited to payment of the deposits for such transactions. |
| (d) Facility | S\$13,000,000.  |



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## LETTER FROM THE BOARD

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- (e) Drawdown of loans
- The Borrower may utilise the Facility at any time before the expiry date of the trust term of ZACD Income Trust by serving on the Company a written utilisation request accompanied by copies of the relevant supporting documents specifying the amount payable by the Borrower in relation to the investment of ZACD Income Trust provided that the Company may, at its sole and absolute discretion, reject the utilisation request as it may deem fit or subject to the availability of the bridging reserve fund and other internal funds, vary the utilisation date to such other date as soon as practicable after the utilised bridging reserve fund is replenished, by informing the Borrower in writing after its receipt of the utilisation request.
- (f) Repayment of loans
- The Borrower shall repay each loan together with the interest on the date as the parties may mutually agree in writing, which shall be as soon as practicable after sufficient amount of the capital commitments for ZACD Income Trust has been drawn to enable the Borrower to fulfil the repayment obligations in full or in part and shall not be later than the final loan repayment date.
- (g) Final loan repayment date
- The expiry date of the trust term of ZACD Income Trust. Pursuant to the terms of the private placement memorandum of ZACD Income Trust, the trust term of ZACD Income Trust is a period of 4 years subject to extension of 2 years, at the discretion of the fund manager, ZACD Capital.
- (h) Interest rate
- 6% per annum or such other rate as agreed between the parties in writing from time to time taking into account the then prevailing market rate of similar facilities arrangement.

### 3. REASON AND BENEFITS OF THE PROVISION OF THE FACILITY

ZACD Income Trust is a property fund and is established for the purpose of owning and investing in real estate assets in the Asia-Pacific region. As disclosed in the prospectus dated 28 December 2017 and the first quarterly report 2018 dated 11 May 2018 of the Company, the Company has budgeted S\$8.9 million of the net proceeds raised from the Company's listing for setting up a bridging reserve fund to enhance investments sourcing capabilities. The Facility will be made available by the Company in combination of the bridging reserve fund and other internal funds. The granting of the Facility to ZACD Income Trust accords with the intended use and the purpose of setting up the bridging reserve fund by the Company that is to proactively secure attractive investment opportunities for its investors, and as a result, enhancing investments sourcing capabilities as well as the investment management business of the Group.

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## LETTER FROM THE BOARD

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In particular, once an attractive land parcel or real estate asset target is identified, ZACD Income Trust will be able to utilise the Facility to proactively and directly participate in the tender or sale for such land parcel or real estate asset, including but not limited to payment of the deposit for such transaction in order to secure such land parcel or real estate asset, which in turn will:

- (a) on one hand, directly enhance the capabilities of the Group to identify investment opportunities to its investors through ZACD Income Trust managed by the Group to all the underlying assets held or to be held by ZACD Income Trust; and
- (b) on the other hand, expedite fundraising from the investors to invest into ZACD Income Trust as the investors will be able to assess more specifically the attractiveness of the underlying assets held by ZACD Income Trust, as compared to investing prior to any specific asset being secured by the ZACD Income Trust. The successful fundraising of ZACD Income Trust from investors will in turn benefit the investment management business of the Group as it will be able to derive investment management income from managing ZACD Income Trust.

The Company is also entitled to an interest of 6% per annum which is the highest rate of the prevailing market rates of bank financing for real estate asset acquisitions range between 3% per annum and 6% per annum (the “**Comparable Facilities**”), derived from bank financing facilities incurred by other real estate funds managed by the Group, namely ZACD (Shunfu) Ltd., ZACD (BBW6) Ltd. and ZACD Investments (ARO II) Limited, that comprise a fix rate margin ranges between 1.825% per annum to 2.0% per annum over the respective bank’s cost of fund as solely and conclusively determined and notified by the bank currently ranges between 1.5% per annum to 4.0% per annum; or an interest of such other rate as agreed between the Company and the Borrower in writing from time to time taking into account the then prevailing market rate of the Comparable Facilities, which provides the Company flexibility to negotiate and adjust the interest rate of 6% per annum to such other rate that is aligned with the highest rate of the then prevailing market rate of the Comparable Facilities, i.e. in the event that there is any change to the bank’s cost of fund as notified by the bank that results in change to the interest rate of the Comparable Facilities, either increases or decreases, the Company will assess the necessity of revision of the interest rate provided always that if so revised, it will be in line with the highest rate of the then prevailing market rates of the Comparable Facilities. Having considered that (i) the current interest rate of 6% per annum is the highest rate of the prevailing market rates of the Comparable Facilities, and (ii) notwithstanding the possibility that the current interest rate of 6% per annum may be revised between the Company and the Borrower, the Company will only agree to the revised interest rate that is not lower than the then prevailing market rates of the Comparable Facilities, the Directors are of the opinion that the interest rate and the adjustment mechanism of the Facility is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Further, the provision of the Facility will expire on the expiry date of the trust term of ZACD Income Trust, which is either on (i) the expiry date of the initial trust term of ZACD Income Trust of 4 years or (ii) the expiry date of 6 years if the initial trust term of ZACD Income Trust of 4 years extended by the fund manager for further 2 years. The extension decision of the trust term of ZACD Income Trust is, under the private placement memorandum of ZACD Income Trust, at the discretion of the fund manager, ZACD Capital, a wholly owned subsidiary of the Company, which will primarily depends on if the target net internal rate of return on equity of 20% of the fund, which is based on the projected rental income receivable from the underlying real estate portfolio and the future gain upon liquidation of the

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## LETTER FROM THE BOARD

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underlying real estate portfolio, can be achieved upon expiry of the initial trust term of 4 years and if extended time period will be required to liquidate and monetize the underlying real estate portfolio, so as to maximize return to the investors, and in turn the investment management income to the Group as majority of such investment management income is correlated to the financial performance of the underlying real estate portfolio. Therefore, the Directors considers that the extension of the Facility, if required, will be in line with the extension of ZACD Income Trust and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having taking into consideration of benefits from supporting ZACD Income Trust in its acquisitions of real estate assets in the Asia-Pacific region and the terms of the Bridging Facility Agreement including but not limited to the terms of the interest rate and the expiry of the Facility, the Directors consider that the provision of the Facility is fair and reasonable and in the interests of the Company and Shareholders as a whole.

#### **4. INFORMATION ON ZACD INCOME TRUST, THE TRUSTEE AND THE BORROWER**

ZACD Income Trust is a general purpose fund established in November 2017 with a target fund size of up to S\$150 million to be raised over three tranches of S\$50 million each, which will focus on acquiring high-yielding real estate assets in the Asia-Pacific region, and may undertake asset enhancement on such assets, such as building renovation and improvement and new structure expansion, with the aim of improving overall investment returns. The beneficiaries of ZACD Income Trust are independent accredited investors (which has the meaning ascribed to it in Section 4A of the Securities and Futures Act (Cap. 289 of the Laws of Singapore)) in Singapore. The Trustee is a trust company licensed by the MAS to conduct trust business under the Trust Companies Act (Cap. 336 of the Laws of Singapore) and it is also approved by the MAS to act as an approved trustee for collective investment schemes under the Securities and Futures Act (Cap. 289 of the Laws of Singapore).

ZACD Income Trust is managed by ZACD Capital, which is a wholly owned subsidiary of the Company, which in turn will receive (i) an establishment fee of 4% of the committed capital, (ii) a management fee of 0.25% of the committed capital plus 5% of net property income per annum, (iii) a performance fee of 15% of the remaining net distributable cash in excess of the return of the capital contributions made by the investors, and (iv) an acquisition fee of 1% of the acquisition value of any investment acquired, directly or indirectly by ZACD Income Trust.

Saved as disclosed above, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Trustee, the Borrower, ZACD Income Trust and their respective ultimate beneficial owners are Independent Third Parties and therefore granting of the Facility will not constitute a connected transaction under Rules 20.07 and 20.22 of the GEM Listing Rules.

#### **5. FINANCIAL EFFECTS OF GRANTING THE FACILITY ON THE GROUP**

If the Facility were to be fully drawn, the Group's other receivables will increase by S\$13 million and cash and cash equivalents will decrease by S\$13 million, and interest income generated from the Facility will be S\$780,000 per annum.

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## LETTER FROM THE BOARD

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### 6. IMPLICATIONS UNDER THE LISTING RULES

The provision of the Facility including the receipt by the Company of the interest accrued thereon 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 Facility 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 Facility 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 Facility 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 Facility 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 Facility and the transactions contemplated thereunder.

The written Shareholders' approval of the Facility 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 Facility and the transactions contemplated thereunder.

### 8. RECOMMENDATION

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

### 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 three months ended 31 March 2018 was set out in the first quarterly report 2018 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 30 April 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 30 April 2018, the contingent liabilities incurred by the Group for provision of the guarantees to the development special purpose vehicle(s) in which the Company indirectly holds certain stake were approximately S\$152.8 million.

Save as otherwise disclosed above, and apart from intra-group liabilities, the Group did not have, as at 30 April 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 acceptable 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 assets under management 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**

Following the disposal by ZACD Investments on 22 May 2018 to an Independent Third Party of the two (2) ordinary shares in ZACD Investments (ARO II) Limited (“**ZACD (ARO II)**”), representing the total issued and paid up ordinary shares as at 22 May 2018, ZACD (ARO II) had ceased to be an associated corporation of the Company with effect from 22 May 2018.

As disclosed in the announcement dated 24 May 2018, Mr. Darren Chew Yong Siang (Zhou Yongxiang) (“**Mr. Chew**”) has been appointed as an executive Director with effect from 24 May 2018 following the approval of his appointment by the Shareholders at the annual general meeting of the Company held on 24 May 2018 (the “**AGM**”).

Save as disclosed in the section headed “Corporate Governance and Other Information” of the first quarterly report 2018 (Pages 27 to 32) and in the section headed “Appointment of Executive Director” of the announcement dated 24 May 2018 (pages 3 and 4) 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>) and as subsequently updated above, 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 first quarterly report 2018 (Page 33) 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 disclosed in the announcement dated 24 May 2018, Mr. Chew has been appointed as an executive Director with effect from 24 May 2018 following the approval of his appointment by the Shareholders at the AGM. Mr. Chew has entered into a service contract with the Company for a fixed term of three years commencing on 24 May 2018 which may be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other.

Save for Mr. Chew, each of the other three (3) executive Directors has entered into a service contract with the Company for a fixed term of three years commencing on the Listing Date which may be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from the Listing Date, which may be terminated before the expiration of the term by not less than two months' notice in writing served by either party on the other. Their appointments are subject to the provisions of retirement and rotation of Directors under the Constitution.

Save as disclosed above, none of the Directors has entered into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one 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; and
- (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.

## 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; and
- (vii) 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).