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ZACD GROUP LTD.

杰地集團有限公司*

(a company incorporated in the Republic of Singapore with limited liability)

(Stock Code: 8313)

**INSIDE INFORMATION
BUSINESS UPDATE
ESTABLISHMENT OF NEW FUND
FOR AUSTRALIA HOTEL PORTFOLIO**

This announcement is made by ZACD Group Ltd. (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the voluntary announcement dated 20 September 2019 as well as the inside information and business update announcement dated 23 July 2020 of the Company in relation to the establishment of a new fund, ZACD Australia Hospitality Fund pursuant to the Transaction with respect to the Australia Hotel Portfolio (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

Pursuant to the Acquisition Documents, the Additional Deposit was required to be paid/procured to be paid by the JV-SPV by 24 June 2020, which was later further extended to 21 July 2020. On 1 July 2020, on behalf of ZACD Australia Hospitality Fund, the Company issued a formal withdrawal instruction to the law firm acting as the fund escrow agent (the “**Trust Lawyer**”) for the trustee to be established for the 17 sub-trusts of the 17 hotel properties contemplated under the Transaction upon completion (the “**Hotel Fund Trustee**”), to withdraw fund from the AU\$37.5 million previously deposited by ZACD Australia Hospitality Fund with the Trust Lawyer (the “**ZACD Deposit**”) to meet the Additional Deposit. The Trust Lawyer did not return the ZACD Deposit pursuant to our instruction (the “**Matter**”) and pursuant thereto, the Company had on 6 July 2020 formally engaged Messrs Thomson Geer, a solicitor firm in Australia (the “**Solicitors**”), to follow up the Matter with the Trust Lawyer.

The ZACD Deposit was made by ZACD Australia Hospitality Fund in March 2020 into the trust account of the Trust Lawyer when the Transaction was originally scheduled to complete, and subsequently used as fund proof by the JV-SPV to facilitate the negotiation with the Vendor for an extended completion date after the withdrawal of a key investor for iProsperity Group. Negotiation with the Vendor was successful and led to the entering into the Supplemental Acquisition Document in June 2020 by the parties.

The Trust Lawyer is a reputable and prominent law firm based in Sydney, Australia. Pursuant to the escrow letter issued by the Trust Lawyer in March 2020 and accepted by the Company on behalf of ZACD Australia Hospitality Fund, the ZACD Deposit, amongst other conditions, will only be used as the subscription monies in respect of units payable by ZACD Australia Hospitality Fund to the Hotel Fund Trustee upon Transaction Completion and with the specific written consent from the Company to do so.

Following the appointment of the Solicitors, communication took place directly between the Solicitors and the Trust Lawyer. On 16 July 2020, the Company was provided with further details on the Matter that the Solicitors retrieved from the Trust Lawyer. After carefully reviewing the provided details on the Matter and discussion with the Solicitors, the Company believes that the ZACD Deposit was released by the Trust Lawyer to the Hotel Fund Trustee without the Company's consent, and the release was undertaken by the Trust Lawyer without proper confirmation, safeguards and procedures that are customarily required by the law profession and therefore constitutes a breach of the escrow letter and negligence by the Trust Lawyer.

The Company has further instructed the Solicitors to issue a formal letter of demand on 24 July 2020 to the Trust Lawyer to demand that by 5.00pm on Wednesday, 29 July 2020 for the Trust Lawyer to pay back the ZACD Deposit, failing which the Company shall institute all legal proceedings necessary to recover that amount and all other losses that the Company may incur. The Company will make further announcement as and when appropriate pursuant to the requirements under the GEM Listing Rules.

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

Hong Kong, 24 July 2020

As at the date of this announcement, the Board of the Company comprises five (5) executive Directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Wee Hian Eng Cyrus, Mr. Siew Chen Yei and Mr. Darren Chew Yong Siang; three (3) independent non-executive Directors, namely, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Lim Boon Yew; and one (1) non-executive Director, namely Mr. Chew Hong Ngiap, Ken.

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

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

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

** for identification purposes only*