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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)

**MAJOR TRANSACTION
PROVISION OF GUARANTEE**

PROVISION OF GUARANTEE

- Reference is made to the announcement and circular of the Company dated 15 June 2018 and 3 September 2018, respectively, in relation to the provision of the Existing Guarantee.
- Following the issuance of the temporary occupation permit for the BBW6 Development by the Building and Construction Authority under the Building Control Act (Cap. 29), and the confirmation of the final maturity date of the existing loan facilities on 23 July 2020 in accordance with the Previous Facility Agreement, the Borrowers has been granted the refinancing loan facilities of S\$125,000,000 by the Lender for the BBW6 Development, which will be applied by the Borrowers towards firstly refinancing partially the existing outstanding loan facilities of S\$55,000,000 under the Previous Facility Agreement and partially repaying their existing shareholders' loans for S\$70,000,000, and thereafter if any funding their respective working capital requirements. Upon the Security Agent's satisfaction of the repayment of the existing outstanding loan facilities by the final maturity date of 23 July 2020 under the Previous Facility Agreement, the Existing Guarantee will be released and discharged.
- Pursuant to the Refinancing Facility Agreement, the Company is required to provide the Guarantee in the lower sum of (i) 12% of all moneys and liabilities (whether actual, contingent or otherwise) owing or payable by the Borrowers to the Lender from time to time, estimated at approximately S\$15,000,000; and (ii) the aggregate of the principal amount of the refinancing loan facilities of S\$125,000,000 and any interest, commission, other banking charges, costs and expenses accrued thereon. Pursuant thereto, the Company has entered into the Deed of Guarantee in favour of the Lender pursuant to which the Company agreed to provide the Guarantee, which was executed by the Lender and dated by the Lender on 20 July 2020.

GEM LISTING RULES IMPLICATIONS

- 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.
- The written Shareholders' approval of the Guarantee and the transactions contemplated thereunder has been obtained from ZACD Investments, which holds 1,298,600,000 issued Shares of the Company representing 64.93% of the issued Shares of the Company as at the date of this announcement. 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.
- A circular containing, among other matters, (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 will be despatched to the Shareholders on or before 11 August 2020.

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

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 BBW6 Development with an AUM of approximately S\$15.5 million has been funded through the existing loan facilities with the Previous Lenders by the Borrowers, which are the Development SPVs of the BBW6 Development. The details of the existing loan facilities are more particularly described in the announcement and circular of the Company dated 15 June 2018 and 3 September 2018, respectively, in relation to the provision of the Existing Guarantee.

Following the issuance of the temporary occupation permit for the BBW6 Development by the Building and Construction Authority under the Building Control Act (Cap. 29), and the confirmation of the final maturity date of the existing loan facilities on 23 July 2020 in accordance with the Previous Facility Agreement, the Borrowers has been granted the refinancing loan facilities by the Lender for the BBW6 Development. Upon the Security Agent's satisfaction of the repayment of the existing outstanding loan facilities by the final maturity date of 23 July 2020 under the Previous Facility Agreement, the Existing Guarantee will be released and discharged.

A brief summary of the Refinancing Facility Agreement for the refinancing loan facilities are set out below:

- (a) Date 20 July 2020.
- (b) Parties The Borrowers, as the borrowers;
The Lender, as the lender.
- (c) Purpose The refinancing loan facilities will be applied towards the following:
 - (i) refinancing the existing loan facilities in respect of the BBW6 Development under the Previous Facility Agreement;
 - (ii) repaying the existing shareholders' loans of the Borrowers; and
 - (iii) funding the working capital requirements of the Borrowers.
- (d) Loan facilities S\$125,000,000 comprising the following:
 - (i) Bridging loan facility:
S\$55,000,000 being the bridging loan facility; and
 - (ii) Term loan facility:
S\$70,000,000 being the term loan facility.
- (e) Final maturity date
 - (i) For the bridging loan facility:
The date falling nine (9) months after the utilisation date of the bridging loan facility
 - (ii) For the term loan facility:
The date falling twenty four (24) months after the utilisation date of the term loan facility
- (f) Interest rate The aggregate of 1.50% per annum and SIBOR or Lender's cost of funds as determined by the Lender conclusively.
- (g) Repayment of loans The Borrowers shall repay each loan in full on the final maturity date.

As at the date of this announcement, the Company is not aware of any default or breach of any of the covenants, obligations, terms and conditions contained in the Previous Facility Agreement by the Borrowers.

In connection with the refinancing loan facilities above, the Company, which indirectly holds a 12% stake in the BBW6 Development, has entered into the Deed of Guarantee in favour of the Lender, which was executed by the Company and was dated by the Lender on 20 July 2020.

Pursuant to the Deed of Guarantee, the Company guarantees to pay or discharge on a full indemnity basis the lower sum of (i) 12% of all moneys and liabilities (whether actual, contingent or otherwise) owing or payable by the Borrowers to the Lender from time to time, estimated at approximately S\$15,000,000; and (ii) the aggregate of the principal amount of the refinancing loan facilities of S\$125,000,000 and any interest, commission, other banking charges, costs and expenses accrued thereon in accordance with the provisions of the Deed of Guarantee. The Guarantee will be in addition to any other separate guarantees provided by other persons as the guarantors to the Lender to guarantee to pay or discharge on a full indemnity basis the lower sum of (i) all moneys and liabilities (whether actual, contingent or otherwise) owing or payable by the Borrowers to the Lender from time to time in proportion to their respective beneficial shareholding interests in the Borrowers; and (ii) the aggregate of the principal amount of S\$125,000,000 and any interest, commission, other banking charges, costs and expenses accrued thereon.

As at the date of this announcement, except for the existing outstanding loan facilities which will be repaid fully by the Borrowers by its final maturity date of 23 July 2020, the Company is not aware of any moneys and liabilities (whether actual, contingent or otherwise) owing or payable by the Borrowers to the Lender other than the refinancing loan facilities and therefore, upon the repayment of the existing outstanding loan facilities by its final maturity date of 23 July 2020 and the draw down of the refinancing loan facilities by the Borrower, the maximum amount that the Company shall be liable under the Deed of Guarantee will be limited to the aggregate of the principal amount of S\$15,000,000 and any interest, commission, other banking charges, costs and expenses accrued thereon, which to the Company are substantially reduced contingent liabilities compared to its contingent liabilities in respect of the Existing Guarantee.

2. REASON AND BENEFITS OF THE PROVISION OF THE GUARANTEE

BBW6 Fund, as the shareholder of the Borrowers under the shareholders' agreements of the Borrowers, is required and covenants to secure the indebtedness and obligations of the Borrowers arising under any undertaking, guarantee or indemnity given to any bank or other financial institution at any time during the term of the said shareholders' agreements with the liability amounting to 12% of the total liabilities of the Borrowers in proportion of the shareholding of the BBW6 Fund in the Borrowers.

In terms of the above, the Company, acting as the sponsor of the BBW6 Fund by way of indirectly holding the nominal share capital of the corporate entity of the BBW6 Fund, is required by the Lender to provide the Guarantee for the refinancing loan facilities which will be applied towards firstly refinancing the existing loan facilities under the Previous Facility Agreement for the outstanding payments of the purchase price of the BBW6 Development and repaying the existing shareholders' loans of the Borrowers, and thereafter funding the respective working capital requirements of the Borrowers.

BBW6 Fund 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 1.0% per annum of the committed capital for a period of four years; (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 30.0% return on equity.

The Company may incur liabilities upon a call on the Guarantee arising in the event of default of the Borrowers under the Refinancing Facility Agreement. The Directors are of the view that, based on the information currently available to the Company and barring unforeseen circumstances, the probability of the event of default of the Borrower is remote and the Company should not have to be called upon on the Guarantee under the Refinancing Facility Agreement, after taking into account, among others:

- (a) the existing loan facilities represent approximately 60% of the total development cost of the BBW6 Development, where the remaining 40% are funded by the shareholders of the Borrowers. The refinancing loan facilities will enable the Borrowers to:
 - (i) apply the bridging loan facility to repay the existing loan facilities in full on its final maturity date, upon which the Existing Guarantee will be released and discharged;
 - (ii) apply the term loan facility to repay approximately 65% of the shareholders' loans, of which the BBW6 Fund will be entitled to receive approximately S\$8,400,000, which will in turn be utilised by the BBW6 Fund to make capital repayment to its investors;
- (b) as at the date of this announcement, the number of residential units in the BBW6 Development sold is 461 representing approximately 89% of the total 516 residential units available for sale. Out of the 55 unsold residential units, the options to purchase have been issued and/or exercised for 42 units where the sale and purchase agreements are to be entered into within the stipulated timeline around 8 weeks; and
- (c) despite of the repayment capacity of the Borrowers, with Covid-19 and circuit breaker measures disrupting the property transactions in Singapore and the pass of the

COVID-19 (Temporary Measures) Act 2020 by Singapore Parliament which brings into force temporary measures to, inter alia, provide the residential property buyers temporary reprieve to satisfy its contractual obligations including but not limited to its payment obligations to housing developers, the refinancing loan facilities afford the Borrowers a margin of flexibility and allow the Borrowers to maintain its working capital to cope with the impacts of Covid-19.

On the aforesaid basis, the Directors consider that the Borrowers will be able to finance the repayment of its indebtedness under the Refinancing Facility Agreement by, among others, the sale proceeds arising from the sale of remaining residential units and the sale proceeds arising from the sale of or the rental income generated by the lease of the commercial units in the BBW6 Development.

Having considered the future prospects of the BBW6 Development and that the Deed of Guarantee is the requisite document for securing refinancing requirements for the Borrowers, the utilisation of the refinancing loan facilities by the Borrowers, and securing the indebtedness and obligations of the Borrowers to the Lender, the Directors consider that the provision of the Guarantee is fair and reasonable and in the interests of the Company and Shareholders as a whole.

3. INFORMATION ON BBW6 DEVELOPMENT AND RELEVANT PARTIES

As at the date of this announcement, 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.

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 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 proportion of the shareholding in the Borrowers. 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, has provided on the same date of the Deed of Guarantee the similar guarantee with the liability amounting to 15% of the total liabilities of the Borrowers in proportion of the shareholding of OSS Property Investments Pte. Ltd. in the Borrowers. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CNQC International Holdings Limited and Octava Pte. Ltd. are Independent Third Parties.

4. IMPLICATIONS UNDER THE GEM 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.

5. 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 date of this announcement 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 1,298,600,000 issued Shares of the Company representing 64.93% of the issued Shares of the Company as at the date of this announcement. 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.

A circular containing, among other matters, (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 will be despatched to the Shareholders on or before 11 August 2020.

DEFINITION

In this announcement, 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
“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 announcement, 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
“Deed of Guarantee”	the deed of guarantee issued, on 20 July 2020, by the Company as the guarantor in favour of the Lender
“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
“Existing 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 existing loan facilities for the Borrowers in respect of the BBW6 Development, amounting to 12% of the total liabilities of the Borrowers under the Previous Facility Agreement in proportion of the shareholding of the BBW6 Fund in the Borrowers
“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
“Guarantee”	the guarantee in the lower sum of (i) 12% of all moneys and liabilities (whether actual, contingent or otherwise) owing or payable by the Borrowers from time to time; and (ii) the aggregate of the principal amount of S\$125,000,000 and any interest, commission, other banking charges, costs and expenses accrued thereon
“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
“Lender”	United Overseas Bank Limited
“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
“PRC”	the People’s Republic of China
“Previous Facility Agreement”	the facility agreement dated 25 August 2016 entered into by and between the Borrowers, the Previous 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 all variations, amendments and supplements thereto, if any
“Previous 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 Previous Facility Agreement
“Refinancing Facility Agreement”	the facility agreement dated 20 July 2020 entered into by and between the Borrowers and the Lender and made available to the BBW6 Development, which expression shall include all variations, amendments and supplements thereto, if any
“Security Agent”	United Overseas Bank Limited, which is the facility agent and security agent under the Previous Facility Agreement

“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
“%”	per cent.

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

Hong Kong, 21 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*