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ZACD GROUP LTD.

杰地集團有限公司*

(A company incorporated in Singapore with limited liability)

(Stock code: 8313)

**MAJOR TRANSACTION
PROVISION OF FACILITY**

PROVISION OF FACILITY

- ZACD Income Trust is 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.
- 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.
- The Facility will be applied towards the investment by ZACD Income Trust into real estate assets in the Asia-Pacific region.

GEM LISTING RULES IMPLICATIONS

- The provision of the Facility 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 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 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 Facility 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 Borrower; (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 12 June 2018.

1. PROVISION OF THE FACILITY TO THE BORROWER FOR ZACD INCOME TRUST

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.

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

- | | |
|----------------|---|
| (i) Parties | The Borrower, as the borrower; and
The Company, as the lender. |
| (ii) 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. |
| (iii) Facility | S\$13,000,000. |

- (iv) 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.
- (v) 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.
- (vi) Final loan
 repayment date The expiry date of the trust term of ZACD Income Trust, i.e. a period of 4 years subject to extension of 2 years subject to the terms in the private placement memorandum of ZACD Income Trust.
- (vii) 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.

2. REASON AND BENEFITS OF THE PROVISION OF THE FACILITY

ZACD Income Trust is a property fund being managed by ZACD Capital Pte. Ltd. which is a wholly owned subsidiary of the Company, 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.

The provision of the Facility to the Borrower will facilitate ZACD Income Trust to more proactively participate in tenders or sales for land parcels and/or real estate assets, and to bridge the monetary gap until sufficient amount of the capital commitments for ZACD Income Trust has been drawn from investors so as to enable the Borrower to fulfil the repayment obligations in full or in part. The Company is also entitled to an interest of 6% per annum which has been arrived at after taking into consideration of the prevailing market rate of similar facilities arrangement and the Group's internal lending rate, 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 similar facilities arrangement.

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, 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.

3. 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 Trustee is a trust company licensed under the Trust Companies Act (Cap. 336 of the Laws of Singapore).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Trustee and the Borrower are Independent Third Parties.

4. IMPLICATIONS UNDER THE LISTING RULES

The provision of the Facility 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 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 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 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 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 Facility 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 Borrower; (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 12 June 2018.

DEFINITION

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

“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 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
“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
“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)
“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
“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
“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
“%”	per cent.

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

Hong Kong, 23 May 2018

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain and Mr. Siew Chen Yei; and three independent non-executive directors, namely, Mr. Kong Chi Mo, Dato's Dr. Sim Mong Keang and Mr. Cheung Ying Kwan.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

The original announcement is prepared in the English. This announcement is translated into Chinese. In the event of any inconsistency between the Chinese and English version, the latter shall prevail.

** for identification purposes only*