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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of ZACD Group Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 December 2017 (the “**Prospectus**”) and the Annual Results Announcement for the year ended 31 December 2019 of the Company dated 11 March 2020 (the “**Annual Results 2019**”). Unless otherwise defined herein, capitalised terms used below shall have the same meanings as those defined in the Prospectus.

The net proceeds raised from the Listing approximated HK\$125.2 million (approximately S\$21.6 million) after deducting the underwriting commissions and all related expenses (the “**Net Proceeds**”). As at 13 March 2020, the Group has utilised approximately S\$14.4 million of the Net Proceeds. The amount of Net Proceeds which remains unutilised up to 13 March 2020 amounted to approximately S\$7.2 million (the “**Unutilised Proceeds**”).

The board of directors (the “**Board**”) of the Company has resolved to change the use of the Unutilised Proceeds from Investment Management, Acquisitions and Projects Management, Property and Tenancy Management and Financial Advisory to Bridging Reserve Fund (the “**Change in UOP**”). An analysis of the utilisation of the Net Proceeds up to the date of this announcement and the Change in UOP of the Unutilised Proceeds are summarised as follows:

	Net Proceeds allocated	Utilised Net Proceeds up to 13 March 2020	Unutilised Net Proceeds	Proposed application of the Unutilised Net Proceeds
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
BRIDGING RESERVE FUND	8,900	8,900	-	7,235
INVESTMENT MANAGEMENT	3,400	749	2,651	-
ACQUISITIONS & PROJECTS MANAGEMENT	900	575	325	-
PROPERTY & TENANCY MANAGEMENT	3,300	1,711	1,589	-
FINANCIAL ADVISORY	3,500	830	2,670	-
GENERAL WORKING CAPITAL	1,600	1,600	-	-
	21,600	14,365	7,235	7,235

Expansion of the use of the Bridging Reserve Fund

As disclosed in the Prospectus, our Group is an asset manager headquartered in Singapore offering integrated solutions across the real estate value chain in Singapore and the Asia-Pacific region. To further develop our investment management business, our Group has set up the Bridging Reserve Fund which has been used 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. After the potential new land parcel, real estate project or real estate asset is secured by us, we will set up an investment vehicle and/or may proactively reach out to our preferred real estate developer partners and invite them to co-invest in the new potential real estate projects. We would then raise funds from our investors to invest in the aforementioned investment vehicle. Any amounts from the bridging reserve fund that we used for participating in such tenders or sales is expected to be replenished by the funds raised from the investors. By doing so, we would be able to more holistically secure attractive investment opportunities for our investors instead of only investing in real estate projects in which our real estate developer partners have already won the land tender bid or sale process, and thereby be able to compete more effectively with other asset managers in the market.

In order to further enhance the competitive advantages of the investment management business, and to expand our future fund product offerings, the Board has further resolved to expand the use of the Bridging Reserve Fund as an initial investment capital (the “**Seed Capital**”) to help the Group to seed-fund new potential real estate projects where required. After the new potential real estate project has been seed-funded by us through, for example, payment of deposits for the relevant tenders or sales transaction, we will set up an investment vehicle and/or may proactively reach out to our preferred real estate developer partners and invite them to co-invest in the new potential real estate projects. Our contribution of Seed Capital to respective real estate project would become our initial equity stake in the project. We would then raise funds from our investors to invest in the aforementioned investment vehicle. The presence of the Seed Capital demonstrates our conviction in the investment fundamentals of the identified new potential real estate project by aligning our interest as an asset manager with the investors and hence, it will advantageous to us for securing the real estate projects, the co-investment from real estate developer partners and the investments from other investors. When identifying our targets for land parcels and real estate assets, we would take into consideration, among others, the location, estimated tender prices, and the indicative values and net yields of the land parcels or real estate assets. Should we deploy the Seed Capital, we expect that the Seed Capital will account for not more than 10% of the total investment size of each new potential real estate project. Depending on the circumstances, we may hold the equity stake from the Seed Capital until the maturity of the real estate project without fully replenished by other investors. Seed Capital is also commonly used by other asset and/or fund managers in the investment management business, and therefore our Board believes the deployment of Seed Capital should help the Group to further enhance the competitive advantages of the investment management business of the Group.

Reason for the Change in UOP and the expansion of the use of the Bridging Reserve Fund

As disclosed in the Annual Results 2019, the unfavourable macro environment and imposition of government’s policies in Singapore since 2018 had adversely affected market sentiment of Singapore real estate market and as a result, the Group secured less real estate projects in Singapore than expected. Although the outlook for developers of private residential property in Singapore is turning more positive as we saw private residential prices in Singapore increasing, global market sentiments deteriorate following the recent trade war between China and the United

States as well as the outbreak of the COVID-19 virus. The Group remains cautious in the implementation of its business expansion plan including careful recruitment of new staff, expertise and professionals in our Investment Management, Acquisitions and Projects Management, Property and Tenancy Management and Financial Advisory business segments.

As investment management business is the biggest revenue contributor to the Group, the Group has been actively looking more closely at broader real estate markets in the Asia-Pacific region and elsewhere globally, in order to identify and obtain new real estate projects from such foreign markets for our investors and in turn grow and expand the Group's pipeline projects for the investment management business. In this regard, the Change in UOP and the expansion of the use of the Bridging Reserve Fund will equip the Group with more readily available funds and strengthen our competitive advantage in successfully securing the real estate projects and investments when a profitable opportunity arises.

The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus. The Board considers the above Change in UOP and the expansion of the use of the Bridging Reserve Fund will allow the Company to deploy its financial resources more effectively and is therefore in the best interests of the Group and the Shareholders as a whole.

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

Hong Kong, 13 March 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*