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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

- BBEC Fund has invested into BBEC Development with an AUM of approximately S\$11.5 million and indirectly holds a 10% stake in BBEC Development by legally and beneficially owning 10% of the issued and paid-up share capital of the Borrower, which is the Development SPV of the BBEC Development. The BBEC Development will be funded through loan facilities with the Lender.
- The Company is required to provide a guarantee amount of S\$29,980,000 and any interest, commission, fees and expenses accrued thereon, to secure the loan facilities for the Borrower in respect of the BBEC Development, amounting to 10% of the total liabilities of the Borrower under the Facility Agreement in proportion of the shareholding of BBEC Fund in the Borrower.
- The Company has entered into the Deed of Guarantee in favour of the Lender to which the Company agreed to provide the Guarantee, which was executed by the Lender and was dated by the Lender on 15 June 2022.

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 7 July 2022.

1. PROVISION OF THE GUARANTEE TO THE BORROWER FOR THE BBEC 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.

Reference is made to the voluntary announcement dated 13 June 2022 of the Company in relation to the establishment of a new fund, ZACD BBEC Fund (or the "**BBEC Fund**") pursuant to the BBEC Fund's investment into the BBEC Development.

The BBEC Development has been funded through loan facilities with the Lender by the Borrower, which is the Development SPV of the BBEC Development.

A brief summary of the Facility Agreement is set out below:

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| (a) Date | 15 June 2022 |
| (b) Parties | The Borrower, as the borrower, which is the Development SPV of the BBEC Development; The Lender, as the lender that is granting the loan facilities. |
| (c) Purpose | The loan facilities will be applied towards part of financing for the following: <ul style="list-style-type: none"> (i) the purchase price of the land site of the BBEC Development; |

- (ii) the payment of the differential premium charge payable by the Borrower to the relevant authority in respect of the BBEC Development;
 - (iii) the payment of additional buyer's stamp duty for the BBEC Development; and
 - (iv) the construction costs, goods and services tax and professional fees incurred or to be incurred by the Borrower in the completion of the BBEC Development.
- (d) Loan facilities S\$299,800,000 comprising the following:
- (i) S\$212,800,000 being the land loan facility;
 - (ii) S\$12,690,000 being the differential premium facility;
 - (iii) S\$9,310,000 being the additional buyer's stamp duty facility; and
 - (iv) S\$65,000,000 being the construction loan facility
- (e) Final maturity date All outstanding amount under the loan facilities shall be fully repaid by 31 March 2027 or within 6 months from the date of issuance of TOP of the BBEC Development, whichever is earlier.
- (f) Interest rate 1.08% per annum and applicable compounded reference rate.
- (g) Repayment of loans On the final maturity date, the Borrower shall repay each loan in full.

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 Facility Agreement by the Borrower.

In connection with the loan facilities above, the Company, which indirectly holds a 10% stake in the BBEC Development, has entered into the Deed of Guarantee in favour of the Lender, which was executed by all parties thereto and was dated by the Lender on 15 June 2022.

(1) Deed of Guarantee

as the guarantor with the Lender pursuant to which the Company guarantees to pay all due, owing or unpaid liabilities to the Lender by the Borrower as the principal and primary obligor provided that the maximum amount to which the Company shall be liable shall be limited to the aggregate of the principal amount of S\$29,980,000 and any interest, commission, fees and expenses accrued thereon, amounting to 10% of the total liabilities of the Borrower under the Facility Agreement in proportion of the shareholding of the BBEC Fund in the Borrower. 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 all due, owing or unpaid liabilities to the Lender by the Borrower as the principal and

primary obligor, up to a maximum amount in their respective beneficial shareholding interests in the Borrower.

(2) Other relevant agreements or deeds

other agreements and/or deeds pertaining to or in connection with the Deed of Guarantee entered into by the Company including the Guarantors' Undertaking, as one of the obligors, which have provided on the same date of the Deed of Guarantee the similar guarantee as the respective beneficial owners of the other shareholders of the Borrower with the respective liability in proportion of the shareholding in the Borrower, pursuant to which the Company agree to perform certain obligations in relation to the BBEC Development undertaken by the Borrower under the Finance Documents including the Security Documents, including but not limited to provide funding to the Borrower on demand by the Lender to meet the construction cost of the BBEC Development, covenants to share any liability and obligation in respect of any debt of the Borrower under the Facility Agreement as amongst all the obligors in proportion to their respective beneficial shareholding interests in the Borrower, and in connection with the enforcement of the security created by the security documents for the obligations of the Borrower under the Finance Documents including the Security Documents.

2. REASON AND BENEFITS OF THE PROVISION OF THE GUARANTEE

BBEC Fund, as the shareholder of the Borrower under the shareholders' agreement of the Borrower, is required and covenants to secure the indebtedness and obligations of the Borrower 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' agreement with the liability amounting to 10% of the total liabilities of the Borrower in proportion of the shareholding of the BBEC Fund in the Borrower.

In terms of the above, the Company, acting as the sponsor of the BBEC Fund by way of indirectly holding the nominal share capital of the corporate entity of the BBEC Fund, is required by the Lender to provide the Guarantee for the loan facilities which will be applied towards the payments of the purchase price, the development premium, the construction cost and the related development costs of the BBEC Development.

BBEC Fund is managed by ZACD Capital Pte. Ltd., acting as the fund manager. In providing the fund management services to the BBEC Fund by ZACD Capital Pte. Ltd., the Group is entitled to (i) an establishment fee equivalent to 3% of capital commitment; (ii) a fund management fee equivalent to 0.5% per annum of the committed capital for a period of five years; (iii) a performance fee equivalent to 10% of the net proceeds from the realisation of investments after full repayment of the invested capital to the investors.

The Company may incur liabilities upon a call on the Guarantee arising in the event of default of the Borrower under the 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 Facility Agreement, after taking into account, among others:

- (a) the loan facilities represent approximately 70% of the total development cost of the BBEC Development, where the remaining 30% are funded by the shareholders of the Borrowers; and
- (b) the BBEC Development is expected to generate keen interest from first time home buyers and HDB upgraders in the development region as there has not been launches of EC projects in the region since 2017.

On the aforesaid basis, the Directors consider that the Borrower will be able to finance the repayment of its indebtedness under the Facility Agreement by, among others, the sale proceeds arising solely from the sale of unit(s) in the BBEC Development.

Having considered the future prospects of the BBEC Development and that the Security Documents are the requisite documents for securing financing requirements for the Borrower, the utilisation of the loan facilities by the Borrower, and securing the indebtedness and obligations of the Borrower 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 BBEC DEVELOPMENT AND RELEVANT PARTIES

As at the date of this announcement, the BBEC Development was beneficially held as to 46% by SNC Realty Pte. Ltd., as to 44% by CNQC-OS (2) Pte. Ltd. and as to 10% by BBEC Fund. The Borrower is the registered proprietor of the leasehold estate of 99 years in the land parcel of the BBEC Development and undertake the development of the BBEC Development.

SNC Realty Pte. Ltd. is a related company of Santarli Holdings Pte. Ltd.. Santarli Holdings Pte. Ltd. is a leading and well-established contractor and builder in Singapore has provided on the same date of the Deed of Guarantee the similar guarantee with the liability amounting to 46% of the total liabilities of the Borrowers in proportion of the shareholding in the Borrowers.

CNQC-OS (2) Pte. Ltd. is beneficially held as to 52% by CNQC Realty (Future) Pte. Ltd. and as to 48% by Octava (S) Property Investments 3 Pte. Ltd.. CNQC Realty (Future) Pte. Ltd. is a subsidiary 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 CNQC Realty (Future) Pte. Ltd. with the liability amounting to 22.9% of the total liabilities of the Borrower in proportion of the effective shareholding in the Borrower. Octava (S) Property Investments 3 Pte. Ltd. is a subsidiary of Octava Pte. Ltd.. Octava Pte. Ltd., a company based in Singapore with multiple investments across diverse industries,

focusing mainly on real estate investment, property development, financial technology and lifestyle concepts and has provided on the same date of the Deed of Guarantee the similar guarantee with the liability amounting to 21.1% of the total liabilities of the Borrower in proportion of the effective shareholding in the Borrower.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Santarli Holdings Pte. Ltd., CNQC International Holdings Limited and Octava Pte. Ltd. are Independent Third Parties.

4. IMPLICATIONS UNDER THE 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 7 July 2022.

DEFINITION

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

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| “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 |
| “BBEC Development” | a proposed executive condominium housing development comprising approximately 360 to 380 residential units with communal facilities on the land parcel located at Bukit Batok West Avenue 8, Singapore |
| “BBEC Fund” | a closed-end real estate private equity fund established in April 2022, targeting the development of an executive condominium located at Bukit Batok West Avenue 8, of which the fund holding entity, ZACD (BBEC) Pte. Ltd., is a private company limited by shares incorporated in Singapore on 3 March 2021 |
| “Board” | the board of Directors |
| “Borrower” | TQS (2) Development Pte. Ltd., a private company limited by shares and incorporated in Singapore on 25 March 2022 undertaking the development of the proposed BBEC 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 Pte. Ltd. |
| “Guarantors’ Undertaking” | the joint and several deed of undertaking entered into, on 15 June 2022, by and between the Company and other persons as |

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| | the obligors, and the Borrower, in favour of the Lender for the benefit of the Secured Parties |
| “Deed of Guarantee” | the deed of guarantee entered into, on 15 June 2022, by and between the Company as the guarantor and the Lender in favour of the Lender for the benefit of the Secured Parties |
| “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 |
| “EC” | executive condominium |
| “Facility Agreement” | the facility agreement dated 15 June 2022 entered into by and between the Borrower and the Lender and made available to the BBEC Development, which expression shall include all variations, amendments and supplements thereto, if any |
| “Finance Documents” | collectively, the Facility Agreement and any other document designated as such by the Lender and the Borrower |
| “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 aggregate of the principal amount of S\$29,980,000, to be provided by the Company to secure the loan facilities for the Borrower in respect of the BBEC Development, amounting to 10% of the total liabilities of the Borrower under the Facility Agreement in proportion of the shareholding of the BBEC Fund in the Borrower |
| “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) |

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| “Investment SPV(s)” | the investment vehicle(s) managed by the Group under the private equity structures and the trust structures |
| “Lender” | Overseas-Chinese Banking Corporation Limited, Singapore |
| “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 |
| “Secured Party(ies)” | the Lender being the original lender under the Facility Agreement |
| “Security Documents” | collectively, the Deed of Guarantee, the Guarantors’ Undertaking, and all other documents to be executed by or involving the Company as guarantee, indemnity for the obligations of the Borrower under the Finance Document |
| “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

Singapore, 15 June 2022

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. Mark Oh Keng Kwan, Mr. Patrick Chin Meng Liong and Ms. Yong Sze Wan, Cheryl; 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*