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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)

VOLUNTARY ANNOUNCEMENT SUBSCRIPTION OF ZACD BBEC FUND

THE SUBSCRIPTION AGREEMENT

The Company is pleased to announce that, on 2 September 2022, the Company and ZACD (BBEC) Pte. Ltd. (the “**Fund**”) entered into the Subscription Agreement, pursuant to which the Company has agreed to subscribe 5.0% of the Fund Size in the BBEC Project at a total capital subscription amount of S\$575,000.

GEM LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Subscription are less than 5%, therefore the Subscription is not subject to the requirements pursuant to Chapter 19 of the GEM Listing Rules.

Reference is made to the Company’s voluntary announcement dated 13 June 2022 in relation to the establishment of a new fund, ZACD BBEC Fund (the “**Fund**”) pursuant to the Fund’s investment in the BBEC Project.

THE SUBSCRIPTION AGREEMENT

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A brief summary of the Subscription Agreement and Private Placement Memorandum (“PPM”) are set out below:

- (i) Parties The Company, as the Subscriber; and the Fund
- (ii) Assets to be acquired and subscription amount The Company agreed to subscribe 5.0% of the Fund, at a capital subscription amount of S\$575,000, which is payable by the Company by cash from its internal resources. The subscription amount is determined based on the terms of the PPM and the condition of the Company’s idle cash.
- (iii) The 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
- (iv) The Manager ZACD Capital Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 25 October 2011, and a direct wholly-owned subsidiary of the Company and a member of the Group
- (v) The Sponsor ZACD Fund Holdings Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 15 March 2017, and a direct wholly-owned subsidiary of the Company and a member of the Group
- (vi) Capital Commitments Means, with respect to an investor, the capital for the time being committed to the Fund by the investor or as the case may be, the investor for the subscription of Participating Shares (including such capital which has been drawn down and for such Participating Shares have been issued) or Convertible Loan Interests (as the case may be)
- (vii) Capital Contribution Means, in respect to each investor, the amount of capital contributed to the Fund from time to time by that investor, subject to the provisions of the Subscription Agreement
- (viii) Ordinary Shares The Sponsor will hold all of the nominal Class A Ordinary Shares of the Fund which shall be issued at a price of SGD 1.00 per Class A Ordinary Share
- (ix) Distribution Distributions by the Fund to the investors will be made by way of distributions of cash and/or distributions of assets in specie, whether pursuant to repayment under the Convertible Loan Agreements, repurchase of Class B Ordinary Shares, declaration of dividends or otherwise. Such distributions will generally be distributed in proportion to the amount of Capital Contributions by the investors

- (x) Convertible Loan Agreement Means the respective convertible loan agreement (if any) entered into between an investor and the Fund setting out the terms of the Convertible Loan Interests.
- (xi) Convertible Loan Interests Comprises an obligation to enter into for interest-free convertible loans by way of loan advances. The loans shall not be repayable on demand and shall be subordinated to all other debt obligations of the Fund, if any. The Capital Contributions will be advanced by instalments as needed, by the Fund drawing on the loan under the respective Convertible Loan Agreement.

INFORMATION ON THE COMPANY, AS THE SUBSCRIBER

The Company is an investment holding company and the Group is principally engaged in the provision of the following services:

- (i) investment management services, which includes (a) special purpose vehicle (“SPV”) investment management and (b) fund management;
- (ii) acquisitions and projects management;
- (iii) property management and tenancy management services; and
- (iv) financial advisory services.

INFORMATION ON THE FUND AND THE MANAGER

The Fund, ZACD (BBEC) Pte. Ltd., is a closed-end real estate private equity fund targeting the development of an executive condominium located at Bukit Batok West Avenue 8 (the “**BBEC Project**”). The site was acquired by TQS (2) Development Pte. Ltd. (the “**Developer**”), a joint venture between CNQC–OS (2) Pte. Ltd. and SNC Realty Pte. Ltd. in March 2022 via a successful tender on the Government Land Sales Programme launched by the Housing & Development Board of Singapore.

Subsequent to the successful tender of BBEC Project, the Fund was invited to participate in the investment in the BBEC Project by undertaking a 10% stake in the Developer, with SNC Realty Pte. Ltd., CNQC–OS (2) Pte. Ltd. and the Fund legally and beneficially own(s) 46%, 44% and 10% of the issued share capital of the Developer, respectively.

The land parcel has an area of approximately 134,003 square feet, a gross floor area of not less than 402,010 square feet and a net saleable area of not less than 418,070 square feet. The 99-year leasehold site is zoned for a residential development with approximately 360 to 380 executive condominium units. ZACD (BBEC) Pte. Ltd. already acquired a 10% equity stake in the project.

The Manager is ZACD Capital Pte. Ltd., is an investment and fund management company incorporated in Republic of Singapore with limited liability and a wholly-owned subsidiary of the Company. The Manager holds a capital markets services licence for fund management and is subject

to supervision in Singapore by the Monetary Authority of Singapore. The Manager will be primarily responsible for the management of the Fund, its business and implementing the investment strategy, as well as providing the Fund with specialized real estate investment fund management services. The Manager has a wealth of experience in identifying, evaluating and investing in real estate, including the development and management of prime real estate properties in Singapore and the rest of the Asia-Pacific region.

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

REASON AND BENEFITS OF THE SUBSCRIPTION

As mentioned in the voluntary announcement dated 13 June 2022, the BBEC Project is located in a well-known and up-coming residential and commercially sought-after residential development area, and is zoned 'residential' under the Urban Redevelopment Authority's 2019 Master Plan. As the area does not have a large supply of private housing facilities, executive condominiums are extremely attractive to first time buyers and to "millennials" as the market is current driven by the demand for more affordable homes. In addition, the dwindling supply of and rising demand for executive condominium units have meant that prices for these have continued to rise over time, thus increasing the attractiveness of the BBEC Project. The Board believes that the BBEC Project is an attractive and viable real estate investment opportunity for the Group.

The principal purpose of the Company of the Subscription is to diversify the investment portfolio of the Company with an aim to enhancing its profitability. The Subscription provides an opportunity to the Company to enhance return by utilising the idle cash of the Company.

In light of the above, the Directors are of the view that the terms of the Subscription Agreement and transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Subscription are less than 5%, therefore the Subscription is not subject to the requirements pursuant to Chapter 19 of the GEM Listing Rules.

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
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	investment management, as well as those that have been subcontracted to another party
“BBEC Project”	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
“Board”	the board of Directors
“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)
“Developer”	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 Project
“Director(s)”	the Director(s) of the Company
“Fund Size”	The Fund is seeking up to S\$ 11.5 million in commitments. The Sponsor and/or the Manager reserve the right to close the Fund with commitments in excess of or below this amount, at its sole discretion.
“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
“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
“PPM”	means this private placement memorandum dated 1 July 2018, as the same may be amended, supplemented and modified from time to time

“Singapore”	the Republic of Singapore
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscriber”	the Company, ZACD Group Ltd.
“Subscription”	the subscription of the Participating Shares at a total subscription amount of S\$575,000 pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 2 September 2022 entered into between the Subscriber and the Fund in relation to the Subscription
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules
“S\$”	the lawful currency of Singapore
“%”	per cent

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

Singapore, 2 September 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*