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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **ZACD Group Ltd.**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



**ZACD GROUP LTD.**

**杰地集团有限公司\***

*(a company incorporated in the Republic of Singapore with limited liability)*

**(Stock Code: 8313)**

**MAJOR TRANSACTION**  
**GRANT OF PUT OPTION TO AN INVESTOR SUBSCRIBING**  
**IN ZACD LV DEVELOPMENT FUND**

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Capitalised terms used in this cover page of this circular shall have the same meanings as those defined in this circular.

A letter from the Board is set out in pages 8 to 30 of this circular.

This circular will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven (7) days from the date of its publication. This circular will also be published on the website of the Company at [www.zacdgroup.com](http://www.zacdgroup.com).

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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

“Announcement”	the announcement made by the Company dated 28 December 2022 regarding the grant of Put Option to an investor subscribing in the Sub-Fund
“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
“Board”	the board of Directors
“Capital Commitments”	means, with respect to an investor, the capital for the time being committed to the Sub-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)
“Capital Contribution”	means, in respect to each investor, the amount of capital contributed to the Sub-Fund from time to time by that investor, subject to the provisions of the Subscription Agreement
“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)
“Constitution”	the Constitution of the Fund for the time being in force, as may be amended, supplemented, modified or restated from time to time

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## DEFINITIONS

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“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules and, in the context of this circular, 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
“Coupon Payment”	shall pay to TGL at the rate of 8% per annum on the amount of TGL’s Capital Contribution less any fee rebates given to the Net Cash Outlay. The Coupon Payments shall be payable quarterly in arrears, commencing from the TGL Drawdown Date and shall continue until the fourth anniversary of the TGL Drawdown Date, notwithstanding any conversion under the Loan Agreement taking place prior to such fourth anniversary of the TGL Drawdown Date
“Deed of Guarantee”	the deed of guarantee issued, on 28 December 2022, by ZACD Investments as the guarantor in favour of the Investor
“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
“Distribution”	distributions by the Sub-Fund to the investors will be made by way of distributions of cash and/or distributions of assets in specie, whether pursuant to redemption of Participating Shares (at the option of the Sub-Fund and not at the option of the investor), declaration of dividends or otherwise
“Establishment Fee”	each investor shall be charged an establishment fee of an amount equal to 3.0% of the amount drawn down

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## DEFINITIONS

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“Exercise Period”	within one (1) month from the Initial Period
“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)
“Initial Period”	four-year period, commencing on and from the date of TGL Drawdown Date
“Investment SPV(s)”	the investment vehicle(s) managed by the Group under the private equity structures and the trust structures
“Investor” or “TGL”	Top Global Limited
“La Ville Project”	a freehold residential re-development site located at No. 6C Tanjong Rhu Road, Singapore 436885 and No. 6D Tanjong Rhu Road, Singapore 436886
“Latest Practicable Date”	28 March 2023, being the latest practicable date for ascertaining certain information for inclusion in this circular prior to the printing of this circular
“Management Fee”	the Sub-Fund will pay the Manager an annual management fee equal to 0.5% per annum of the Capital Contributions for a maximum of five (5) years for managing the Sub-Fund

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## DEFINITIONS

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“Management Share”	the voting non-redeemable non-participating shares in the capital of the Fund
“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
“Net Cash Outlay”	S\$6,000,000 (being TGL’s Capital Commitment of S\$6,349,206 less the total fee rebates of S\$349,206 to be given to TGL)
“Participating Share”	the non-voting participating non-redeemable (at the option of the holder) shares of such Class or sub-Class in the capital of the Fund in respect of the Sub-Fund. The Participating Shares shall entitle the holder to dividends and to participate in return of capital and surplus assets of the Sub-Fund upon dissolution and winding up of the Sub-Fund
“PPM”	means this amended and restated private placement memorandum dated 1 April 2021 issued in connection with the placing of Participating Shares or Convertible Loan Interests (as the case may be) as amended, substituted, supplemented or restated from time to time
“Principal Amount”	an amount of S\$6,000,000 derived from subscription amount of S\$6,349,206 less rebates of S\$349,206
“Put Option”	the Put Option granted to require the Company to purchase all of TGL’s interest in the Sub-Fund for the Sale Price. The Sale Price shall be payable by the Company within one (1) month of receipt of the Put Option notice

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## DEFINITIONS

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“Rebates”	an amount of S\$349,206 shall be returned by the Manager to TGL such that, after giving effect to such rebates, TGL shall not have contributed any Establishment Fee, Management Fee and Transfer Fee (as the case may be)
“Sale Price”	means the aggregate of:  (a) any and all amounts advanced by TGL to Sub-Fund less any fee rebates amounting to the Principal Amount but which have not, at the date of the Put Option notice been repaid to TGL; and  (b) all Coupon Payments payable in respect of the Initial Period, which have not been paid as at the date of the Put Option notice
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Side Letter 1”	a side letter between the Manager and Top Global Limited
“Side Letter 2”	a side letter between the Company and Top Global Limited
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Fund”	ZACD LV Development Fund (Registration Number: T20VC0095G-SF003), a sub-fund within ZACD Capital Partners VCC, a variable capital company incorporated as an umbrella VCC under the laws of Singapore
“Sub-Fund Size”	The aggregate Capital Commitments the Sub-Fund aims to raise from the placing is S\$45 million. The Manager reserves the right to close the Sub-Fund with Capital Commitments in excess of, or below, this amount at its sole discretion

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## DEFINITIONS

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“Sub-Fund Term”	shall be for a period of five (5) years from the first closing date subject to extension of one (1) year (from the expiry of the initial five (5) year period commencing on the first closing date), at the absolute discretion of the Manager
“Subscription”	the subscription of the Participating Shares at a total subscription amount of S\$6,349,206 pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 28 December 2022 entered into between TGL and the Sub-Fund in relation to the Subscription
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules
“Supplement”	supplement 3 relating to the Sub-Fund dated 12 January 2022
“S\$”	Singapore dollars, the lawful currency of Singapore
“Target Return”	projected target return on capital from the La Ville Project
“TOP”	Temporary Occupation Permit issued by the Building and Construction Authority of Singapore
“TGL’s Distribution Entitlement”	distributions to be made to TGL under the Supplement
“TGL Drawdown Date”	date of the first drawdown from TGL
“Transfer Fee”	The Manager may charge a transfer fee which shall not be more than 1% of the gross consideration payable for the transfer of any Convertible Loan Interests (excluding GST) or Participating Shares (excluding GST) (as the case may be). The Transfer Fee shall be payable by the transferor to the Manager
“URA”	Urban Redevelopment Authority of Singapore

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## DEFINITIONS

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“ZACD Capital”	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
“ZACD Fund”	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
“ZACD Investments”	ZACD Investments Pte. Ltd., a company incorporated under the laws of Singapore with limited liability on 15 June 2005, the issued share capital of which is owned by Mr. Yeo and Ms. Sim as to 49% and 49%, respectively and one of the Controlling Shareholders
“%”	per cent

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LETTER FROM THE BOARD

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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)**

**Directors:**

*Executive Directors:*

Ms. Sim Kain Kain (*Chairman*)

Mr. Yeo Choon Guan (Yao Junyuan) (*Chief Executive Officer*)

Mr. Mark Oh Keng Kwan (*Deputy Chief Executive Officer*)

Mr. Patrick Chin Meng Liong (*Chief Legal Officer*)

Ms. Yong Sze Wan, Cheryl (*Chief Financial Officer*)

*Independent Non-executive Directors:*

Mr. Kong Chi Mo

Dato' Dr. Sim Mong Keang

Mr. Lim Boon Yew

*Non-executive Director:*

Mr. Chew Hong Ngiap, Ken

*Registered Office, Head Office  
and Principal Place of Business  
in Singapore:*

300 Beach Road #34-05

The Concourse

Singapore 199555

*Principal Place of Business  
in Hong Kong:*

20/F, Winbase Centre,

208 Queen's Road Central

Sheung Wan, Hong Kong

31 March 2023

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
GRANT OF PUT OPTION TO AN INVESTOR SUBSCRIBING  
IN ZACD LV DEVELOPMENT FUND**

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

References are made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) Subscription Agreement, the side letters and other relevant agreements; (ii) financial information of the Group; and (iii) other information in accordance with the GEM Listing Rules.

### 2. THE SUBSCRIPTION AGREEMENT

On 28 December 2022, the Investor, Top Global Limited (“TGL”), ZACD LV Development Fund (the “Sub-Fund”) and the Manager entered into the Subscription Agreement, pursuant to which TGL has subscribed 14.11% of the Sub-Fund Size in the La Ville Project at a total capital contribution amount of S\$6,349,206.

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

- |  |   |
|--|---|
| (a) Parties                            | Top Global Limited, as the Investor; the Fund, the Sub-Fund and the Manager   |
| (b) Subscription amount and percentage | TGL agreed to subscribe 14.11% of the Sub-Fund, at a capital contribution amount of S\$6,349,206.   |
| (c) Sub-Fund                           | ZACD LV Development Fund (Registration Number: T20VC0095G-SF003), a sub-fund within ZACD Capital Partners VCC, a variable capital company incorporated as an umbrella VCC under the laws of Singapore. Investors hold Class A of the Participating Shares. The Sponsor holds Class B of the Participating Shares. |
| (d) The Fund                           | ZACD Capital Partners VCC (UEN: T20VC0095G) is a company incorporated as an umbrella Singapore variable capital company (“VCC”) on 28 July 2020 and its entire nominal ordinary share capital is indirectly wholly-owned by the Company.  |

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## LETTER FROM THE BOARD

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- (e) 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.
- (f) 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.
- (g) Capital Commitments Means, with respect to an investor, the capital for the time being committed to the Sub-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).
- (h) Capital Contribution Means, in respect to each investor, the amount of capital contributed to the Sub-Fund from time to time by that investor, subject to the provisions of the Subscription Agreement.
- (i) Participating Shares The non-voting participating non-redeemable (at the option of the holder) shares of such Class or sub-Class in the capital of the Fund in respect of a particular Sub-Fund, issued subject to and in accordance with the provisions of the VCC Act and the Constitution, and having the rights and being subject to the restrictions as provided for under the Constitution, the PPM, the relevant supplement and the shareholders agreement (if any) with respect to such share. All references to “Participating Shares” shall be deemed to be Participating Shares of any or all classes or series referable to a Sub-Fund, as the context may require.
- (j) Distribution Distributions by the Sub-Fund to the investors who are allocated Class A participating shares in the Sub-Fund will be made by way of distributions of cash and/or distributions of assets in specie, whether pursuant to redemption of Participating Shares (at the option of the Sub-Fund and not at the option of the investor), declaration of dividends or otherwise.

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## LETTER FROM THE BOARD

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Distributions will be made after payment of all the Sub-Fund's expenses and the net proceeds arising from the realisation of the Sub-Fund's investment allocated to each Class A participating shareholder will be distributed in the following order of priority:

- (i) first, 100% to such Class A participating shareholder *pro rata* until such Class A participating shareholder have received back the aggregate Capital Contributions; and
- (ii) thereafter, 85% to such Class A participating shareholder, and 15% to Class B participating shareholder.

- (k) Convertible Loan Agreement Means the convertible loan agreement entered into between TGL and the Fund in respect of a Sub-Fund setting out the terms of the Convertible Loan Interests. All investors invest in the Sub-Fund through the convertible loan agreement with the Fund.
- (l) Convertible Loan Interests Represent unsecured, convertible loans in such Sub-Fund. Each convertible loan may be converted into such number of Participating Shares in respect of the relevant Sub-Fund to be determined by the board (in consultation with the Manager) pursuant to the terms of the Convertible Loan Agreement.
- (m) Conversion Period and Conversion All investors of the Sub-Fund invest through a convertible loan agreement with the Fund (the "**Loan**"). The Sub-Fund may convert all or part of the Loan into Class A participating shares in respect of the Sub-Fund subject to the Conversion Events by issuing to the lenders Class A participating shares in the share capital of the Sub-Fund of such class, or sub-class, as determined by the Sub-Fund, with such right and obligations set out in the Constitution.

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## LETTER FROM THE BOARD

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- (n) Conversion Events
- The Sub-Fund will convert the outstanding loan amount of each investor to Class A participating shares upon the occurrence of the earliest to occur of the following:
- (i) the expiry of the Sub-Fund Term;
  - (ii) the repayment of at least 99% of the Capital Contributions of the Sub-Fund;
  - (iii) the signing of the sale and purchase agreement and receipt of the down payment for at least 99% of units in the La Ville Project; and
  - (iv) the passing of a resolution to commence the liquidation of the Sub-Fund.

Participating Shares are non-voting, other than in respect of a modification of class rights. The Participating Shares shall entitle the holder to dividends and to participate in return of capital and surplus assets of the Sub-Fund upon the dissolution and winding up of the Sub-Fund. No dividends declared on the Participating Shares or other monies payable by the Sub-Fund on or in respect of the Participating Shares shall bear interest against the Sub-Fund.

All investors invest through a Convertible Loan Agreement with ZACD Capital Partners VCC.

On the same day, the Manager and TGL entered into a side letter (the “**Side Letter 1**”), pursuant to which, (i) the Establishment Fee, Management Fee and Transfer Fee shall be waived in respect of TGL; (ii) Sub-Fund shall maintain a shareholding of 75% of the La Ville Project during the Sub-Fund Term; (iii) Sub-Fund shall ensure the milestones for distribution of profits are met and (iv) waiver by the Sponsor, ZACD Fund Holdings Pte. Ltd. of its rights entitled to receive 15% of the distributions payable to the Sponsor as the Class B participating shareholder in favour of TGL.

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## LETTER FROM THE BOARD

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A brief summary of the Side Letter 1 is set out below:

- (a) Waiver of Fees      The Establishment Fee, Management Fee and Transfer Fee shall be waived in respect of TGL. Notwithstanding the preceding sentence, TGL shall be required to make capital contributions in accordance with the PPM for its respective share of Establishment Fee, Management Fee and Transfer Fee without reduction; provided that, in order to give effect to the waiver, following the Sub-Fund's receipt of the relevant fee, the Manger shall return to TGL an amount (the "**Rebates**") such that, after giving effect to the Rebates, TGL shall not have contributed any Establishment Fee, Management Fee and Transfer Fee (as the case may be).

The computation of the Rebates is as follows:

Fees	Description	Computation	Amount
Establishment fees	3% of Capital Contributions	= 3% x S\$6,349,206	S\$190,476
Management fees	0.5% per annum of Capital Contributions for 5 years	= 0.5% x S\$6,349,206 x 5 years	S\$158,730
Transfer fee	1% of gross consideration for transfer of any Convertible Loan Interest	N/A	N/A
Distribution to Sponsor	15% of any distributions	N/A	N/A
			S\$349,206

*Notes:*

1. In respect of Transfer Fee, TGL has not expressed its intention for transfer of Convertible Loan Interest at this stage and therefore, the calculation of the Transfer Fee is not applicable.
2. In respect of the Distribution to Sponsor, the project is yet profitable as it is currently at the early stage and the distribution is yet to happen, it is impractical to estimate the amount of distribution to TGL and therefore, the calculation of distribution to sponsor is not applicable.

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## LETTER FROM THE BOARD

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- (b) Beneficial Interests
- During the Sub-Fund Term, the Sub-Fund shall maintain an unencumbered beneficial interest of 75% in the La Ville Project (“**Sub-Fund Beneficial Interests**”). Based on the Sub-Fund Beneficial Interests and a Sub-Fund Size of S\$45 million, TGL’s beneficial interests in the Sub-Fund on a fully-diluted basis (assuming full conversion or exercise of all convertible securities into Participating Shares) shall represent no less than 14.11% of all the Participating Shares; and TGL’s effective beneficial interest in the La Ville Project shall be no less than 10.58%.

On and from the TGL Drawdown Date to and until the end of the Sub-Fund Term, Sub-Fund shall not vary its beneficial interest in the La Ville Project in a manner such that TGL’s effective beneficial interest will be less than 10.05% or more than 11.11%, based on a Sub-Fund Size of not less than S\$42.86 million and not more than S\$47.37 million.

- (c) Milestones for Distribution of Profits
- Subject to sale of the entire La Ville Project pursuant to the exit strategy, the Manager and the Sub-Fund shall ensure that distributions are made as follows:

<b>Time period</b>	<b>Distributions</b>
Within eighteen (18) months from the receipt of the TOP in respect of the La Ville Project	At least 80% of the net distributable proceeds will be distributed to investors
Within thirty (30) months from the receipt of the TOP in respect of the La Ville Project	At least 90% of the net distributable proceeds will be distributed to investors
Within fifty four (54) months from the receipt of the TOP in respect of the La Ville Project	At least 98% of the net distributable proceeds will be distributed to investors, resulting in no more than 2% of the net distributable proceeds remaining for final settlement of accounts.

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## LETTER FROM THE BOARD

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(d) Sponsor's  
Waiver

The Sponsor, being the Class B participating shareholder, waives its right to receive 15% of the distributions payable to the Sponsor in respect of TGL's investment in the Sub-Fund in favour of TGL. For the avoidance of doubt, such amount shall be distributed to TGL. The Manager, the Fund and TGL hereby acknowledge the foregoing waiver by the Sponsor in favour of TGL.

On the same day, the Company and TGL entered into a side letter (the "**Side Letter 2**"), pursuant to which, (i) the Company will pay TGL a coupon payment (the "**Coupon Payment**") at the rate of 8% per annum quarterly in arrears, commencing from the date of the first drawdown from TGL (the "**TGL Drawdown Date**") and shall continue until the fourth anniversary of the TGL Drawdown Date; (ii) grant a put option (the "**Put Option**") exercisable by TGL (a) within one month from the Initial Period; (b) at any time if there has been a breach by ZACD Investments of its obligations and undertakings; and (c) at any time if there has been a breach by Mr. Yeo and Ms. Sim of their obligations under the deed of undertaking and (iii) the Manager shall, and TGL acknowledges and agrees that the Manager shall, distribute TGL's Distribution Entitlement between TGL and the Company.

A brief summary of the Side Letter 2 is set out below:

- (a) Coupon payment    The Company shall pay to TGL a coupon payment (the "**Coupon Payment**") at the rate of 8% per annum on the amount of TGL's Capital Contribution less any fee rebates given to TGL (the "**Net Cash Outlay**"). The Coupon Payments shall be payable quarterly in arrears, commencing from the date of the first drawdown from TGL (the "**TGL Drawdown Date**") and shall continue until the fourth anniversary of the TGL Drawdown Date, notwithstanding any conversion under the Loan Agreement taking place prior to such fourth anniversary of the TGL Drawdown Date.

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## LETTER FROM THE BOARD

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- (b) Compulsory Redemption, Withdrawal or Transfer
- Notwithstanding any provision to the contrary in the transaction documents, in the event that the Fund exercises its discretion to redeem, withdraw and/or transfer some or all of TGL's then outstanding Convertible Loan Interest, Participating Shares and/or any interest in the Sub-Fund (as the case may be) under the transaction documents, each of the Manager and the Fund undertakes to TGL that:
- (a) the Fund shall give TGL at least 20 business days' prior written notice
  - (b) the payment of the Net Cash Outlay shall be made within one month after the date of relevant redemption, withdrawal and/or transfer
  - (c) for the avoidance of doubt, regardless of any such redemption, withdrawal and/or transfer:
    - (i) TGL shall be entitled to receive the Coupon Payment, and the Rebates
    - (ii) TGL's rights under the Put Option shall not be varied or derogated; and
    - (iii) TGL shall not be required to repay any amounts received from the Fund, the Sub-Fund, the Company or ZACD Investments pursuant to the transaction documents.

Notwithstanding any provision to the contrary in the transaction documents, each of the Manager and the Fund undertake that no redemption, withdrawal and/or transfer shall be effected by the Manager and/or the Fund, without the prior written consent of TGL, if TGL duly exercised the Put Option.

- (c) Put Option
- The Company shall grant TGL a put option ("**Put Option**") to require the Company to purchase all of TGL's then outstanding Convertible Loan Interest, Participating Shares and any interest in the Sub-Fund for the Sale Price.

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## LETTER FROM THE BOARD

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The Put Option shall be exercisable by TGL in writing to the Company:

- (a) within one (1) month from the Initial Period; or
- (b) at any time if there has been a breach by ZACD Investments of its obligations and undertakings under the deed of undertaking; or
- (c) at any time if there has been a breach by Mr. Yeo and Ms. Sim of their obligations and undertakings under the deed of undertaking

The Sale Price shall be payable by the Company within one (1) month of receipt of the Put Option notice.

The parties hereto agree that no fees, costs or expenses under the Constitution or the transaction documents (including any transfer fee under the PPM and the Subscription Agreement), other than legal and other such fees incurred by TGL (which shall be borne by TGL), shall be payable by TGL in connection with its exercise of the Put Option and the transfer of TGL's interest in the Sub-Fund.

(d) Distributions

With respect to distributions to be made to TGL under the Supplement ("**TGL's Distribution Entitlement**"), the Manager shall, and TGL acknowledges and agrees that the Manager shall, distribute TGL's Distribution Entitlement between TGL and the Company in the following order of priority, where the Put Option is not exercised and the potential distributions from the Sub-Fund exceed 32% of the Target Return:

- (i) First, TGL's Distribution Entitlement shall be applied by the Manager to repay to TGL any outstanding portion of the Capital Commitment under the Subscription Agreement, which has not as at the date of such distribution, been repaid to TGL;

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## LETTER FROM THE BOARD

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- (ii) Second, if there is any balance available for distribution after the payment in sub-paragraph (a) above, such balance shall be applied by the Manager towards paying the Company such amount equivalent to the aggregate of all Coupon Payments paid to TGL; and
- (iii) Finally, if there is any balance available for distribution after the payments in sub-paragraphs (a) and (b) above, such balance shall be distributed equally between TGL and the Company.

In connection with TGL's subscription to the Sub-Fund, ZACD Investments has entered into the Deed of Guarantee in favour of the TGL, Deed of Undertaking by and between TGL and ZACD Investments and Deed of Undertaking by and between TGL, Mr. Yeo and Ms. Sim which was executed by all parties thereto and was dated on 28 December 2022.

### **(1) Deed of Guarantee**

ZACD Investments as the guarantor with TGL pursuant to which ZACD Investments provides this guarantee to TGL the due and punctual performance of (a) each obligation of the Sub-Fund in relation of the repayment of the Net Cash Outlay in accordance with the terms of the transaction documents and the Side Letters and (b) each obligation of the Company contained in the deed of indemnity and Side Letter 2, in relation to the payment by the Company to TGL of the Coupon Payments and the Sale Price.

### **(2) Other relevant agreements or deeds**

Other agreements and/or deeds pertaining to or in connection with the Deed of Guarantee entered into by ZACD Investments including (i) ZACD Investments' Undertaking to TGL that it will hold at least 60% of all the shares of the Company up to and until the date that TGL is repaid in full of the Net Cash Outlay; and (ii) Mr. Yeo and Ms. Sim's Undertakings to TGL that they will hold at least 80% of all the shares of ZACD Investments up to and until the date that TGL is repaid in full of the Net Cash Outlay (collectively the "**Deeds of Undertaking**").

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## LETTER FROM THE BOARD

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### 3. REASON AND BENEFITS OF THE SUBSCRIPTION AGREEMENT AND THE GRANT OF THE PUT OPTION TO TGL SUBSCRIBING IN ZACD LV DEVELOPMENT FUND

Reference is made to the voluntary announcement dated 17 December 2021 of the Company in relation to the establishment of a new fund for La Ville Project, ZACD LV Development Fund has been set up through ZACD Capital Partners VCC, an indirectly wholly-owned subsidiary of the Company, for the investment into the La Ville Project. The La Ville Project is strategically located in one of the most coveted areas within district 15 favoured for its excellent city fringe location and proximity to the beach and sporting destinations. It is in close proximity to a wide range of shopping and recreational amenities readily available at Kallang Wave Mall, Parkway Parade and a myriad of eateries along the nearby East Coast Road, Tanjong Katong Road and Old Airport Road Food Centre. The location also provides easy access to The Singapore Indoor Stadium, Gardens by the Bay East, Marina Bay Golf Course and East Coast Park, which would appeal to families as fun filled and leisure destinations as well. The upcoming Katong Park MRT Station of the Thomson East Coast Line is just a short 3-minute (250m) walk away. In addition, reputable educational institutions in the vicinity include Dunman High School, Chung Cheng High School and Kong Hwa Primary School, Canadian and Chatsworth International Schools, which are highly popular amongst the expatriate community.

Based on the common business interest of the Company and the Investor, the Subscription presents an attractive real estate investment and valuable opportunity for the Investor. The Company aims for a long-term relationship with TGL. TGL is also in the real estate and property investment business and by maintaining the Group's business relationship with TGL, the Group may collaborate with TGL on more new projects in the future which may have the opportunity to participate if the Group maintains a good relationship with TGL. TGL together with PT Suryamas Dutamakmmur ("**Suryamas**"), listed on IDX Bursa Efek Indonesia has completed numerous projects which include "The Quinn" and "The Maisons" (R Maison and E Maison) in Singapore; "Rancamaya Golf Estate", "Harvest City" and "Royal Tajur" in Indonesia. Suryamas is in real estate development of residential and commercial properties cum township in Indonesia. TGL's growth strategy is to explore joint ventures and collaborations with other real estate players to expand its project and market presence. This growth strategy of TGL is also aligned with the Group's business strategy and therefore the partnership with TGL may open to further business opportunities with the Group. This investment to the La Ville Project is TGL's maiden investment in a fund that is managed by the Group, which may be of great benefit to the Group when the project performs.

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## LETTER FROM THE BOARD

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As the La Ville Project is still in the early stage where funding is required from time to time for running its real estate business, the subscription from TGL to the Sub-Fund will help with the funding requirements from the La Ville Project and a portion of the subscription amount will be applied to the repayment of the bridging advance extended by the Company. In addition, TGL's Capital Commitment of S\$6,349,206 represents 14.11% of the target fund size, making TGL one of the largest investors of the Sub-Fund and without TGL's investment, approximately half of the Sub-Fund remain unsubscribed. With the cornerstone investment from TGL in the Sub-Fund, it facilitates the fund-raising as it will further boost other investors' confidence and expedite the capital raising process. As the La Ville Project is expected to generate returns of more than 40% which is more than the coupon rate, and it facilitates the success of the whole project, the terms are in the interest of the Company and Shareholders as a whole. The various arrangements with TGL under the Subscription ensure that the parties' interests are more aligned with any profits after the return of Net Cash Outlay being shared equally between TGL and the Company.

The Group has adopted a bespoke fee structure for TGL where the traditional fixed fees such as Establishment Fee, Management Fee and Transfer fee are replaced by a profit-sharing arrangement that depends on the Project's profitability. It has become increasingly prevalent for a private fund to grant its strategic investors a side letter to formalise negotiated arrangements with preferential terms such as fee rebates/waiver or other material rights. The Group has also other bespoke fee structures which are determined on a case-by-case basis and commercial negotiation with investors that subscribe to a more significant investment amount for example discounting/waiver of establishment fees and/or management fees.

Pursuant to Side Letter 2, any profit distribution after the return of Net Cash Outlay to TGL and the recoupment of the aggregate coupon payments by the Company will be shared equally by TGL and the Company. In addition, the Company provides an annual coupon payment for four years and grants TGL a put option which offers an alternative exit option at the end of the fourth year. The grant of the put option to TGL increases their confidence in the Company as it provides TGL a way to secure their investment as this is their maiden investment in a fund that is managed by the Group, making it attractive to TGL. The grant of the put option protects the Sub-Fund Size in the event if TGL exercises the put option and exit the Sub-Fund as the Company will purchase TGL's then outstanding Convertible Loan Interest or Participating Shares and takes over TGL's investment stake in the Sub-Fund. Together with the capital guarantee by ZACD Investments, the Coupon Payment, together with other side arrangements, it enhances TGL's cash flow and mitigates the downside risk. In return, TGL agreed to share the upside capital gain equally with the Company. While the Company is entitled to receive 50% of profits from TGL's investment in the Sub-Fund, its total capital outlay only amounts to 32% of TGL's Net Cash Outlay (8% per annum for four years). This could potentially result in significant returns for the Company if the Project performs well. The Company has performed a preliminary analysis of Singapore listed REITs, the average distribution yield is approximately 7.71%. Therefore, the negotiated Coupon Payment of

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## LETTER FROM THE BOARD

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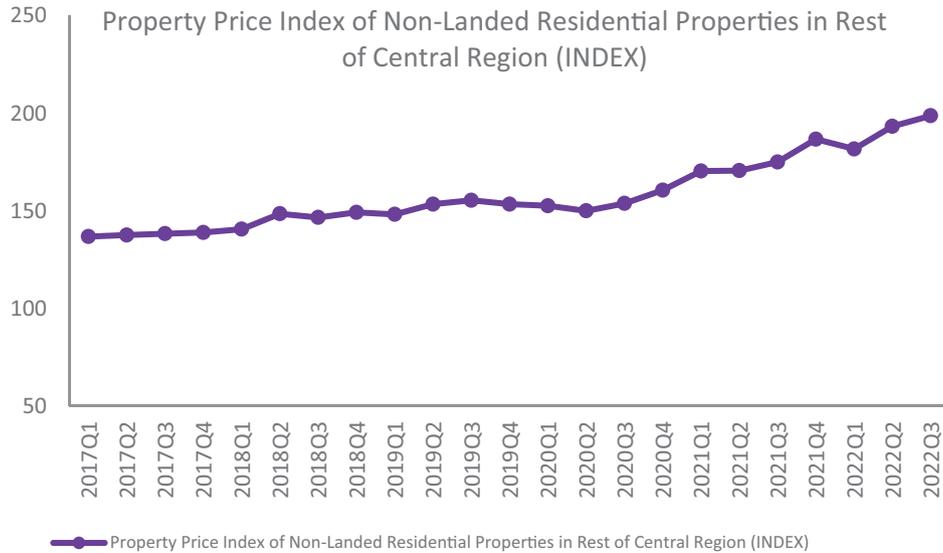
8% is considered a fair and market rate and remain as an attractive investment for TGL. From this perspective, the Coupon Payment could be considered as a form of “co-investment” by the Company with TGL and the Company believes the potential reward from the investment is commensurate with the risk.

The Coupon Payment is a commercial arrangement entered between the Company and TGL. The Company has analysed the La Ville Project Target Return and is confident that the La Ville Project returns will be more than 40% which will enable the Company to recoup the total Coupon Payments of S\$1.92 million (where 25% is the breakeven return) based on the preliminary development budget costs and the estimated gross development value of the La Ville Project. Based on the Company’s past experience on real estate development projects, the Company has reviewed and assessed that the preliminary development costs are conclusive and competitive, and aligned to market practices while the estimated gross development value is achievable and aligned to the housing pricing trend in Singapore. Based on the current Singapore residential property market and property price index, it has been on an increasing trend as illustrated in the below chart (*Source: URA REALIS extracted on 13 January 2023*).

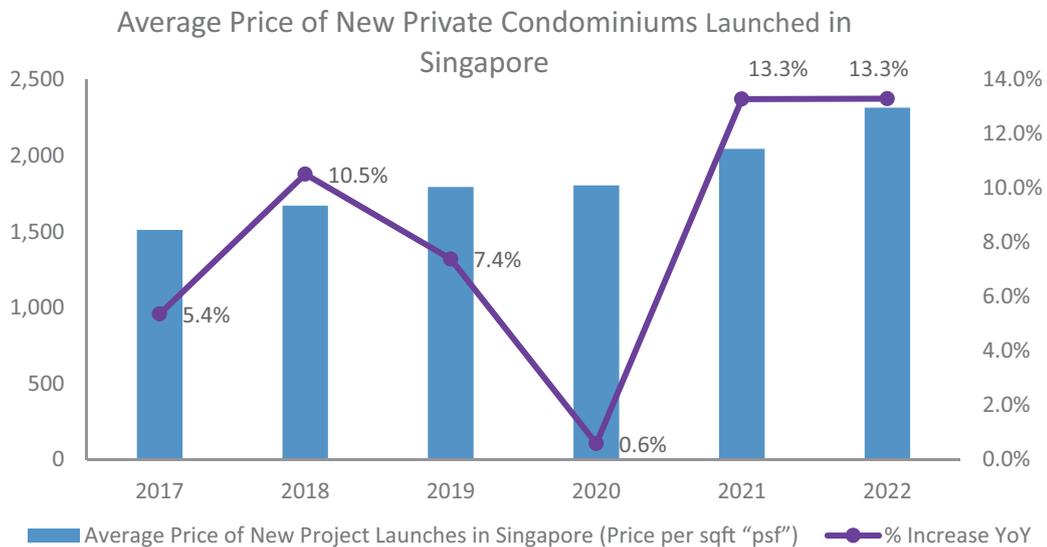


It is further noted that prices of private properties in rest of central region of Singapore (“RCR”) has followed the increasing trend, and in 2021, RCR saw an increase in price of 16.3% and based on advance estimates by URA prices in RCR rose by 12.2% in 2022 (*Source: URA REALIS extracted on 13 January 2023*).

## LETTER FROM THE BOARD



The Company has analysed comparable new launches (such as One Meyer, Meyer Mansion and Meyerhouse) to the La Ville Project within the same vicinity and noted that these projects which commenced sales in 2019 and is expected to obtain TOP in 2023/2024 have almost sold out completely by December 2022, achieving an average price of S\$2,619 psf. This is further supported with a significant increase in 2021 and 2022 where the average price of new sales of private condominiums grew by 13.3% for both years (*Source: URA REALIS extracted on 13 January 2023*). Hence, the Company is confident that the preliminary estimated gross development value of the La Ville Project at an average price of S\$2,950 psf with expected sales launch in the second half of 2023 is achievable, representing a return of more than 40%.



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## LETTER FROM THE BOARD

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Based on Singapore residential property market, the property price index has continued on a steady increase since 2016 despite the triple whammy of higher interest rates, government cooling measures, and rising home prices. The Company is confident in the La Ville Project given the increasing property price trends will receive a favourable result and thus will receive a good profit sharing from this bespoke fee structure. As mentioned above on the future collaboration with TGL, the Group will benefit from deriving the investment management fees, and/or acquisition and project management fees in the event whereby a potential project is secured.

Based on the reasons above, the Directors consider that the terms of the Subscription Agreement, side letters and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

#### **4. INFORMATION ON THE INVESTOR, TOP GLOBAL LIMITED**

TGL is an investment holding company, headquartered in Singapore, was previously listed on SGX Mainboard and subsequently privatised in August 2021.

TGL is beneficially held as to 99.68% by SW Investment Holding Pte. Ltd. which is wholly owned by Mdm. Oei Siu Hoa @ Sukmawati Widjaja (“**Mdm. Oei**”). Mdm. Oei was appointed Executive Chairman of Top Global Limited on 12 March 2010 and was re-designated as Executive Director on 2 December 2019. Through her illustrious career over the decades, Mdm. Oei co-founded the family controlled Sinar Mas Group with her late father, Mr. Eka Tjipta Widjaja and during her term as the Vice-Chairman appointed since 1988, she was instrumental in advancement of the group’s lead as one of Indonesia’s top conglomerates, with interests ranging from palm oil and paper, to food and property development. She was an international figure in numerous high-profile mega projects. Over the years, she has developed pivotal business as well as personal connections worldwide. Apart from having been granted audiences with top potential leaders of the US, China, Indonesia, Singapore and other countries, she has access to the prominent business leaders in many industries internationally. Moreover, Mdm. Oei has extensive expertise and experience in taking qualified companies through IPOs and RTOs at the world’s major exchanges and has been part of senior management in several listed companies.

Top Global Limited has a diverse real estate business portfolio, ranging from real estate developments, commercial properties, residential properties and hospitality properties to hospitality management and smart solutions in Singapore and Indonesia. Some of the projects developed by TGL include “The Quinn” and “The Maisons” (R Maison and E Maison) in Singapore; “Rancamaya Golf Estate”, “Harvest City” and “Royal Tajur” in Indonesia. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Top Global Limited is an Independent Third Party.

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## LETTER FROM THE BOARD

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The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) TGL, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of TGL who can exert influence on the Subscription Agreement and the Side Letters; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the Subscription Agreement and the Side Letters).

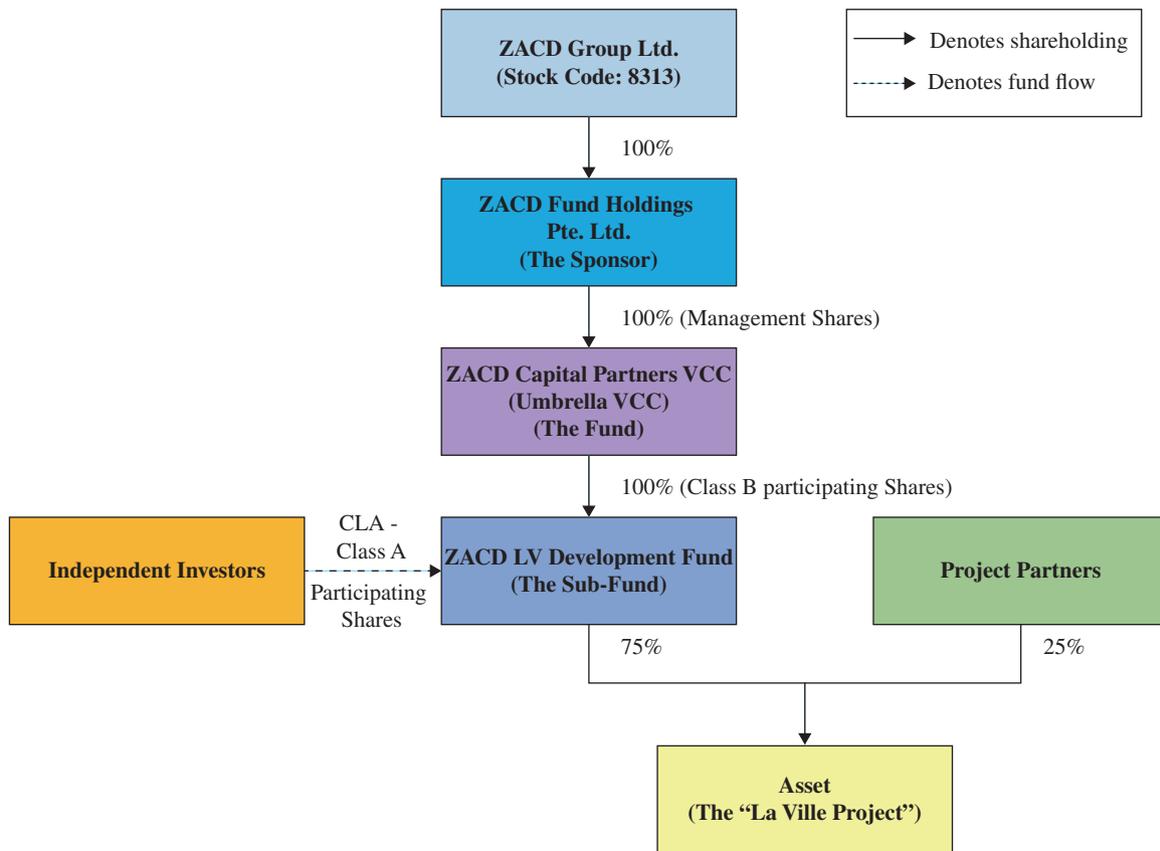
### 5. INFORMATION ON THE FUND, THE SUB-FUND AND THE MANAGER

The Fund, ZACD Capital Partners VCC (UEN: T20VC0095G) is a company incorporated as an umbrella Singapore variable capital company ("**Umbrella VCC**") and its entire nominal ordinary share capital is indirectly wholly-owned by the Company.

As an umbrella VCC, the directors may establish one or more sub-funds and in respect of each sub-fund, the directors may establish one or more classes or series of Participating Shares (including different classes or series relating to the same sub-fund) and such sub-fund and/or class and/or series may have different investment parameters, fee structures, redemption periods and/or other features as the directors may determine in the directors' sole discretion. As an umbrella VCC, the Fund can operate sub-funds with the benefit of statutory segregation under Singapore law of assets and liabilities between each sub-fund. Although not judicially tested in a foreign court, the principal advantage of an umbrella VCC is that it protects the assets of one sub-fund from the liabilities of other sub-funds under the laws of Singapore.

## LETTER FROM THE BOARD

The Sub-Fund, ZACD LV Development Fund, is a closed-ended fund that is a sub-fund of ZACD Capital Partners VCC. The shareholding structure of the Sub-Fund is as follow:



The Sub-Fund is established for the purpose of targeting the residential re-development located at No. 6C Tanjong Rhu Road, Singapore 436885 and No. 6D Tanjong Rhu Road, Singapore 436886 (the “**La Ville Project**” or the “**Project**”). The site was acquired by ZACD LV Development Pte. Ltd., a joint venture between the Sub-Fund and the Group’s external project partners through a collective sale tender conducted by the real estate agency, Jones Lang LaSalle Property Consultants Pte Ltd. The land parcel has an area of 47,012 square feet and a permissible gross plot ratio of 2.1. With a development baseline of about 9,408 square meters, the freehold site is zoned for residential development comprising of approximately 107 residential units. The La Ville Project is beneficially held as to 75% by the Sub-Fund and 25% by the Group’s external project partners.

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## LETTER FROM THE BOARD

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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 Sub-Fund, its business and implementing the investment strategy, as well as providing the Sub-Fund with specialised 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.

### 6. INFORMATION AND FINANCIAL EFFECTS OF THE GRANT OF THE PUT OPTION

Pursuant to the Side Letter 2, the Company has granted TGL a Put Option to require the Company to purchase all of TGL's interest in the Sub-Fund at the Sale Price. Upon the grant of the Put Option to TGL, the consideration of the Put Option amounted to approximately S\$7.4 million where the premium price of approximately S\$1.4 million (as valued by an independent valuer) and the exercise price of S\$6 million as of 18 October 2022. Upon the execution of the Subscription and Side Letter 2, the premium price will be accounted for as the fair value loss in the Group's statement of profit or loss while the exercise price is accounted for as a financial liability in the Group's statement of financial position. Subsequent measurement, subject to the fair value assessment and measurement of the Put Option, will be recorded by the Group at each reporting year end. For the financial year ended 31 December 2022, the Group recorded a fair value loss of approximately S\$1.4 million on the earnings, a financial derivative of approximately S\$1.4 million on the Group's liabilities and there is no impact to the Group's assets.

	<b>Financial impact on</b>		
<b>Profit and Loss Charging/ (Crediting) S\$'million</b>	<b>Total Assets Increase/ (Decrease) S\$'million</b>	<b>Total Liabilities (Increase)/ Decrease S\$'million</b>	
<b><u>Grant of the Put Option</u></b>			
Fair value loss	1.4	—	—
Financial derivative	—	NA	(1.4)

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## LETTER FROM THE BOARD

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The Company has engaged an independent valuer, CLA Global TS Advisory Pte. Ltd. (“**CLA Global**”) (formerly known as Nexia TS Advisory Pte. Ltd.) to perform a valuation of the Put Option as of 18 October 2022. CLA Global has carried out the valuation work in accordance with *International Financial Reporting Standards IFRS 9 — Financial Instruments*. CLA Global has employed appropriate option pricing models based on the same theoretical foundations and key assumptions as follows: exercise price; stock price; valuation date; volatility; risk-free rate; and termination period, expected life and Put Option period. The following key assumptions and methodology adopted are as follows:

- (i) the valuation of the Put Option is derived from a combination of the pricing models performed in Scenario A and in Scenario B respectively.
- (ii) Scenario A has adopted the Binomial Pricing model with the assumption that the Put Option can only be exercised in a certain period (i.e. within one month after the Initial Period pursuant to Side Letter 2).
- (iii) Scenario B has adopted the Black-Scholes model with the assumption that the Put Option can only be exercised when there is a breach of the Deeds of Undertaking by ZACD Investments and/or Mr. Yeo and Ms. Sim at any time if it happens.
- (iv) exercise price is the Sale Price of S\$6 million (assumption of principal amount repaid is S\$0).
- (v) stock price is based on the capital contribution by TGL of S\$6,349,206.
- (vi) valuation date is 18 October 2022.
- (vii) volatility is computed based on comparable new properties’ price per square foot in the same district from 17 September 2018 (Scenario A) and 19 October 2017 (Scenario B) to valuation date which commensurate with the expected life of Put Option. Further, CLA Global understand that the project has operating leverage and financing leverage which will amplify the volatility from the price, hence have assumed two times to be factored in the volatility.
- (viii) Scenario A — Risk-free rate of 3.50% is the interpolated yield of SGD Sovereign Zero Coupon Bond over the period of the expected life of the Put Option as at valuation date; and

Scenario B — Risk-free rate of 3.50% is the SGD Sovereign Zero Coupon Bond over the period of the expected life (five years) as at valuation date.

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## LETTER FROM THE BOARD

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- (ix) Scenario A — Termination date is within one month from the fourth anniversary of the drawdown date, assumed to be four years and one month from 18 October 2022 for this valuation exercise purpose; expected life is assumed to be four years and one month.

Scenario B — Termination date will be five years from the drawdown date (assumed on 18 October 2022 for this valuation exercise purpose) on the basis that TGL would have received the principal refund and coupon payments after the distributions of the La Ville Project subsequent to the TOP scheduled in 2026; expected life is assumed to be five years.

- (x) probability assigned to Scenario A is based on the probability of 99% while Scenario B assigned probability is at 1% as the management has represented that the breach of the Deeds of Undertaking by ZACD Investments, and Mr. Yeo and Ms. Sim are deemed to be extremely low.
- (xi) based on the above, the premium price is worked out to be approximately S\$1.38 million for Scenario A and approximately S\$14,000 for Scenario B respectively, which aggregate to approximately S\$1.4 million.

The exercise of the Put Option is at the discretion of TGL pursuant to Side Letter 2 and the Deeds of Undertaking. According to Chapter 19.74 of the GEM Listing Rules, on the grant of the option, the transaction will be classified as if the option had been exercised. The grant of the Put Option constitutes a major transaction under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and the Shareholders' approval requirements. The Company will comply with the relevant GEM Listing Rules as and when appropriate should the Investor, TGL exercises the Put Option.

### **7. IMPLICATIONS UNDER THE GEM LISTING RULES**

As the subscription of the Participating Shares by TGL will not affect the shareholding and voting interests of the Group in ZACD LV Development Fund as represented by the Management Shares, the Subscription is not a deemed disposal of the Group and accordingly, the Subscription does not itself constitute a notifiable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules. Further, the Group's principal business activities are provision of investment management services, the raising of funds from TGL to invest in the Sub-Fund is a principal business step and under the ordinary and usual course of business of the Group so as to provide investment management services, derive investment management fees and sharing of profit with the investor as performance fees.

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## LETTER FROM THE BOARD

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As one or more of the applicable percentage ratios in respect of the grant of the Put Option exceed 25% but all of them are less than 100%, the grant of the Put Option (the exercise of which is not at the discretion of the Group) 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.

### **8. WRITTEN SHAREHOLDERS' APPROVAL**

Pursuant to Rule 19.44 of the GEM Listing Rules, Shareholders' approval of the grant of the Put Option 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 grant of the Put Option 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 grant of the Put Option and the transactions contemplated thereunder.

As at the Latest Practicable Date 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 grant of the Put Option 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 grant of the Put Option and the transactions contemplated thereunder.

The written Shareholders' approval of the grant of the Put Option 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 Latest Practicable Date. 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 grant of the Put Option and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### 9. RECOMMENDATION

Taking into consideration the financial resources presently available to the Group, including the internally generated fund, the working capital available to the Group and the present available facility, and the effect after the grant of the Put Option, the Directors are of the view that the terms of the grant of the Put Option and the transactions contemplated thereunder are normal commercial terms and are within the ordinary course of business which are fair and reasonable and the entering into the Subscription Agreement and side letters is in the interest of the Group and the Shareholders as a whole.

### 10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
On behalf of the Board  
**ZACD Group Ltd.**  
**Sim Kain Kain**  
*Chairman and Executive Director*

**1. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three financial years ended 31 December 2019, 2020 and 2021 were set out in the annual report of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<https://www.zacdgroup.com/shareholders/financial-reports/>).

Financial information of the Group for the nine months ended 30 September 2022 was set out in the third quarterly report 2022 of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<https://www.zacdgroup.com/shareholders/announcements-circulars/>).

**2. STATEMENT OF INDEBTEDNESS**

As at 28 February 2023, for the purpose of this indebtedness statement prior to the printing of this circular, the Group had an outstanding bank loan of approximately S\$2.0 million which was unsecured and to use for working capital purposes.

As at 28 February 2023, the contingent liabilities incurred by the Group for provision of the guarantees to the Development SPVs were approximately S\$329 million.

Save as otherwise disclosed above, and apart from intra-group liabilities, the Group did not have, as at 28 February 2023, any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

**3. WORKING CAPITAL**

Taking into consideration the financial resources presently available to the Group, including the internally generated fund, the working capital available to the Group and the present available facility, and the effect after the grant of the Put Option, the Directors, after having made due and careful enquiry, are of the opinion that the Group has sufficient working capital for its present requirements and for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

#### 4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group managed a total of 28 investment structures under the PE structures and fund structures over 27 real estate projects and assets in Singapore, Malaysia, Indonesia and Australia. The Group provided ongoing acquisitions and projects management services to four real estate projects in Singapore and two real estate projects in Australia, delivered ongoing tenancy management services to a property owner in Malaysia. The Group is currently providing corporate support and fund administration services for a family office with an asset-under-management of approximately USD100 million.

Operational efficiency and increase in revenue growth will continue to be priorities for the Group. Our prospects can be summarised into three major thrusts, with a clear alignment with the bigger strategic landscape of government policies and the global environment.

- Streamlining of existing business to free up resources to focus on core revenue streams. The Group continues working cautiously and prudently to expand its assets under management and will continue actively to source and identify growth opportunities from assets with attractive returns and distressed assets with good and positive redevelopment/turnaround potential and to take advantage of any such opportunities should they arise, focusing in Singapore and our neighbouring regions to create a pipeline of assets for acquisition for both our investment management, and acquisitions and projects management businesses.

At the same time, we will not cease efforts to adopt and put into place various lean management measures to manage costs and increase efficiency, while optimizing the management structure, standardising the operation process and strengthening the working team so as to improve the overall operational and management efficiency. The Group will also continue to monitor the situation of the prolonged COVID-19 pandemic, the rising interest rates and the inflation rate which could have an impact to the Group's performance, and make adjustments to its operations and business strategies as and when required.

- With the post COVID-19 recovery underway, there is a resurgence of real estate development opportunities in Singapore, our home and primary market. Notwithstanding in the highly competitive real estate industry, it is not assured that the Group will be successful in securing every project tendered, we are closely monitoring several new and growing trends in the real estate sector and we are confident that we have the home-grown advantage and expertise to capture the growth potential of Singapore's real estate market.

- Singapore is working to enhance the family office ecosystem through partnerships with the public and private sectors. We see the prospect of growing this business segment in family office management, particularly family offices located in the Southeast Asia region.

## **5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up).



# Valuation of Put Option as at 18 October 2022

ZACD Group Ltd.

March 2023

*Private and Confidential*

CLA Global TS Advisory Pte. Ltd.

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10 March 2023

**ZACD Group Ltd.**  
300 Beach Road  
#34-05, The Concourse  
Singapore 199555

**Attention to directors**

Dear Sirs and Madam,

**PUT OPTION VALUATION AS AT 18 OCTOBER 2022**

We have been engaged by ZACD Group Ltd. ("ZACD Group", "Client", "Company" or the "issuer") to conduct a fair value assessment on Put Option for financial reporting purposes in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 9 *Financial Instruments*.

The Client is an integrated asset manager listed in Hong Kong (HKEX: 8313) and headquartered in Singapore, offering integrated solutions across the real estate value chain in the Asia Pacific region. ZACD Group holds the Securities and Futures Commission of Hong Kong (SFC) licenses to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (SFO). ZACD Capital (A subsidiary of ZACD Group), holds a Capital Market Services (CMS) license issued by the Monetary Authority of Singapore (MAS) for conducting fund management activities in Singapore.

On 28 December 2022, the investor, Top Global Limited ("TGL"), ZACD LV Development Fund (the "Sub-Fund") and ZACD Capital Pte. Ltd. (the "Manager") entered into the subscription agreement in relation to the subscription of SGD 6,349,206 ("Subscription Agreement"), pursuant to which TGL has subscribed 14.11% of the Sub-Fund Size in the La Ville Project at a total capital contribution amount of SGD 6,349,206.

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80 Robinson Road  
#25-00 Singapore 068898  
Main: (65) 6534 5700  
Fax: (65) 6534 5766  
www.cla-ts.com

Besides, the Company and TGL entered into a side letter, pursuant to which, (i) the Company will pay TGL a coupon payment (the "Coupon Payment") at the rate of 8% per annum quarterly in arrears, commencing from the date of the first drawdown from TGL (the "TGL Drawdown Date") and shall continue until the fourth anniversary of the TGL Drawdown Date; (ii) grant a put-option (the "Put Option") exercisable by TGL (a) within one month from the fourth anniversary of the TGL Drawdown Date; (b) at any time if there has been a breach by ZACD Investment Pte. Ltd. ("ZACD Investment") of its obligations and undertakings; and (c) at any time if there has been a breach by Sim Kain Kain and Yeo Choon Guan (Yao Jun Yuan), Stanley Yeo (Collectively known as "Founding Shareholders") of their obligations under the deed of undertaking and (iii) the Manager shall, and TGL acknowledges and agrees that the Manager shall distribute TGL's Distribution Entitlement between TGL and the Company in a pre-agreed order of priority.

In connection with the above terms and conditions and in line with your audit requirements, we were initially engaged in October 2022 to perform a fair value assessment of the Put Option as at 18 October 2022 ("Drawdown Date" or "Valuation Date") to reflect the financial impact for internal purpose with a valuation memo to Management with the assumptions based on the final subscription agreement and side letters that were subsequently signed on 28 December 2022. Thereafter, we are engaged in March 2023 to provide a report as at Valuation Date to reflect the financial impact for the purpose of filing under the circular ("Circular") to the Hong Kong Stock Exchange. Accordingly, the use of our valuation report is not for the purpose other than that specifically stated in this report.

We draw your attention to **Section 2** and **Appendix IV** of the report, which set out the scope and the limitations of the work we have undertaken. We have no obligation to update this report for information that comes to our attention after the date of this report. This report is issued based on our understanding that Management has drawn our attention to all material matters which may have an impact on our report up to the date of this report.

The accompanying report is intended solely for the specific purpose and is otherwise not to be otherwise used or referred to, in whole or in part, or quoted by reference in any matter, without our prior written permission.

We appreciate the opportunity to provide our valuation services to you. Please do not hesitate to contact us if you have further queries about this engagement.

Yours faithfully,



**Grace Lui, FCA (Singapore), CVA, ICVS**  
**Director**

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# Glossary of Terms and Abbreviations

Terms	Definition
Side letter 1	Side Letter entered between ZACD LV Development Fund, ZACD Fund Holdings Pte. Ltd., and Top Global Limited (Issued by ZACD Capital Pte. Ltd.) dated 28 December 2022
Side letter 2	Side letter entered between ZACD Group Ltd, ZACD LV Development Fund and Top Global Limited. (Issued by ZACD Group) dated 28 December 2022
SFRS (I)	Singapore Financial Reporting Standard (International)
VCC	ZACD Capital Partners VCC
TGL	Top Global Limited
ZACD Investment	ZACD Investment Pte. Ltd.

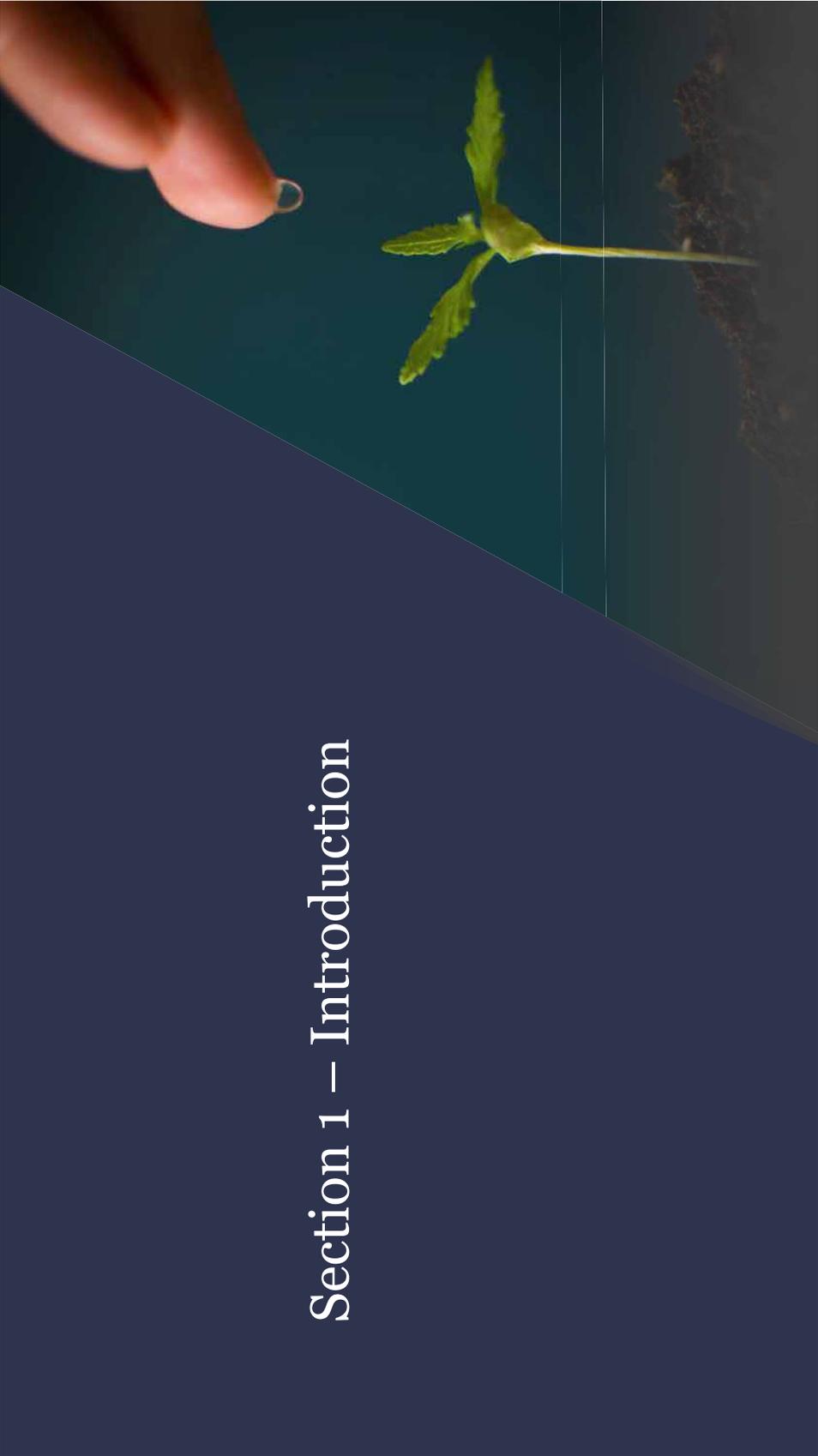
Terms	Definition
Client, ZACD Group, Company or Issuer	ZACD Group Ltd.
CLA Global TS	CLA Global TS Advisory Pte. Ltd. (Formerly known as Nexia TS Advisory Pte. Ltd)
Coupon Payments	ZACD Group shall pay TGL a coupon payment at the rate of 8% per annum on the Net Cash Outlay
Drawdown date or Valuation Date	18 October 2022
Founding Shareholders	Sim Kain Kain and Yeo Choon Guan (Yao Jun Yuan), Stanley Yeo
FV	Fair Value
FY	Financial years ended/ending 31 December
FY2022	Financial year ended 31 December 2022
Loan Agreement	The convertible loan agreement entered by TGL and the VCC
Management	Ms. Cheryl Yong and Ms. Annabelle Lee
Manager	ZACD Capital Pte. Ltd.
N.A.	Not Applicable
Sub-Fund	ZACD LV Development Fund



**Global TS**  
The Growth Strategist For Asia

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Section 1 – Introduction



# Introduction

## Background and Objectives

- The Client is an integrated asset manager listed in Hong Kong (HKEX: 8313) and headquartered in Singapore, offering integrated solutions across the real estate value chain in the Asia Pacific region. ZACD Group holds the Securities and Futures Commission of Hong Kong (SFC) licenses to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (SFO). ZACD Capital (A subsidiary of ZACD Group), holds a Capital Market Services (CMS) license issued by the Monetary Authority of Singapore (MAS) for conducting fund management activities in Singapore.
- On 28 December 2022, the investor, Top Global Limited ("TGL"), ZACD LV Development Fund (the "Sub-Fund") and ZACD Capital Pte. Ltd. (the "Manager") entered into the subscription agreement in relation to the subscription of SGD 6,349,206 ("Subscription Agreement"), pursuant to which TGL has subscribed 14.11% of the Sub-Fund Size in the La Ville Project at a total capital contribution amount of SGD 6,349,206.
- Besides, the Company and TGL entered into a side letter, pursuant to which, (i) the Company will pay TGL a coupon payment (the "Coupon Payment") at the rate of 8% per annum quarterly in arrears, commencing from the date of the first drawdown from TGL (the "TGL Drawdown Date") and shall continue until the fourth anniversary of the TGL Drawdown Date; (ii) grant a put-option (the "Put Option") exercisable by TGL (a) within one month from the Initial Period; (b) at any time if there has been a breach by ZACD Investment Pte. Ltd. ("ZACD Investment") of its obligations and undertakings; and (c) at any time if there has been a breach by Sim Kain Kain and Yeo Choon Guan (Yao Jun Yuan), Stanley Yeo (Collectively known as "Founding Shareholders") of their obligations under the deed of undertaking and (iii) the Manager shall, and TGL acknowledges and agrees that the Manager shall distribute TGL's Distribution Entitlement between TGL and the Company in a pre-agreed order of priority.

- In connection with the above terms and conditions and in line with your audit requirements, we were initially engaged in October 2022 to perform a fair value assessment of the Put Option as at 18 October 2022 ("Drawdown Date" or "Valuation Date") to reflect the financial impact for internal purpose with a valuation memo to Management with the assumptions based on the final subscription agreement and side letters that were subsequently signed on 28 December 2022.
- Thereafter, we are engaged in March 2023 to provide a report as at Valuation Date to reflect the financial impact for the purpose of filing under the circular ("Circular") to the Hong Kong Stock Exchange. Accordingly, the use of our valuation report is not for the purpose other than that specifically stated in this report.



Section 2 – Service Scope

## Service Scope



- To carry the valuation work in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 9 – Financial Instruments for audit compliance purpose.
- We will employ appropriate option pricing models such as Binomial Option model. These models are based on the same theoretical foundations and assumptions as follows:
  - Exercise Price;
  - Stock Price;
  - Grant Date;
  - Volatility;
  - Risk-free Rate;
  - Expected life (years);
  - Vesting period (years); and
  - Dividend yield.
- We will liaise and discuss valuation results with the management and auditor; and document the work performed in our deliverable.

Valuation of Put Option issued by ZACD Group Ltd.

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Section 3 – Fair Value  
Computation



## Fair Value Computation

Fair value computation of Put Option as at Valuation Date

Table: Fair value computation of Put Option as at Valuation Date (Scenario A)											
Exercise Price (SGD)	Stock Price (SGD)	Valuation Date	Termination Date	Expected Life (years)	Put Option Period (years)	Volatility	Dividends (SGD)	Risk-free Rate	Option Value (SGD)	Probability	Option Value (SGD)
Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	Note 10	Note 11	Note 11
6,000,000	6,349,206	18-Oct-22	17-Nov-26	4.08	0.08	40.00%	-	3.50%	1,398,775	99.00%	1,384,787

Source: CIA Global TS's computation using Hoadley, based on information provided by Management, and extracted from Capital IQ.

Table: Fair value computation of Put Option as at Valuation Date (Scenario B)											
Exercise Price (SGD)	Stock Price (SGD)	Valuation Date	Termination Date	Expected Life (years)	Put Option Period (years)	Volatility	Dividends (SGD)	Risk-free Rate	Option Value (SGD)	Probability	Option Value (SGD)
Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	Note 10	Note 11	Note 11
6,000,000	6,349,206	18-Oct-22	17-Oct-27	5.00	0.00	40.00%	-	3.50%	1,370,356	1.00%	13,704

Source: CIA Global TS's computation using Hoadley, based on information provided by Management, and extracted from Capital IQ.

Option Value (SGD)	1,398,491
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Valuation of Put Option issued by ZACD Group Ltd.

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# Fair Value Computation

## Fair value computation of Put Option as at Valuation Date (Cont'd)



Note	Assumptions
Note 1	<p><u>Scenario A and B</u></p> <p>Exercise price is the amount that requires ZACD Group to purchase all TGL's interest in the Sub-Fund. The Exercise price is assumed to be the Sales price.</p> <p>With reference to the paragraph 3.1 of Side Letter 2, the Sales price shall be:</p> <p>a) any and all amounts advanced by TGL to the Sub-Fund under the Loan Agreement (less any fee rebates given to TGL) but which have not, at the date of the Put Option Period, been repaid to TGL; and</p> <p>b) all Coupon Payments payable in respect of the Drawdown Date, which have not been paid as at the date of the Put Option Period.</p> <p>Hence, the Exercise Price is assumed to be the principal amount of <b>SGD 6 million</b>. (The principal amount of SGD 6 million had taken into the fees rebate from an aggregate value equivalent to SGD 6,349,206.)</p>
Note 2	<p><u>Scenario A and B</u></p> <p>Stock price is the amount where TGL is willing to invest that is based on the capital contribution by TGL, net of <b>SGD 6,349,206</b>.</p> <p>With reference to the paragraph A of deed of undertaking entered between ZACD Investments and TGL dated 28 December 2022, TGL intends to subscribe for an interest in ZACD LC Development fund with an aggregate value equivalent to SGD 6,349,206.</p>
Note 3	<p><u>Scenario A and B</u></p> <p>Valuation Date is assumed to be <b>18 October 2022</b>, a date set by Client for the purpose of internal calculation.</p>

Valuation of Put Option issued by ZACD Group Ltd.

# Fair Value Computation

## Fair value computation of Put Option as at Valuation Date (Cont'd)



Note	Assumptions
Note 4	<p><u>Scenario A</u> Termination date is within one month from the fourth anniversary of the TGL Drawdown Date, assumed to be 4 years and 1 month from Drawdown Date that is <b>17 November 2026</b>.</p> <p><u>Scenario B</u> Assume the termination date will be 5-years from the Drawdown Date on the basis that TGL would have received the principal refund and coupon payments after the Distribution of the Project subsequent to the TOP scheduled in 2026 that is <b>17 October 2027</b>.</p>
Note 5	<p><u>Scenario A</u> The expected life of share options is assumed to be <b>4 years and 1 month</b>, from the Drawdown Date till the expiry date of Put Options.</p> <p><u>Scenario B</u> Assume the termination date will be <b>5 years</b> from the Drawdown Date on the basis that TGL would have received the principal refund and coupon payments after the Distribution of the Project subsequent to the TOP scheduled in 2026.</p>
Note 6	<p><u>Scenario A</u> The Put Option Period is exercisable within <b>one (1) month</b> from the fourth anniversary of the TGL Drawdown Date.</p> <p><u>Scenario B</u> The Put Option Period is assumed to be <b>zero</b> on the basis that TGL can exercise the Put Option anytime where there is breach of the undertaking by ZACD Investments and Founding Shareholders at any time if it happened.</p>

Valuation of Put Option issued by ZACD Group Ltd.

# Fair Value Computation

Fair value computation of Put Option as at Valuation Date (Cont'd)



Note	Assumptions
Note 7	<p><u>Scenario A and B</u></p> <p>Since the cashflow of the Subject Property is influenced by the selling price of the property units being the underlying asset for the put options valuation, we have relied on historical selling price of the property units in the same district from 17 September 2018 (Scenario A) and 19 October 2017 (Scenario B) to Valuation Date which commensurate with the expected life of Put Option. Further, we understand that the project has operating leverage and financing leverage which will amplify the volatility from the price, hence we have assumed 2 times to be factored in the volatility. We have derived the volatilities of approximate 20% and further adjusted upward 2 times to 40%. Please refer to <b>Appendix III</b>.</p>
Note 8	<p><u>Scenario A and B</u></p> <p>The dividends is assumed to be zero.</p>
Note 9	<p><u>Scenario A</u></p> <p>Risk-free rate of 3.50% is the interpolated yield of SGD Sovereign Zero Coupon Bond over the period of the expected life of the Put Options as at Valuation Date.</p> <p><u>Scenario B</u></p> <p>Risk-free rate of 3.50% is the SGD Sovereign Zero Coupon Bond over the period of the expected life (5 years) of the Options as at Valuation Date.</p>

Valuation of Put Option issued by ZACD Group Ltd.

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# Fair Value Computation

## Fair value computation of Put Option as at Valuation Date (Cont'd)



Note	Assumptions
<p>Note 10</p>	<p>Based on the inputs extracted as at Valuation Date and results derived from a paid Binomial and Black-Scholes model software.</p> <p><u>Scenario A</u></p> <p>We have assumed the Binomial Pricing model on the basis that the Put Options can be exercised in a certain period. (E.g. within 1 month after fourth anniversary)</p> <p><u>Scenario B</u></p> <p>We have assumed Black-Scholes model on the basis that the Put Option can be exercised only when there is breach of the undertaking by ZACD Investments and Founding Shareholders at any time if it happened.</p>
<p>Note 11</p>	<p><u>Scenario A</u></p> <p>Based on the remaining probabilities. (1 - probabilities of Scenario B)</p> <p><u>Scenario B</u></p> <p>Management represented that the breach of the undertaking by ZACD Investments and Founding Shareholders is deemed to be extremely low based on the clauses that shareholdings do not fall below the threshold. As such, management has assigned a low probability of 1%.</p>

Valuation of Put Option issued by ZACD Group Ltd.



Appendices

# Appendix I

## Independence and Professional Declaration



I, Grace Lui, declare that:

1. I understand that I have instructed to provide an opinion on the fair value of Put Option. I have complied and will continue to comply with that duty.
2. I have no financial or personal relationship with the subject company and client, other than professional fees received for carrying out the certification exercise pursuant to appointment by one of the shareholders of the subject company, ZACD Group.
3. I have done my best, in preparing this report, to be accurate and complete. I have mentioned all matters which I regard as relevant to the opinions I have expressed. All of the matters on which I have expressed an opinion lie within my field of expertise.
4. I have not included anything in this report which has been suggested to me by anyone, including the management of the subject company, lawyers and client instructing me, without forming my own independent view of the matter.
5. Where, in my view, there is a range of reasonable opinion, I have indicated the extent of that range in the report.

6. At the time of signing the report I consider it to be complete and accurate.

**Grace Lui**  
**Director, Valuation and Transaction Services of CIA Global TS Advisory Pte Ltd**  
 FCA (Singapore), CVA, ICVS

# Appendix II

## Sources of Information



### Our work was performed based on the following information:

- Side letter issued by ZACD Capital Pte. Ltd. dated 28 December 2022;
- Side letter issued by ZACD Group Ltd. dated 28 December 2022;
- Deed of undertaking entered between Yeo Choon Guan (Yao Junyuan), Sim Kain Kain and Top Global Limited dated 28 December 2022;
- Announcement dated 28 December 2022;
- Historical new housing pricing located at the same district with the Subject Property from 19 October to 2017 to 18 October 2022 (Source: REALIS Urban Redevelopment Authority (URA));
- United States Department of Treasury;
- Capital IQ; and
- Discussion with Management.

Valuation of Put Option issued by ZACD Group Ltd.

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# Appendix III

## Volatilities



Table: Volatility of as at 18 October 2022 (%)			
Project Name	4.08 years	5.00 years	5.00 years
77 @ East Coast	12.57%	12.57%	12.57%
Amber 45	26.36%	28.78%	28.78%
Amber Park	7.84%	7.84%	7.84%
Amber Skye	N.A.	49.32%	49.32%
Baywind Residences	6.40%	6.40%	6.40%
Coastline Residences	22.72%	22.72%	22.72%
Fivenine	N.A.	5.95%	5.95%
Infini At East Coast	19.13%	19.13%	19.13%
J@63	27.37%	27.37%	27.37%
Meyer Mansion	19.47%	19.47%	19.47%
Meyerhouse	15.09%	15.09%	15.09%
Nyon	30.02%	30.02%	30.02%
One Meyer	14.87%	14.87%	14.87%
Residence Twenty-Two	8.30%	8.30%	8.30%
Royal Hallmark	28.86%	28.86%	28.86%
Rymden 77	31.28%	31.28%	31.28%
Seraya Residences	16.66%	16.66%	16.66%
The Ramford	19.26%	19.26%	19.26%
Minimum	6.40%	5.95%	5.95%
Maximum	31.28%	49.32%	49.32%
Average	19.14%	20.22%	20.22%
<b>Median</b>	<b>20.00%</b>	<b>20.00%</b>	<b>20.00%</b>
<b>2 times</b>	<b>40.00%</b>	<b>40.00%</b>	<b>40.00%</b>

Source: Provided by Management

Valuation of Put Option issued by ZACD Group Ltd.

# Appendix IV

## Restrictions and Limitation of Liability



- The detailed scope of our work was limited as specified in our engagement letters dated 14 October 2022 and 23 February 2023.
- This engagement is different from that of an audit and it cannot therefore be relied upon to provide the same level of assurances as an audit. In particular, the information on which our report was based has not, except as specifically stated in this report, been subject to verification, and consequently we are not able to express an audit opinion on it.
- Our valuation procedures are not designed to uncover any fraudulent activities and its resulting impact on the financial accounts of the subject company or business.
- Management is responsible for the financial accounts provided for the purpose of our work. We have not undertaken any due diligence or audit of the information provided to us. The accuracy of such information is the sole responsibility of Management.
- In completing our work, we have relied upon the integrity of the information and data supplied to us. We have not independently verified the information or documentation provided to us unless expressly stated in this report.
- If prospective financial information approved by Management has been used in our work, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results and those differences may be material.
- Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
- We are not expressing an opinion on the merits and structure of the proposed investment or acquisition and neither are we expressing any opinion on the market value of the subject company or business.
- This valuation report is prepared solely in connection with the terms agreed. It is not intended for general circulation or publication nor is it to be reproduced or used for any other purpose without our prior written permission in each specific instance. We do not assume responsibility or liability occasioned to the company, or to any other parties as a result of circulation, publication, reproduction or use of this report contrary to the provision of this paragraph.
- We shall not under any circumstances be liable for damages or for losses that are not a direct result of fraud, gross negligence or breach of duty on our part in respect of services provided in connection with, or arising out of, the engagement set out in our proposal (or any variation or addition thereto) or for any consequential losses or loss of profit of whatsoever nature, and in any event, the liability of CLA Global TS, its directors and staff (whether in contracts, negligence or otherwise) shall in no circumstances exceed three times the fee paid specifically for the work in question which allegedly entailed a breach of contract or negligence on our part. In no event will CLA Global TS be liable for any loss, damage, cost or expense arising in any way from fraudulent acts by other parties.
- The amount of the liability shall be limited to that proportion of the total damage, after taking into account the contributory negligence, if any, of the Company/Client, determined to be just and equitable having regard to the extent of the responsibility of CLA Global TS for the damage in question.

### Disclaimer of Post Date Events

- This report is issued based on our understanding that Management has drawn our attention to all material matters which may have an impact on our report up to the date of this report. We are not required to update our report or any other information provided to you for events and circumstances arising after the issue of our analysis and findings.

Valuation of Put Option issued by ZACD Group Ltd.

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## 1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### **Directors' and chief executive's interests and short positions in Shares and underlying Shares and debentures of the Company and its associated corporation**

As at the Latest Practicable Date, save as disclosed in the section headed "Corporate Governance and Other Information" of the third quarterly report 2022 of the Company (Pages 34 to 38) of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<https://www.zacdgroup.com/shareholders/announcements-circulars/>), none of the Directors or the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

### **Substantial Shareholders' and other persons' interest and short positions in Shares and underlying Shares**

As at the Latest Practicable Date, save as disclosed in the section headed "Corporate Governance and Other Information" of the third quarterly report 2022 of the Company (Pages 38 to 39) of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<https://www.zacdgroup.com/shareholders/announcements-circulars/>), no person, other than the Directors and the chief executive of the Company, whose interests are set out in the section "Director's and chief executive's interests and short positions in Shares and underlying Shares and debentures of the Company and its associated corporation" above, had or was deemed to have any interests and short positions in the Shares, underlying Shares or

debentures of the Company which was required to be recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. DISCLOSURE OF OTHER INTERESTS

#### Directors' service contract

As at the Latest Practicable Date, save as disclosed in the section headed "Directors' Service Contracts and Letters of Appointment" in Annual Report 2021 (Page 43) of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<https://www.zacdgroup.com/shareholders/financial-reports/>), none of the Directors had any proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one (1) year without payment of compensation (other than statutory compensation).

#### Directors' competing interests

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interests in any business, apart from the business of the Group, which compete or may compete, either directly or indirectly, with the business of the Group.

#### Directors' interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

#### Directors' interests in contracts or arrangements of significance

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

#### 4. EXPERT'S QUALIFICATIONS AND CONSENTS

The following is the qualifications of the expert who has given their opinion and advice which are included in this circular:

<b>Name</b>	<b>Qualification</b>
CLA Global TS Advisory Pte. Ltd. (formerly known as Nexia TS Advisory Pte. Ltd)	Professional valuer

Founded in 1993, CLA Global TS (formerly known as Nexia T.S.), is an award-winning Asia-Centred Business Advisor. An independent member firm of CLA Global Network, CLA Global TS provides a full spectrum of professional services including, but not limited to Assurance & IPO Reporting, Tax, Risk Advisory, Valuation, Insolvency & Restructuring, Sustainability & Climate Change Advisory and more.

The above expert has given and has not withdrawn their written consents to the issue of this circular with the inclusion of their letters and references to their names included herein in the form and context in which they appear.

#### 5. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

- (i) a banking facility letter agreement dated 8 April 2020 entered into between United Overseas Bank Limited (as the lender) and the Company (as the borrower) pursuant to which the Company was granted an unsecured 5-year temporary bridging loan under the Enterprise Financing Scheme for the amount of S\$3,000,000.

#### 6. LITIGATION

As at the Latest Practicable Date, apart from the major legal claims, announced by the Company on the 24 July 2020 and 6 August 2020, brought by the Company against the Trust lawyer and the firm of solicitors, these claims having been settled as between the parties therein in favour of the Company as has been already announced as well, there is one action pending against 15 defendants made up of companies under the iProsperity Group as well as individuals who were at material times officers and/or employees of those iProsperity Group entities. This suit registered

as NSD604/2022 was jointly brought by the Company and third party investors to recover monies which were invested into iProsperity Group's investment projects. This present pending action was filed on the 5 August 2022 in the Federal Court of Australia. The suit is ongoing and the matter is presently in the pre-trial stages of litigation.

## 7. GENERAL

- (i) The registered office, head office and the principal place of business in Singapore of the Company is 300 Beach Road, #34-05 The Concourse, Singapore 199555.
- (ii) The principal place of business of the Company in Hong Kong is 20/F, Winbase Centre, 208 Queen's Road Central, Sheung Wan, Hong Kong.
- (iii) One joint company secretary in Hong Kong and one joint company secretary in Singapore of the Company were appointed:
  - (a) Mr. Ip Pui Sum was appointed as one of the joint company secretaries of the Company in Hong Kong on 12 July 2017. Mr. Ip has been the founding partner of Sum, Arthur & Co., Certified Public Accountants since 1993 whose scope of services includes the provision of financial statement audit, accounting and company secretary services. Mr. Ip has been appointed as the company secretary of various companies listed on the Main Board. Mr. Ip obtained a higher diploma in accountancy from the Hong Kong Polytechnic University in November 1982 and a master's degree in business administration from Henley Management College and Brunel University in May 1997. Mr. Ip is a Certified Public Accountant (Practising) in Hong Kong, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants, the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries; and
  - (b) Mr. Tan Kim Swee Bernard, was appointed as one of the joint company secretaries of the Company in Singapore on 8 November 2016. He is a practicing solicitor in Singapore. He has over twenty-two (22) years of experience in legal practice including the professional secretarial services sector in Singapore. He obtained a Bachelor of Laws degree from the National University of Singapore in August 2000.
- (iv) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text unless otherwise specified.

**8. DOCUMENTS AVAILABLE**

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.zacdgroup.com](http://www.zacdgroup.com)) from the date of this circular up to 14 days thereafter:

- (i) the material contracts referred to in the paragraph headed “Material Contracts” above in this Appendix;
- (ii) the annual report of the Company for the three years ended 31 December 2019, 2020 and 2021;
- (iii) the first quarterly report 2022 of the Company for the three months ended 31 March 2022;
- (iv) the interim report 2022 of the Company for the six months ended 30 June 2022;
- (v) the third quarterly report 2022 of the Company for the nine months ended 30 September 2022;
- (vi) this circular and a copy of each circular issued pursuant to the requirements set out in Chapters 19 and/or 20 of the GEM Listing Rules which has been issued since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up);
- (vii) the Put Option valuation report prepared by CLA Global; and
- (viii) Subscription Agreement, Convertible Loan Agreement, Side Letters, Deed of Guarantee and Deeds of Undertaking (redacted).

The Company has applied for, and the Stock Exchange have granted, a waiver from strict compliance with Rule 19.66(11) and Appendix 1B paragraph 42(2)(c) to the Listing Rules from the Stock Exchange, so that certain confidential information contained in the Subscription Agreement, Convertible Loan Agreement, Side Letters, Deed of Guarantee, Deeds of Undertaking will be redacted and published on the websites of the Stock Exchange and the Company. The redacted information is related to the personal data and is of minor importance or sensitive and confidential personal information which may possibly breach the Personal Data Protection Act 2012, Spam Control Act 2007 of Singapore. The Company considers that the redacted information is not material information relating to the major transaction, the omission of which would not affect the Shareholders’ assessment of the commercial terms and is not likely to mislead the Shareholders

and the investing public with regard to the facts and circumstances, knowledge of which is essential for the informed assessment of the transaction. This waiver will not cause any undue risk to the Shareholders. The redacted information is to ensure we comply with the Personal Data Protection Act and Spam Control Act of Singapore and also to remove the possibility of the information and signatories so redacted from being used for illegal, unauthorised or wrongful purpose(s).