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Trendzon Holdings Group Limited

卓航控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1865)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE ENTERING INTO OF
(I) THE CONSTRUCTION CONTRACT AND
(II) THE CONSTRUCTION DESIGN CONTRACT
FOR TRENDZON DIANDIAN SCIENCE AND
TECHNOLOGY INNOVATION CITY**

(I) THE CONSTRUCTION CONTRACT

On 5 October 2021, Trendzon Zhongshan entered into the Construction Contract with the Construction Contractor for the construction of basic infrastructure for Trendzon Diandian Science and Technology Innovation City at the consideration of RMB18,000,000 (equivalent to approximately HK\$21,744,000).

(II) THE CONSTRUCTION DESIGN CONTRACT

On 5 October 2021, Trendzon Zhongshan entered into the Construction Design Contract with the Construction Designer for the construction design in relation to Trendzon Diandian Science and Technology Innovation City at the consideration of RMB10,500,000 (equivalent to approximately HK\$12,684,000).

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) for the Construction Contract is more than 5% but less than 25%, the entering into of the Construction Contract constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As all the applicable percentage ratios (as defined under the Listing Rules) for the Construction Design Contract are less than 5%, the entering into of the Construction Design Contract itself is fully exempt from the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in relation to the Construction Contract and the Construction Design Contract on an aggregate basis exceeds 5% but is less than 25%, the entering into of the Construction Contract and the Construction Design Contract and the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 7 June 2021 in relation to the entering into of the strategic framework agreement in relation to the establishment of an integrated industrial operation platform, which will conduct the upgrades of regional industrial structure nationwide and create “industrial IP” parks by life category based on urban characteristics under the name of Trendzon Diandian Science and Technology Innovation City.

(I) THE CONSTRUCTION CONTRACT

The Board is pleased to announced that on 5 October 2021, Trendzon Zhongshan entered into the Construction Contract with the Construction Contractor for the construction of basic infrastructure of Trendzon Diandian Science and Technology Innovation City.

The principal terms of the Construction Contract are set out as follows:

Date: 5 October 2021

Parties: (1) Trendzon Zhongshan; and
(2) The Construction Contractor

Subject matter

Pursuant to the Construction Contract, the Construction Contractor shall be responsible for furnishing the basic infrastructure construction work, i.e. the “three links and one leveling” construction work, for Trendzon Diandian Science and Technology Innovation City located at Shenwan Village, Banfu Town, Zhongshan City, Guangdong Province, the PRC. The “three links and one leveling” refers to the access to water supply, electricity and roads as well as land levelling.

According to the Construction Contract, the Construction Contractor shall act as the main contractor responsible for provision of machinery and tools for the construction period, ensuring the quality and safety of the construction work, maintaining valid labor insurance supplies, labor insurance benefits and engineering insurance, and bearing all other fees incurred in respect of the construction work contemplated under the Construction Contract.

Quality standard

The Construction Contractor shall ensure that the construction work carried out by it is in compliance with the national, industry and regional advanced design and construction regulations, codes, standards and other relevant regulations, and shall meet the qualified standards of the industry. The Construction Contractor shall be responsible for workers' safety education, safety knowledge promotion, safety awareness enhancement, and occupational accidents precaution. The Construction Contractor shall solely bear all liabilities arising from any occupational accidents.

Service period

The construction work under the Construction Contract shall be completed by December 2022.

Consideration

The consideration payable by Trendzon Zhongshan to the Construction Contractor under the Construction Contract is RMB18,000,000 (equivalent to approximately HK\$21,744,000), which shall be payable in the following manner:

- (i) RMB3,600,000 of the consideration shall be payable within 3 working days after signing of the Construction Contract;
- (ii) RMB3,600,000 of the consideration shall be payable upon completion of 40% of the construction work under the Construction Contract;
- (iii) RMB5,400,000 of the consideration shall be payable upon completion of 70% of the construction work under the Construction Contract; and
- (iv) RMB5,400,000 of the consideration shall be payable upon completion of all the construction work under the Construction Contract.

The total consideration was determined after arm's length negotiations between Trendzon Zhongshan and the Construction Contractor, and will be settled by the Group by external financing and/or internal resources.

Information on the Construction Contractor

The Construction Contractor is a company established in the PRC in January 2007 with limited liability, and is principally engaged in the provision of construction services in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Construction Contractor and its ultimate beneficial owner(s), is an Independent Third Party and is not related to the Construction Designer.

(II) THE CONSTRUCTION DESIGN CONTRACT

The Board is pleased to announced that on 5 October 2021, Trendzon Zhongshan entered into the Construction Design Contract with the Construction Designer for the construction design of Trendzon Diandian Science and Technology Innovation City.

The principal terms of the Construction Design Contract are set out as follows:

Date: 5 October 2021

Parties: (1) Trendzon Zhongshan; and

(2) The Construction Designer

Subject matter

Pursuant to the Construction Design Contract, the Construction Designer shall be responsible for furnishing the construction design for Trendzon Diandian Science and Technology Innovation City located at Shenwan Village, Banfu Town, Zhongshan City, Guangdong Province, the PRC with total construction area of approximately 700,000 square meters comprising approximately 650,000 square meters on ground level and approximately 50,000 square meters on the basement.

Quality standard

The Constructor Designer shall carry out the construction design in accordance with the national design codes, standards, regulations and the requirements of Trendzon Zhongshan, and shall submit the design materials of qualified quality and in-depth design according to the schedule requirements stipulated in the Construction Design Contract. The main technical standards adopted by the Construction Designer shall include the current prevailing national design standards and regulations, and the corresponding laws and regulations. All the design work shall have a reasonable life span of 50 years.

Service period

The service period under the Construction Design Contract is estimated to be 180-270 days.

Consideration

The consideration payable by Trendzon Zhongshan to the Construction Designer under the Construction Design Contract is RMB10,500,000 (equivalent to approximately HK\$12,684,000), of which,

- (i) 10% of the consideration shall be payable within 5 working days after signing of the Construction Design Contract; and

- (ii) the balance thereof shall be payable by installments according to the overall planning and construction progress, i.e. calculate the amount of design fee payable in each phase according to the construction area of each phase of the construction plan. Each installment payment shall be payable within 5 working days after submitting the construction drawings of each phase according to the overall planning and construction progress.

The total consideration was determined after arm's length negotiations between Trendzon Zhongshan and the Construction Designer, and will be settled by the Group by external financing and/or internal resources.

Information on the Construction Designer

The Construction Designer is a company established in the PRC in March 2009 with limited liability and is principally engaged in the provision of construction design services in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Construction Designer and its ultimate beneficial owner(s), is an Independent Third Party and is not related to the Construction Contractor.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT AND THE CONSTRUCTION DESIGN CONTRACT

The Company is an investment holding company and the Group is principally engaged in (i) the provision of infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services; and (ii) trading of building materials.

The Group considers that the entering into of the Construction Contract and the Construction Design Contract are vital to progressing for the establishment of Trendzon Diandian Science and Technology Innovation City. It is expected that substantive construction work shall be carried out in full force and the Group targets to complete the infrastructure construction in Trendzon Diandian Science and Technology Innovation City by late 2022.

The Construction Contractor and the Construction Designer have conducted business in the construction industry in the PRC for many years and has comprehensive experience in construction work and construction design respectively. The Directors believe that engaging the Construction Contractor and the Construction Designer to carry out the construction work and construction design would allow the Group to successfully leverage their respective technical expertise and experience, and that the appointment of the Construction Contractor and the Construction Designer as contractors can meet the needs of the construction work and construction design in Trendzon Diandian Science and Technology Innovation City.

The Group will closely monitor (i) the progress and quality of the construction work, in accordance with the work plans as approved by the Group, and (ii) the construction design to ensure quality design in accordance with the need of the Group for the Trendzon Diandian Science and Technology Innovation City will be delivered.

The Directors consider that the terms of the Construction Contract and the Construction Design Contract are on normal commercial terms, fair and reasonable and the entering into of the Construction Contract and the Construction Design Contract and the respective transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) for the Construction Contract is more than 5% but less than 25%, the entering into of the Construction Contract constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of Listing Rules.

As all the applicable percentage ratios (as defined under the Listing Rules) for the Construction Design Contract are less than 5%, the entering into of the Construction Design Contract itself is fully exempt from the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in relation to the Construction Contract and the Construction Design Contract on an aggregate basis exceeds 5% but is less than 25%, the entering into of the Construction Contract and the Construction Design Contract and the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Trendzon Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1865)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Construction Contract”	the construction contract dated 5 October 2021 and entered into between Trendzon Zhongshan and the Construction Contractor in relation to the “three links and one leveling” construction work in Trendzon Diandian Science and Technology Innovation City
“Construction Contractor”	Zhongshan Leixin Earthwork Company Limited# (中山市磊鑫土石方工程有限公司), a company established in the PRC with limited liability, a party to the Construction Contract

“Construction Design Contract”	the construction design contract dated 5 October 2021 and entered into between Trendzon Zhongshan and the Construction Designer in relation to the construction design work in Trendzon Diandian Science and Technology Innovation City
“Construction Designer”	Zhongshan No.2 Architecture Design Institute Company Limited No.1 branch# (中山市第二建築設計院有限公司第一分公司) , a company established in the PRC with limited liability, a party to the Construction Design Contract
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trendzon Diandian Science and Technology Innovation City”	the establishment of integrated industrial operation platform in certain industrial real estates and/or upgrades of regional industrial structure in the PRC for the creation of industrial parks by the Company under the name 卓航•點點科創城 (transliterated in English as Trendzon Diandian Science and Technology Innovation City)
“Trendzon Zhongshan”	Trendzon Park Project Investment and Development (Zhongshan) Company Limited# (卓航科創城項目投資開發(中山)有限公司) , a company established in the PRC with limited liability, a subsidiary of the Company

“working day”	any day (excluding Saturday, Sunday, public holiday in the PRC) on which banks generally are open for business in the PRC during normal working hours
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
Trendzon Holdings Group Limited
Feng Jiamin and Michael Shi Guan Wah
Joint Chairmen

Hong Kong, 5 October 2021

As at the date of this announcement, the Board comprises Mr. Michael Shi Guan Wah, Ms. Feng Jiamin and Mr. Lok Ka Ho as executive directors; and Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan), Mr. Choo Chih Chien Benjamin, Mr. Tong Wing Chi, Mr. Shek Jun Chong and Mr. Qiu Yue as independent non-executive directors.

#In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.

For the purposes of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.208. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.