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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)

SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE

On 16 May 2022 (after trading hours), the Company entered into two Subscription Agreements with two Subscribers, pursuant to which the Company has agreed to allot and issue, and the two Subscribers have conditionally agreed to subscribe for the Subscription Shares, representing (i) 20% of the entire issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Price is HK\$0.475 per Subscription Share, which (i) equals the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) represents a premium of approximately 21.17% over the average closing price of HK\$0.392 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The gross proceeds of the Subscriptions are HK\$87.4 million and the net proceeds from the Subscriptions are estimated to be approximately HK\$87 million. The net subscription price per Subscription Share is approximately HK\$0.473. The Company intends to use approximately 20% of the net proceeds for the development of the joint venture's businesses, approximately 30% of the net proceeds as future investment funds on suitable investment or acquisition targets, and approximately 50% of the net proceeds for the replenishment of general working capital and settlement of the liabilities of the Group. The Subscription Shares will be allotted and issued under the General Mandate.

As the completion of the Subscriptions is subject to the fulfilment of the conditions precedent as stated in the Subscription Agreements, the Subscriptions may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

THE SUBSCRIPTIONS

On 16 May 2022 (after trading hours), the Company entered into two Subscription Agreements with two Subscribers, pursuant to which the Company has agreed to allot and issue and the two Subscribers have conditionally agreed to subscribe for the Subscription Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreements.

The Subscription Agreements

Set out below is a summary of the principal terms of the Subscription Agreements:

The Subscription Agreement A

Date: 16 May 2022

Parties: (1) the Company (as issuer); and

(2) Subscriber A (as subscriber)

Pursuant to Subscription Agreement A, the Subscriber A conditionally agreed to subscribe for 138,000,000 new Shares under Subscription A. Subscriber A, namely Zhongbei Capital Co., Limited, is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding, it is wholly owned by Ms. Yao. As advised by Subscriber A, the long-term development is to cooperate with leading domestic and foreign companies, especially those specializing in equity and precious metals trading. The management of Subscriber A not only has a broad international perspective, but also has a deep understanding of the PRC's conditions, with diversified industry perspectives, an open and inclusive corporate culture and excellent execution capabilities, which enable Subscriber A to develop into a leading and unique consulting agency and investment company in the industry.

The Subscription Agreement B

Date: 16 May 2022

Parties: (1) the Company (as issuer); and

(2) Subscriber B (as subscriber)

Pursuant to Subscription Agreement B, Subscriber B conditionally agreed to subscribe for 46,000,000 new Shares under Subscription B. Subscriber B, namely Shanghai Heri Investment Company Limited, is a company established in the PRC with limited liability and is principally engaged in financial investments and capital market. Subscriber B is owned as to 90% by Mr. Zhang and is the holder of the 4.3% coupon unsecured unlisted bonds issued by a wholly-owned subsidiary of the Company in the principal amount of RMB45,000,000 with a term of four years pursuant to a bond subscription agreement dated 5 October 2021. As advised by Subscriber B, it aims to become a large, stable, professional, responsible and reputable international institutional investor.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of the Subscribers and their beneficial owners, Ms. Yao and Mr. Zhang, is independent of the Company and its connected persons. Upon completion of the Subscriptions, Subscriber A will become a substantial Shareholder of the Company and hence, a connected person of the Company. Each of the Subscribers is independent of each other.

Apart from the number of the Subscription Shares to be subscribed by each of the Subscribers set out above and the identities of the Subscribers, the terms of each of the Subscription Agreements are identical. Set out below are the key terms of the Subscription Agreements:

Conditions of the Subscriptions

The completion of the Subscriptions is conditional upon, among others, the following conditions being satisfied:

- (i) the Listing Committee of the Stock Exchange granting approval (subject to allotment) for the listing of and permission to deal in the Subscription Shares to be issued and such approval not being subsequently revoked;
- (ii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Subscription Agreements and the transactions contemplated thereunder having been obtained and remaining in full force and effect; and
- (iii) all necessary consents and approvals required to be obtained on the part of the Subscribers in respect of the Subscription Agreements and the transactions contemplated thereunder having been obtained and remaining in full force and effect.

The parties to the Subscription Agreements shall use all endeavours to procure the fulfilment of all the conditions above by the Long Stop Date or such other date as the parties to the Subscription Agreements may agree. In the event that all the conditions have not been fulfilled by the Long Stop Date and the Company and the Subscribers have not agreed to extend the Long Stop Date upon the expiry of the Long Stop Date, the Subscription Agreements will be terminated and ceased to be effective, and neither parties shall have obligations and liabilities against the other thereafter, save for any antecedent breach of the Subscription Agreements.

Each of the Subscription Agreements is not conditional upon the other.

Subscription Price

The Subscription Price is HK\$0.475 per Subscription Share, which (i) equals the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) represents a premium of approximately 21.17% over the average closing price of HK\$0.392 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Subscription Price is payable on or before completion of the Subscriptions and was arrived after arm's length negotiations between the Company and the Subscribers with reference to the recent trading performance of the Shares. The Directors consider that the terms of the Subscription Agreements (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Completion of the Subscriptions

The completion of the Subscriptions will take place on the third Business Day after the conditions of the Subscriptions have been fulfilled (or on such other date and time as may be agreed between the Company and the Subscribers).

Subscription Shares

The Subscription Shares comprise of 184,000,000 new Shares, representing (i) 20% of the entire issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares will be HK\$1,840,000.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

General Mandate to issue the Subscription Shares

The Directors were authorised to allot and issue up to 184,000,000 Shares under the General Mandate at the annual general meeting of the Company held on 17 September 2021. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the maximum number of new Shares that could be allotted and issued under the General Mandate is 184,000,000 Shares. The allotment and issue of the Subscription Shares will be allotted and issued under the General Mandate, and are not subject to Shareholders' approval.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in pipeline construction works for gas, water, and cable installation and trading of building materials.

The Board is of the view that, in light of the uncertainties in the global business market, the Subscriptions are to the benefit of the Company and will improve its cash and financial position, including but not limited to reducing the Group's gearing ratio, enhancing the Group's capital structure and strengthening its cash reserve, so as to maintain the Group's financial flexibility when liabilities of the Group fall due. At the same time, the Subscriptions support the development of the Group's various new businesses, including the acquisition of the majority stake of a licensed corporation carrying out regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in September 2021 which is contemplated to be completed in the near future. In view of the aforesaid, the Directors consider the terms of the Subscription Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscriptions are HK\$87.4 million and the net proceeds from the Subscriptions are estimated to be approximately HK\$87 million. The net subscription price per Subscription Share is approximately HK\$0.473. The Company intends to use approximately 20% of the net proceeds for the development of the joint venture's businesses, approximately 30% of the net proceeds as future investment funds on suitable investment or acquisition targets, and approximately 50% of the net proceeds for the replenishment of general working capital and settlement of the liabilities of the Group. The Subscription Shares will be allotted and issued under the General Mandate.

EQUITY FUND RAISING ACTIVITY IN THE TWELVE MONTHS IMMEDIATELY BEFORE THE DATE OF THIS ANNOUNCEMENT

The Company has not carried out any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Subscriptions are set out below, for illustrative purposes only (assuming that there is no allotment and issue of new Shares from the date of this announcement to completion of the Subscriptions):

Shareholders	As at the date of this announcement		Immediately after the completion of the Subscriptions	
	No. of Shares	approx. %	No. of Shares	approx. %
Subscriber A	–	–	138,000,000	12.50
Subscriber B	–	–	46,000,000	4.17
Other public shareholders	920,000,000	100.00	920,000,000	83.33
Total	920,000,000	100.00	1,104,000,000	100.00

As the completion of the Subscriptions is subject to the fulfilment of the conditions precedent as stated in the Subscription Agreements, the Subscriptions may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise stated or the context requires otherwise, the terms in this announcement have the following meanings:

“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“Company”	Trendzon Holdings Group Limited, a company incorporated in Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1865)
“connected persons”	has the meaning ascribed to it in the Listing Rules and “connected” shall be construed accordingly
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 17 September 2021 to allot, issue and deal with 184,000,000 Shares, being 20% of the total number of Shares in issue as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	16 May 2022, being the last trading day of the Shares prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	6 June 2022 or such later date as the parties to each of the Subscription Agreements may agree

“Ms. Yao”	Yao Jiajia (姚佳佳), a PRC national
“Mr. Zhang”	Zhang Jiancheng (張健誠), a PRC national
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Reminbi, the lawful currency of the PRC
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Zhongbei Capital Co., Limited (中北資本有限公司), a company incorporated in Hong Kong with limited liability
“Subscriber B”	Shanghai Heri Investment Company Limited* (上海赫日投資有限公司), a company established in the PRC with limited liability
“Subscribers”	the subscribers subscribing for the Subscription Shares under the Subscriptions, namely, Subscriber A and Subscriber B
“Subscription A”	the subscription for the 138,000,000 Subscription Shares by Subscriber A pursuant to Subscription Agreement A
“Subscription B”	the subscription for the 46,000,000 Subscription Shares by Subscriber B pursuant to Subscription Agreement B
“Subscription Agreement A”	the subscription agreements dated 16 May 2022 and entered into between the Company and Subscriber A in respect of Subscription A
“Subscription Agreement B”	the subscription agreements dated 16 May 2022 and entered into between the Company and Subscriber B in respect of Subscription B
“Subscription Agreements”	collectively, Subscription Agreement A and Subscription Agreement B
“Subscription Price”	the subscription price of HK\$0.475 per Subscription Share

“Subscription Share(s)”	184,000,000 new Shares to be allotted and issued pursuant to the Subscription Agreements
“Subscriptions”	collectively, Subscription A and Subscription B
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Trendzon Holdings Group Limited
Feng Jiamin
Chairman

Hong Kong, 16 May 2022

** For identification purpose only*

As at the date of this announcement, the Board comprises Ms. Feng Jiamin, Mr. Michael Shi Guan Wah, Mr. Lok Ka Ho and Mr. Fong Hang Fai as executive Directors; Mr. Shek Jun Chong, Mr. Qiu Yue, Mr. Lui Kwun Yuen, and Mr. Wong Kwong Fai as independent non-executive Directors.