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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

DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF A SUBSIDIARY

THE DISPOSAL

On 26 January 2024 (after trading hours), the Company (the Vendor) and the Purchasers entered into the SPA pursuant to which the Company has agreed to sell and the Purchasers have agreed to acquire, the Sale Shares, representing the entire issued share capital of the Target Company at a cash consideration of HK\$9,250,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% and all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the circular and shareholders' approval requirements under the Listing Rules.

THE DISPOSAL

On 26 January 2024 (after trading hours), the Company (the Vendor) and the Purchasers entered into the SPA pursuant to which the Company has agreed to sell, and the Purchasers have agreed to acquire, the Sale Shares, representing the entire issued share capital of the Target Company at a cash consideration of HK\$9,250,000.

The SPA

Set out below are the principal terms and conditions of the SPA:

Date

26 January 2024 (after trading hours)

Parties

- (1) The Company (as Vendor);
- (2) Mr. Mao Le (as Purchaser);
- (3) Ms. Feng Qiuhe (as Purchaser); and
- (4) Ms. Ding Xiameng (as Purchaser).

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

Assets to be disposed of

Pursuant to the SPA, the Vendor has conditionally agreed to sell to the Purchasers the Sale Shares, representing the entire issued share capital of the Target Company.

The Consideration

The Consideration, being HK\$9,250,000, shall be settled in cash by the Purchasers in the following manner:

- (1) a sum of HK\$200,000 (the “**Deposit**”) shall be paid before signing of the SPA as deposit and part payment of the Consideration;
- (2) a sum of HK\$4,800,000 (the “**First Payment**”) shall be paid upon signing of the SPA;
and
- (3) a sum of HK\$4,250,000 (the “**Final Payment**”), being the remaining balance of the Consideration, shall be paid on the Completion Date.

The Consideration was determined after arm’s length negotiations between the Company and the Purchasers with reference to (i) the operating conditions of Wealth Link since its acquisition by the Group; (ii) the unaudited income generated by Wealth Link of approximately HK\$3.7 million and the unaudited net loss incurred by Wealth Link of approximately HK\$3.0 million for the year ended 31 December 2023; and (iii) the uncertain prospects of Wealth Link as expected by the Group.

The Directors (including the independent non-executive Directors) considered that the terms of the SPA are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Conditions precedent

Completion is conditional upon the satisfaction of the following conditions:

- (a) the obtaining of an approval (if applicable) in writing from the SFC approving each of the Purchasers to become a shareholder of the Target Company and the successful submission of Form 5 (Notification – Licensed Corporation, Registered Institution, Licensed Representative and Substantial Shareholder) to the SFC without further enquiry from the SFC;
- (b) the Warranties remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the SPA and Completion;

- (c) the Purchasers notifying the Vendor in writing that in reliance of the Warranties and upon inspection and investigation of the documents in respect of the Target Company which may be required by the Purchasers after the execution of the SPA and due diligence carried out by the Purchasers on the Target Company after the execution of the SPA, it is fully satisfied with the conditions, both legally, financial and operational, of the Target Company and its prospect;
- (d) if applicable, the obtaining of all necessary approvals and consents of the landlord of the office premises occupied by Wealth Link and the relevant authorities in respect of the SPA as may be required by the relevant laws; and
- (e) Wealth Link maintaining at least two responsible officers.

The Purchasers may at their absolute discretion waive all or any of the above conditions at any time by notice in writing to the Vendor.

If any of the above conditions have not been fulfilled or waived by the Purchasers within three (3) calendar months from the date of the SPA (or such later date as the Vendor and the Purchasers may agree in writing):

- (a) the Purchasers shall not be bound to proceed with the purchase of the Sale Shares;
- (b) the Deposit shall be forfeited by the Vendor pursuant to the SPA;
- (c) the Final Payment shall be returned to the Purchasers by the Vendor; and
- (d) in such event the SPA shall cease to have any effect and no party shall have any further claim under it against the other (without prejudice to the rights of any party in respect of antecedent breaches).

Completion

Completion shall take place on the third Business Day following the date on which the last of the conditions precedent have been fulfilled, or such later date as the Vendor and the Purchasers may agree in writing.

INFORMATION ON THE GROUP

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; (ii) trading of building materials; and (iii) the provision of brokerage, placing and margin financing services.

INFORMATION ON THE PURCHASERS

The Purchasers are experienced entrepreneurs in the PRC. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchasers are Independent Third Parties.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

Wealth Link is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company. Wealth Link is licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. It is principally engaged in the provision of brokerage, placing and margin financing services in Hong Kong.

Set out below are financial information extracted from the consolidated financial statements of the Target Group for the years ended 31 December 2022 and 2023:

	For the year ended 31 December 2023 (unaudited)		For the year ended 31 December 2022 (unaudited)	
	<i>SGD'000</i>	<i>HK\$'000</i>	<i>SGD'000</i>	<i>HK\$'000</i>
Profit/(loss) before tax	2,164	12,806	(43)	(255)
Profit/(loss) after tax	2,164	12,806	(43)	(255)

The unaudited net assets of the Target Company as at 31 December 2023 was approximately SGD2.4 million (equivalent to approximately HK\$14.1 million).

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

It is expected that upon Completion, the Group will record an unaudited loss on the Disposal of approximately HK\$4.9 million. Such loss is estimated based on the Consideration and the carrying amount of the net assets of the Target Group as at 31 December 2023.

The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to any changes to the aforementioned carrying amount on the Completion Date and the review by the auditor of the Company upon finalisation of the consolidated financial statements of the Group.

Net proceeds from the Disposal, net of expenses in relation to the Disposal, are estimated to be approximately HK\$9.0 million. The Company intends to use the net proceeds from the Disposal for the Group's working capital purpose.

Upon Completion, the Target Company and Wealth Link will cease to be subsidiaries of the Company and the financial results of the Target Group will no longer be consolidated into the results of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal was made by the Company as the operating conditions of Wealth Link have not met the Group's expectations since the Group's acquisition of Wealth Link at the end of 2022, and there was an unaudited net loss of approximately HK\$3.0 million recorded by Wealth Link for the year ended 31 December 2023. The Board is of the view that the discontinuation of the brokerage, placing and margin financing business following the Completion will not have any material adverse impact on the financial position and operation of the Group. The Disposal and the cash inflow derived from it would allow the Group to better utilize its financial resources to develop the existing core businesses, streamline its operations and explore other investment opportunities, and is therefore in the best interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% and all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the circular and shareholders' approval requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open to general public for business
“Company”	Trendzon Holdings Group Limited 卓航控股集團有限公司, 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)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the SPA
“Completion Date”	the third Business Day following the date on which the last of the conditions precedent have been fulfilled, or such later date as the Vendor and the Purchasers may agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$9,250,000 payable by the Purchasers to the Vendor under the SPA
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Vendor to the Purchasers pursuant to the terms and conditions of the SPA
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchasers”	Mr. Mao Le (毛樂), Ms. Feng Qiuhe (奉秋和) and Ms. Ding Xiameng (丁霞夢) (individually a “Purchaser”)
“responsible officer”	has the meaning ascribed to it under the SFO
“Sale Shares”	100 shares representing the entire issued share capital of the Target Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGD”	Singapore dollars, the lawful currency of Singapore
“SPA”	the sale and purchase agreement entered into between the Vendor and the Purchasers on 26 January 2024 in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	JUMBO HARVEST GROUP LIMITED, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Target Group”	the Target Company and Wealth Link
“Vendor”	the Company
“Warranties”	the representations, warranties and undertakings provided by the Vendor to the Purchasers under the SPA

“Wealth Link”

Wealth Link Securities Limited 富滙證券有限公司, a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is wholly and beneficially owned by the Target Company as at the date of this announcement

“%”

per cent.

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

Hong Kong, 26 January 2024

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. Wu Kai Tang as independent non-executive Directors.