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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)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 22% EQUITY INTEREST IN THE TARGET COMPANY

Financial adviser to Company



**Lego Corporate
Finance Limited**

力高企業融資有限公司

THE SALE AND PURCHASE AGREEMENT

On 26 February 2024 (after trading hours), the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing 22% of the equity interest in the Target Company, at the consideration of S\$6.25 million (equivalent to approximately HK\$36.25 million). Upon Completion, the Target Company will remain as a subsidiary of the Company and will be owned by the Company and the Purchaser as to 78% and 22%, respectively.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal exceeds 25%, but less than 75%, the Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Disposal, the notice of the EGM and other information as required under the Listing Rules will be despatched to the Shareholders. As additional time is required to prepare and finalise the information required to be disclosed in the circular, it is expected that the circular will be despatched to the Shareholders on or before 22 March 2024.

Completion is conditional upon the satisfaction of the conditions set out in the Sale and Purchase Agreement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 26 February 2024 (after trading hours), the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing 22% of the equity interest in the Target Company, at the consideration of S\$6.25 million (equivalent to approximately HK\$36.25 million). Upon Completion, the Target Company will remain as a subsidiary of the Company and will be owned by the Company and the Purchaser as to 78% and 22%, respectively.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 26 February 2024 (after trading hours)

Parties: (i) the Company (as vendor); and
(ii) the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Subject matter: Under the Sale and Purchase Agreement, the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Shares, representing 22% of the equity interest in the Target Company, at the consideration of S\$6.25 million (equivalent to approximately HK\$36.25 million).

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Company. For further information on the Target Company, please refer to the section headed “Information of the Target Company”.

Consideration and payment terms

The Consideration of S\$6.25 million (equivalent to approximately HK\$36.25 million) was determined after arm’s length negotiation between the Company and the Purchaser on normal commercial terms and with reference to, (i) the financial performance and condition of the Target Group, in particular the unaudited net asset value of the Target Group as at 31 January 2024; and (ii) the reasons for and benefits of the Disposal as described under the section headed “Reasons for and benefits of the Disposal” below.

Pursuant to the Sale and Purchase Agreement, the Consideration will be settled by the Purchaser to the Company in cash in the following manner:

- (a) upon the signing of the Sale and Purchase Agreement, the Purchaser shall pay the Company a deposit of S\$1,650,000 (equivalent to approximately HK\$9.57 million); and
- (b) upon Completion, the Purchaser shall pay the Company the remaining balance of the Consideration of S\$4.60 million (equivalent to approximately HK\$26.68 million) within 15 Business Days after Completion.

Conditions precedent

Completion is conditional upon and subject to the fulfillment of the following conditions:

- (i) the clearance of all announcement(s) and circular(s) (if required) to be issued by the Company under the Listing Rules and all necessary approvals by the shareholders of the Company (if necessary) in respect of the transactions contemplated under this Agreement having been obtained by way of a majority vote at a general meeting as required under the Listing Rules;
- (ii) the representations and warranties given by the Purchaser having remained true and accurate, and not misleading in all material respects immediately prior to the Completion; and
- (iii) the representations and warranties given by the Company having remained true and accurate, and not misleading in all material respects immediately prior to the Completion.

The Company may waive the condition precedent specified in (ii) above, at any time by notice in writing to the Purchaser.

The Purchaser may waive the condition precedent specified in (iii) above, at any time by notice in writing to the Company.

As at the date of this announcement, none of the conditions precedent has been fulfilled.

If the conditions precedent specified shall not have been fulfilled (or waived in accordance) by 31 July 2024 or such later date as the Company and the Purchaser may agree in writing, the Sale and Purchase Agreement and everything therein contained shall, subject to the liability of any party to the others in respect of any breaches of the terms thereof, antecedent thereto, be null and void and of no effect.

Completion

Completion shall take place on the second Business Day after all the conditions precedent have been fulfilled or waived (where applicable) by the Purchaser or the Company (as the case may be) or at such other time as shall be mutually agreed in writing.

INFORMATION ON THE PARTIES INVOLVED

The Company

The Company is an investment holding company. The Group is principally engaged in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services, provision of brokerage, placing and margin financing services, provision of engineering services and trading of building materials.

The Target Company

As at the date of this announcement, the Target Company is a company incorporated in the BVI with limited liability. It is a wholly-owned subsidiary of the Company and is an investment holding company. The Target Company directly owns 100% of the equity interest in a principal subsidiary of the Group, namely, HSC Pipeline Engineering Pte. Ltd., which is principally engaged in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services in Singapore. Certain key financial information of the Target Group as extracted from its unaudited consolidated management accounts for the two years ended 31 March 2022 and 2023, and for the ten months ended 31 January 2024 is set out below.

	For the year ended		For the
	31 March		ten months
	2022	2023	ended
	<i>S\$'000</i>	<i>S\$'000</i>	31 January
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	2024
			<i>S\$'000</i>
			<i>(Unaudited)</i>
Revenue	46,368	59,749	45,151
	(equivalent to	(equivalent to	(equivalent to
	approximately	approximately	approximately
	HK\$268.9	HK\$346.5	HK\$261.9
	million)	million)	million)
Net profit/(loss) before tax	2,819	1,795	(1,512)
	(equivalent to	(equivalent to	(equivalent to
	approximately	approximately	approximately
	HK\$16.4 million)	HK\$10.4 million)	HK\$8.8 million)
Net profit/(loss) after tax	2,247	943	(1,510)
	(equivalent to	(equivalent to	(equivalent to
	approximately	approximately	approximately
	HK\$13.0 million)	HK\$5.5 million)	HK\$8.8 million)

The unaudited consolidated net asset value of the Target Group as at 31 January 2024 was approximately S\$28,405,000 (equivalent to approximately HK\$164.7 million).

The Purchaser

The Purchaser is an individual who is an entrepreneur in Singapore. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is an Independent Third Party.

FINANCIAL EFFECTS OF THE DISPOSAL

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Company. Upon Completion, the Target Company will be held as to 78% by the Company and 22% by the Purchaser. The Target Company will become a non-wholly owned subsidiary of the Company. The results of operations and financial position of the Target Company will continue to be consolidated into the Group's consolidated financial statements. It is expected that the Disposal will not result in any material gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The gross proceeds from the Disposal is S\$6.25 million (equivalent to approximately HK\$36.25 million). The net proceeds from the Disposal after deducting related expenses is estimated to be approximately S\$6.20 million (equivalent to approximately HK\$35.96 million). The Company intends to apply the entire net proceeds for the repayment of the borrowings of the Group, including the interest incurred.

According to the interim report of the Company for the six months ended 30 September 2023 (the "**2023 Interim Report**"), the Group recorded unaudited borrowings of approximately S\$30.8 million as at 30 September 2023 (equivalent to approximately HK\$178.6 million), amongst which, approximately S\$12.6 million (equivalent to approximately HK\$73.1 million) were due for repayment in the next twelve months after 30 September 2023. The cash and cash equivalents available to the Group of approximately S\$2.6 million (equivalent to approximately HK\$15.1 million) and fixed deposits of approximately S\$7.1 million (equivalent to approximately HK\$41.2 million) as at 30 September 2023 are insufficient to fully repay the aforementioned borrowings while funding the daily operations of the Group.

Having considered the low level of cash on hand available to the Group, the Directors are of the view that the net proceeds from the Disposal could satisfy the funding needs of the Group in repaying its borrowings so as to improve the financial position of the Group. In addition, by repaying the borrowings, the Group could further reduce the future finance costs and relieve its financial burden with an aim to enhance the profitability of the Group as a whole.

Upon Completion, the Group will continue in engaging its core business in infrastructural pipeline construction and related engineering services in Singapore. The Directors are of the view that the Disposal will not result in any material adverse impact on the operation of the core business of the Group.

In view of the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are on normal commercial terms after arm's length negotiation between the Company and the Purchaser and are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal exceeds 25%, but less than 75%, the Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Disposal as contemplated under the Sale and Purchase Agreement. Therefore, none of the Shareholders and their associates is required to abstain from voting in the EGM to be convened by the Company for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Disposal, the notice of the EGM and other information as required under the Listing Rules will be despatched to the Shareholders. As additional time is required to prepare and finalise the information required to be disclosed in the circular, it is expected that the circular will be despatched to the Shareholders on or before 22 March 2024.

Completion is conditional upon the satisfaction of the conditions set out in the Sale and Purchase Agreement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Business Day(s)”	a day (other than a Saturday, a Sunday and a 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 Sale and Purchase Agreement
“Consideration”	the total consideration for the Disposal in the sum of S\$6.25 million (equivalent to approximately HK\$36.25 million)
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 22% equity interest in the Target Company by the Company to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought appropriate, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“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)”	a third party(ies) independent of, and not connected with, the Company and its connected persons which has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Mr. Tan Tze Loong, an Independent Third Party

“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Company and the Purchaser on 26 February 2024 in relation to the Disposal
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sale Share(s)”	22 shares representing 22% of the issued share capital of the Target Company
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Integral Virtue Limited, a company incorporated in BVI with limited liability and a wholly owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiary
“%”	per cent

Unless otherwise specified in this announcement, the exchange rate of S\$1.00 = HK\$5.8 has been adopted for translating S\$ into HK\$ in this announcement

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

Hong Kong, 26 February 2024

As at the date of this announcement, the Company has the Board comprises Ms. Feng Jiamin, Mr. Michael Shi Guan Wah, Mr. Fong Hang Fai, Ms. Liao Qinghua and Ms. Katsaya Wiriyachart as executive Directors; Mr. Shek Jun Chong, Mr. Qiu Yue, Mr. Lui Kwun Yuen, and Mr. Wu Kai Tang as independent non-executive Directors.