
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Trendzon Holdings Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to the Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.



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)

- (1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
(4) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME; AND
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company



Placing Agent



Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



RAINBOW CAPITAL (HK) LIMITED
姿博資本有限公司

Capitalised terms used on this cover page shall have the same meaning as defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 12 to 42 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 43 to 44 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-34 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Tuesday, 10 September 2024. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 24 September 2024 to Wednesday, 2 October 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Placing Agreement is terminated by the Placing Agent, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Tuesday, 24 September 2024 to Wednesday, 2 October 2024 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at 16/F, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 5 September 2024 at 11:30 a.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours (i.e. 11:30 a.m. on Tuesday, 3 September 2024 (Hong Kong time)) before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions set out in the sections headed "Letter from the Board – Conditions of the Rights Issue" and "Letter from the Board – The Placing Agreement" in this circular. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placers under the Compensatory Arrangements. The Placing Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

Hong Kong, 20 August 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“Announcement”	the announcement of the Company dated 19 July 2024, in relation to, among other things, the Share Consolidation, the Change in Board Lot Size, the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the issued Shares for trading from 4,000 Existing Shares to 12,000 Consolidated Shares
“Circular”	the circular to be despatched to the Shareholders in respect of, among other things, the Share Consolidation, the Change in Board Lot Size, the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“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)
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person”	has the meaning as ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company immediately following the Share Consolidation becoming effective
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures

DEFINITIONS

“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors which has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders other than (i) all executive Directors and their respective associates (as defined under the Listing Rules); (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the Listing Rules to abstain from voting at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), who are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Last Trading Day”	19 July 2024, being the last trading day of the Shares on the Stock Exchange immediately prior to the date of the Announcement
“Latest Practicable Date”	16 August 2024, being the latest practicable date for ascertaining certain information for inclusion in this circular

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Monday, 7 October 2024 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Monday, 14 October 2024 or such later time or date as may be agreed between the Placing Agent and the Company, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees under the Placing Agreement) under the Compensatory Arrangements
“No Action Shareholder(s)”	those Qualifying Shareholder(s) who do not subscribe for the Rights Issue (whether partially or fully) (under the PAL or their renounces or such person who hold any nil-paid rights at the time such nil-paid rights are lapsed) or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	arrangements to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis pursuant to the Placing Agreement
“Placing Agent”	Sunhigh Financial Holdings Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 19 July 2024 entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be issued by the Company to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Prospectus Posting Date”	Friday, 20 September 2024 (or such other date as may be determined by the Company), being the date of which of the Prospectus Documents are made available to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date

DEFINITIONS

“Record Date”	Thursday, 19 September 2024, the record date for the determination of the entitlements under the Rights Issue
“Registrar”	Union Registrars Limited, the address of which is at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the proposed issue by way of rights of four (4) Rights Shares for every one (1) Consolidated Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the section headed “Letter from the Board – Conditions of the Rights Issue” in this circular
“Rights Share(s)”	566,720,000 Rights Shares (assuming there is no change in the number of Shares in issue on or before the Record Date other than the Share Consolidation) with an aggregate nominal value of HK\$56,672,000; or 610,880,000 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options) with an aggregate nominal value of HK\$61,088,000
“SFC”	The Security and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.1
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 26 February 2019 and as amended on 13 December 2022

DEFINITIONS

“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.18 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	such number of Rights Shares in respect of which duly completed PAL(s) have not been lodged for acceptance or not fully paid by the Latest Time for Acceptance, including any Rights Shares to which the Non-Qualifying Shareholders would not have otherwise been entitled under the Rights Issue
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“%”	per cent

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

* *for identification purpose only*

EXPECTED TIMETABLE

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation and the Rights Issue. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation and the Rights Issue and is therefore for indicative purposes only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to the Hong Kong local times and dates.

Events	Hong Kong Date and Time
	2024
Latest time for lodging transfer documents of the Shares in order to be qualified for attendance and voting at the EGM	4:00 p.m. on Friday, 30 August
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive)	Monday, 2 September to Thursday, 5 September
Latest time for lodging proxy forms for the EGM (not less than 48 hours prior to the time of the EGM)	11:30 a.m. on Tuesday, 3 September
Record date for determining attendance and voting at the EGM	Thursday, 5 September
Expected date and time of EGM to approve the Share Consolidation, the Rights Issue, and the Placing Agreement	11:30 a.m. on Thursday, 5 September
Announcement of the poll result of the EGM	Thursday, 5 September
Register of members of the Company re-opens	Friday, 6 September
<p style="text-align: center;">The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size:</p>	
Effective date of the Share Consolidation	Monday, 9 September

EXPECTED TIMETABLE

First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Monday, 9 September
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Monday, 9 September
Original counter for trading in Existing Shares in board lots of 4,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 9 September
Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 9 September
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the Rights Issue	Monday, 9 September
First day of dealings in the Consolidated Shares on an ex-rights basis relating to the Rights Issue	Tuesday, 10 September
Latest time for the Shareholders to lodge transfer documents of the Consolidated Shares in order to be qualified for the Rights Issue	4:00 p.m. on Wednesday, 11 September
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Thursday, 12 September to Thursday, 19 September
Record date for the Rights Issue	Thursday, 19 September
Register of members of the Company re-opens	Friday, 20 September
Prospectus Documents are made available and/or despatched (as the case maybe) to the Qualifying Shareholders (in case of the Non-Qualifying Shareholder(s), the Prospectus only)	Friday, 20 September
Original counter for trading in the Consolidated Shares in board lots of 12,000 Consolidated Shares (in the form of new share certificates) reopens	9:00 a.m. on Tuesday, 24 September

EXPECTED TIMETABLE

Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Tuesday, 24 September
Designated broker starts to stand in the market to provide matching services for odd lot of the Consolidated Shares	9:00 a.m. on Tuesday, 24 September
First day of dealings in nil-paid Rights Share	Tuesday, 24 September
Latest time for splitting the PAL	4:00 p.m. on Thursday, 26 September
Last day of dealings in nil-paid Rights Shares	Wednesday, 2 October
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 7 October
Announcement of the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Compensatory Arrangements	Tuesday, 8 October
Commencement of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent, on best effort basis	Tuesday, 8 October
Latest time for placing the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	4:00 p.m. on Monday, 14 October
Latest time for the termination of the Placing Agreement	4:00 p.m. on Monday, 14 October
Announcement of the results of the Rights Issue	Tuesday, 15 October
Despatch of share certificates for fully-paid Rights Shares and refund cheques (if the Rights Issue is terminated)	Wednesday, 16 October
Designated broker ceases to provide matching services for odd lot of the Consolidated Shares	4:00 p.m. on Wednesday, 16 October

EXPECTED TIMETABLE

Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes 4:10 p.m. on
Wednesday, 16 October

Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends 4:10 p.m. on
Wednesday, 16 October

Commencement of dealings in fully-paid Rights Shares 9:00 a.m. on
Thursday, 17 October

Latest time for free exchange of existing share certificates for new share certificates 4:00 p.m. on
Friday, 18 October

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if:

- (i) tropical cyclone warning signal No. 8 (or above);
- (ii) “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
- (iii) a “black” rainstorm warning
 - (a) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
 - (b) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “Expected Timetable” above may be affected. Announcement will be made by the Company in such event. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD



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)

Executive Director:

Ms. Feng Jiamin
Mr. Michael Shi Guan Wah
Mr. Fong Hang Fai
Ms. Liao Qinghua
Ms. Katsaya Wiriyachart
Mr. Law Wai Yip

Independent non-executive Directors:

Mr. Shek Jun Chong
Mr. Qiu Yue
Ms. Tam Wing Yan
Mr. Wu Kai Tang

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 39, 10/F, Block D,
Mai Tak Industrial Building,
221 Wai Yip Street,
Kwun Tong, Kowloon,
Hong Kong

20 August 2024

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS;
(4) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS
UNDER THE SHARE OPTION SCHEME; AND
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Share Consolidation, the Change in Board Lot Size, the Rights Issue and the Placing Agreement.

LETTER FROM THE BOARD

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Shek Jun Chong, Mr. Qiu Yue, Ms. Tam Wing Yan and Mr. Wu Kai Tang, to advise the Independent Shareholders in relation to, among other things, the proposed Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation, the Change in Board Lot Size, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM for the purpose of considering and, if thought fit, approving, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.1 each. As none of the Shareholders or their respective associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the EGM.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (i) the passing of the ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands and Hong Kong (where applicable), the Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

The Share Consolidation will become effective on Monday, 9 September 2024, being the second Business Day immediately following the fulfillment of the above conditions.

LETTER FROM THE BOARD

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Existing Shares of HK\$0.01 each, of which 1,416,800,000 Existing Shares have been issued and are fully paid or credited as fully paid.

Assuming no further Shares will be issued or repurchased between the Latest Practicable Date and the date of the EGM, immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue, the authorised share capital of the Company will become HK\$100,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$0.1 each, of which 141,680,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares arising from the Share Consolidation, if any, will be issued by the Company to the Shareholders. Any fractional entitlements of Consolidated Shares will be aggregated, and if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Other than the relevant expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise and the necessary professional expenses for the implementation of the Share Consolidation.

Other securities of the Company

As at the Latest Practicable Date, there are outstanding Share Options for subscription of an aggregate of 110,400,000 Existing Shares under the Share Option Scheme.

Save for the aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which are convertible or exchangeable into Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

Exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period from Monday, 9 September 2024 to Friday, 18 October 2024 (both days inclusive), submit the existing share certificates for the Existing Shares to the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for trading, settlement and registration purposes.

The new share certificates for the Consolidated Shares will be issued in red colour in order to distinguish them from the existing share certificates in yellow colour.

Listing and dealings

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

LETTER FROM THE BOARD

PROPOSED CHANGE IN BOARD LOT SIZE

The Existing Shares are currently traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading from 4,000 Existing Shares to 12,000 Consolidated Shares per board lot upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.018 per Existing Share (equivalent to the theoretical closing price of HK\$0.18 per Consolidated Share) as at the Latest Practicable Date, (i) the value per board lot of 4,000 Existing Shares is HK\$72; (ii) the theoretical value of each board lot of 4,000 Consolidated Shares would be HK\$720 assuming the Share Consolidation becoming effective; and (iii) the theoretical value per board lot of 12,000 Consolidated Shares would be HK\$2,160 on the assumption that the Change in Board Lot Size had also become effective.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

ARRANGEMENT ON ODD LOT TRADING AND MATCHING SERVICES

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation and the Change in Board Lot Size, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares on a best effort basis.

Shareholders of odd lots of the Consolidated Shares who wish to take advantage of this facility should contact Sunhigh Financial Holdings Limited at Unit D, 21/F, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong (telephone number: (852) 2591 2308) from 9:00 a.m. on Tuesday, 24 September 2024 to 4:00 p.m. on Wednesday, 16 October 2024 (both days inclusive).

Shareholders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the odd lot arrangement will be provided in the Prospectus.

LETTER FROM THE BOARD

REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the share approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the listed issuer to either change the trading method or to proceed with a consolidation or splitting of the Existing Shares. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and updated in June 2024) has further stated that (i) market price of the share at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account that the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the prevailing trading price of the Shares at a level below HK\$0.1 and the value per board lot being substantially less than HK\$2,000, the Board considers that upon the Share Consolidation becoming effective, based on the closing price of HK\$0.018 per Existing Share as at the Latest Practicable Date, the theoretical share price of the Company would be adjusted to HK\$0.18 per Consolidated Share; and with a board lot size of 12,000 Consolidated Shares, the theoretical new board lot value would be HK\$2,160, which would enable the Company to comply with the trading requirements under the Listing Rules. Further, it is expected that the Share Consolidation will increase the nominal value of the Shares. Accordingly, the Share Consolidation will bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Consolidated Shares. As a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the Listing Rules, but would also attract more investors and hence broaden the Shareholder base.

The Company considers the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save for the Share Consolidation, the Change in Board Lot Size and the proposed Rights Issue as disclosed under the section headed “Letter from the Board – Proposed Rights Issue” below, the Company has no intention to carry out other corporate action or arrangement, including share consolidation, share sub-division and capital reduction, in the next 12 months, which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Change in Board Lot Size.

However, in the event there is any change to the business environment and/or financial position of the Group due to unforeseeable circumstances, and the Company is required to conduct further fundraising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules as and when appropriate.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

The Board proposes, subject to, amongst others, the Share Consolidation becoming effective, the Rights Issue with the terms set out as follows:

Issue statistics

Basis of the Rights Issue	:	Four (4) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.18 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.1747 per Rights Share (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation); or Approximately HK\$0.1751 per Rights Share (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options)
Number of Shares in issue as at the Latest Practicable Date	:	1,416,800,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	141,680,000 Consolidated Shares

LETTER FROM THE BOARD

Number of Rights Shares to be issued pursuant to the Rights Issue	:	566,720,000 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation) with an aggregate nominal value of HK\$56,672,000; or 610,880,000 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options) with an aggregate nominal value of HK\$61,088,000.
Total number of Consolidated Shares in issue upon completion of the Rights Issue	:	708,400,000 Consolidated Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation) or 763,600,000 Consolidated Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options)
Gross proceeds from the Rights Issue	:	Approximately HK\$102.0 million before expenses (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation) with a maximum of approximately HK\$110.0 million before expenses (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options)

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are outstanding Share Options for subscription of an aggregate of 110,400,000 Existing Shares granted under the Share Option Scheme. Save as aforementioned, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no Shares are issued or repurchased on or before the Record Date other than the Share Consolidation, the aggregate 566,720,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 400.0% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and 80.0% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares.

Assuming no Shares are issued or repurchased on or before the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options, the aggregate 610,880,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 400.0% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and 80.0% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares.

Subscription Price

The Subscription Price of HK\$0.18 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) the theoretical closing price of HK\$0.18 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date, assuming Share Consolidation has become effective;
- (ii) a discount of approximately 14.3% to the theoretical closing price of HK\$0.210 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day, assuming Share Consolidation has become effective;
- (iii) a discount of approximately 17.4% to the average theoretical closing price per Consolidated Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.218, assuming Share Consolidation has become effective;

LETTER FROM THE BOARD

- (iv) a discount of approximately 17.4% to the average theoretical closing price per Consolidated Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.218, assuming Share Consolidation has become effective;
- (v) a discount of approximately 4.3% to the theoretical ex-rights price of approximately HK\$0.188 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day, assuming the Share Consolidation has become effective;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 14.6% represented by the theoretical diluted price of approximately HK\$0.188 to the benchmarked price of approximately HK\$0.220 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.210 per Consolidated Share and the average closing price of the Consolidated Shares in the five trading days immediately prior to the Announcement of HK\$0.220 per Consolidated Share), assuming Share Consolidation has become effective; and
- (vii) a discount of approximately 93.7% to the consolidated net asset value per share attributable to the Shareholders as at 31 March 2024 of approximately HK\$2.853 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately S\$69,686,000 (equivalents to approximately HK\$404,178,800 as at 31 March 2024 and 141,680,000 Consolidated Shares in issue as at the Latest Practicable Date, assuming the Share Consolidation became effective on 31 March 2024.

The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined taking into consideration (i) the loss making position of the Group for the year ended 31 March 2024 and the low level of cash on hand available to the Group as at 31 March 2024; (ii) the recent downward trend of the market price of the Existing Shares which dropped from HK\$0.047 in May to HK\$0.021 on the Last Trading Day; (iii) the prevailing market conditions of high borrowing costs and sluggish stock market sentiment; (iv) the low trading liquidity of the Existing Shares which the Company is unlikely to raise meaningful amount of funds through equity financing without a notable discount; and (v) the amount of funds (i.e. approximately HK\$110 million) the Company intends to raise under the Rights Issue for the purposes described in the section headed “Letter from the Board – Reasons for and benefits of the Rights Issue and use of proceeds” in this circular. In addition, having considered that the average closing price per Existing Share was trading substantially below the net asset value per Share attributable to Shareholders as at 31 March 2024 during the six months period immediately prior to the Last Trading Day, the Directors are of the view that the

LETTER FROM THE BOARD

Subscription Price being at a discount to the current market price of the Existing Shares and the net asset value per Share attributable to Shareholders would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group.

The Directors (including the members of the Independent Board Committee) consider that, in view of prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The maximum net price per Rights Share (i.e., Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.1751 per Rights Share.

Basis of provisional allotment

Under the Rights Issue, the basis of the provisional allotment shall be four (4) Rights Shares for every one (1) Consolidated Share held by the Shareholders as at the close of business on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Fractional entitlement to the Rights Shares

On the basis of the entitlement to subscribe four (4) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements of the Shares to the Rights Shares will arise from the Rights Issue.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

LETTER FROM THE BOARD

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will make available the Prospectus Documents to the Qualifying Shareholders. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may make available copies of the Prospectus to the Non-Qualifying Shareholders for their information only but will not send any PAL to them.

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) be a Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Union Registrars Limited, the address of which is at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Wednesday, 11 September 2024.

The Company expects the Prospectus Documents are made available to the Qualifying Shareholders on Friday, 20 September 2024.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company.

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below. For the avoidance of doubt, the Overseas Shareholders (if any) are entitled to attend and vote at the EGM.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are 15 Overseas Shareholders, all with registered addresses situated in the PRC. The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on legal advice provided by the legal advisers as to PRC law engaged by the Company and having considered the circumstances, the Board is of the opinion that the relevant PRC legal restrictions and requirements of the relevant body or the Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered address in the PRC from the Rights Issue. Accordingly, the Rights Issue will be offered to the Overseas Shareholders in the PRC jurisdiction.

As at the Latest Practicable Date, there was no Non-Qualifying Shareholders. Should there be any Non-Qualifying Shareholders that appear on the register of members of the Company on the Record Date, subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will make available the Prospectus (without the PAL) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of the No Action Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

LETTER FROM THE BOARD

The Company has therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to the No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 14 October 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any but rounded down to nearest cent) will be paid (without interest) on a pro-rata basis (based on all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (ii) the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders may or may not receive any Net Gain.

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Wednesday, 16 October 2024 by ordinary post to those entitled thereto, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the Rights Shares are expected to be sent on or about Wednesday, 16 October 2024 by ordinary post to the applicants, at their own risk, to their registered addresses, or in case of joint applicants, to the address of the first-named person.

LETTER FROM THE BOARD

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

Application for listing in nil-paid and fully-paid forms

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 12,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the rights shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

LETTER FROM THE BOARD

Closure of register of members for EGM

The register of members of the Company will be closed from Monday, 2 September, 2024 to Thursday, 5 September 2024 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

Closure of register of members for Rights Issue

The register of members of the Company will be closed from Thursday, 12 September 2024 to Thursday, 19 September 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

THE PLACING AGREEMENT

On 19 July 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by themselves or through their sub-placing agents) to procure independent placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Principal terms of the Placing Agreement are as follow:

Date : 19 July 2024 (after trading hours)

Placing Agent : Sunhigh Financial Holdings Limited

To the best knowledge, information and belief of the Directors, after making reasonable enquiries, the Placing Agent is an Independent Third Party and neither the Placing Agent nor any of its associates hold any Shares as at the Latest Practicable Date.

Placing fee and expenses : 1.0% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent.

Placing price of the Unsubscribed Rights Shares and/or and the NQS Unsold Rights Shares (as the case may be) : Not less than HK\$0.18 per Unsubscribed Rights Share and/or the NQS Unsold Rights Share

LETTER FROM THE BOARD

- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the placees who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties.
- Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Conditions precedent : The obligations of the Placing Agent under the Placing Agreement are conditional upon:
- (i) the Share Consolidation and Change in Board Lot Size becoming effective;
 - (ii) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares and the NQS Unsold Rights Shares in their nil-paid and fully-paid forms;
 - (iii) the passing of all necessary resolutions to be proposed at the EGM to be convened to consider and, approve, among others, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder;

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- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion of the Placing; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

In the event the conditions of the Placing Agreement are not fulfilled on or before the Latest Time for Termination (or such later date as may be agreed between the parties in writing), the Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions (other than those set out in paragraph (ii) above) by notice in writing to the Company.

Fulfilment of conditions precedents : As at the Latest Practicable Date, none of the aforesaid conditions precedent has been fulfilled.

LETTER FROM THE BOARD

Termination : Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, save for antecedent breach under the Placing Agreement prior to such termination, by giving notice in writing to the Company at any time prior to 10:00 a.m. one day before the Latest Time for Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions of the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (a) there develops, occurs or comes into force:
 - i. the occurrence of any event, development or change and including an event or change in relation to or a material adverse development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a material adverse development of an existing state of affairs of political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong, national or international or forming part of a series of events, developments or changes occurring or continuing the date of the Placing Agreement; or

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- ii. the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- iii. any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
- iv. a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong; or
- v. any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group and which in the reasonable opinion of the Placing Agent would materially and adversely affect the success of the Placing; or

LETTER FROM THE BOARD

- (b) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (c) there is any adverse change in the financial position of the Company which is material in the context of the Placing; or
- (d) there is any adverse change in market conditions occurs which makes it inexpedient or inadvisable to proceed with the Placing or any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than thirty (30) consecutive Business Days, excluding any suspension in connection with the clearance of Announcement, the circular or other documents in connection with the Placing; or
- (e) the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are not approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any places as contemplated in the Placing Agreement.

LETTER FROM THE BOARD

The Placing Agent shall procure that the Placing (i) are placed only to institutional, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties; (ii) will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code; (iii) will not result in the Company incapable of complying with the public float requirements under the Listing Rules.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate in recent placing transactions and therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares for the Company; and (ii) a channel of participation in the Rights Issue for independent investors, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Shareholders. The Company will ensure that it will continue to comply with the minimum public float requirement under Rule 8.08(1) of the Listing Rules after the Placing and the Rights Issue.

Conditions of the Rights Issue

The Rights Issue are conditional upon fulfillment of the following conditions:

- (i) the passing of all necessary resolutions to be proposed at the EGM for approving the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder;
- (ii) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the Share Consolidation and the Change in Board Lot Size becoming effective;
- (iv) the issue by the Stock Exchange of a certificate authorising the registration of the registration with the Registrar of Companies in Hong Kong, respectively, of one copy of each of the Prospectus Documents duly not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);

LETTER FROM THE BOARD

- (v) the Prospectus Documents are made available to the Qualifying Shareholders and the posting of the Prospectus bearing a “For Information Only” stamp to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (vi) the Placing Agreement not being terminated on or before the Latest Time for Termination in accordance with the provisions thereof, including force majeure events; and
- (vii) the compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

As at the Latest Practicable Date, none of the conditions has been satisfied. All conditions set out above cannot be waived. If any of the conditions precedent are not satisfied by the Latest Time for Termination (or such other date as may be agreed between the Company and the Placing Agent), the Rights Issue will not proceed.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The maximum gross proceeds from the Rights Issue are expected to be approximately HK\$110.0 million. The maximum net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$107.0 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$50.0 million or 46.7% of the maximum net proceeds for the start-up costs of phase three of the Trendzon Diandian Science and Technology Innovation City’s Industrial Park in the PRC;
- (ii) approximately HK\$45.0 million or 42.1% of the maximum net proceeds for repayment of loans; and
- (iii) approximately HK\$12.0 million or 11.2% of the maximum net proceeds to replenish the general working capital of the Group.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

LETTER FROM THE BOARD

The Group is principally engaged in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services, provision of engineering services and trading of building materials. Despite challenging operating conditions, the Group has been focusing on strengthening the market position in the construction industry. The construction of the Trendzon Diandian Science and Technology Innovation City's Industrial Park (the “**Industrial Park**”) in the PRC, being one of the major construction projects of the Group commenced in 2021 with an aim to construct and develop intelligent manufacturing areas and warehouses, targeting and gathering high-tech companies together to build an intelligent manufacturing professional city (智能製造裝備專業鎮). Construction work of phase one of the Industrial Park was completed in December 2023, and the construction work of phase two of the Industrial Park has been commenced in November 2023 and is expected to be completed by April 2025. The Company intends to apply approximately HK\$50.0 million of the net proceeds from the Rights Issue to finance the start-up costs (including cost of construction material of approximately HK\$20.0 million, subcontracting fees of approximately HK\$11.3 million, feasibility studies and design fees of approximately HK\$7.6 million, foundation and civil engineering works of approximately HK\$6.2 million, and utilities of approximately HK\$3.2 million) of phase three of the Industrial Park which construction works is expected to commence in September 2024. Total construction cost of phase three of the Industrial Park to be paid by the Group is estimated to be approximately HK\$207 million.

In addition, as disclosed in the annual report of the Company for the year ended 31 March 2024, the Group recorded borrowings of approximately S\$23.2 million as at 31 March 2024, among which, approximately S\$10.5 million (equivalents to approximately HK\$60.9 million) are repayable within one year. Having considered the prevailing market condition and low level of cash on hand available to the Group, the Directors are of the view that the Rights Issue could provide sufficient funds at no borrowing costs for the Group to satisfy its funding needs in repayment of the borrowings and the development and expansion of the Group's business.

Fundraising alternatives

The Board has considered various fundraising alternatives before resolving to the Rights Issue, including debt financing and equity financing alternatives such as open offer and placing of new shares.

LETTER FROM THE BOARD

According to the annual report of the Company for the year ended 31 March 2024, the Group recorded finance costs of approximately S\$1.7 million (equivalents to approximately HK\$10.0 million) and net loss of approximately S\$12.3 million (equivalents to approximately HK\$71.2 million) for the year ended 31 March 2024. The Board (including the members of the Independent Board Committee) is of the view that while additional debt financing will increase the gearing ratio of the Group and having considered the prevailing high interest rate environment, additional debts will increase the overall financial burden to the Group.

With respect to equity financing alternatives, the Board (including the members of the Independent Board Committee) considers that placing of new Shares would be a sub-optimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. The Directors (other than the members of the Independent Board Committee whose view will be set out in the Circular after reviewing and considering the advice from the Independent Financial Adviser) are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the financial burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

Having considered the above, the Directors (including the members of the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Share Consolidation; (iii) immediately upon completion of the Share Consolidation, and the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iv) immediately upon completion of the Share Consolidation, and the Rights Issue assuming no acceptance by any Qualifying Shareholder and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent:

(a) assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before completion of the Rights Issue

	As at the Latest Practicable Date		Immediately upon completion of the Share Consolidation		Immediately upon completion of (i) the Share Consolidation; and (ii) the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of (i) the Share Consolidation; and (ii) the Rights Issue assuming no acceptance by any Qualifying Shareholder and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Zhongbei Capital Co., Limited (中北資本有限公司)(note 1)	138,000,000	9.74	13,800,000	9.74	69,000,000	9.74	13,800,000	1.95
Placees (note 2)	-	-	-	-	-	-	566,720,000	80.00
Other public Shareholders	1,278,800,000	90.26	127,880,000	90.26	639,400,000	90.26	127,880,000	18.05
Total	1,416,800,000	100.00	141,680,000	100.00	708,400,000	100.00	708,400,000	100.00

Notes:

- Ms. Yao Jiajia, an Independent Third Party, held 138,000,000 Shares through Zhongbei Capital Co., Limited (中北資本有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by Ms. Yao Jiajia.
- If any of the placees subscribes for 10% or more of the Shares under the Placing, he/she/it will become a substantial Shareholder after completion of the Placing.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

LETTER FROM THE BOARD

- (b) **assuming all outstanding Share Options being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before completion of the Rights Issue**

	As at the Latest Practicable Date		Immediately upon completion of the Share Consolidation		Immediately upon completion of (i) the Share Consolidation; and (ii) the Rights Issue assuming no acceptance by any Qualifying Shareholder and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of (i) the Share Consolidation; and (ii) the Rights Issue assuming full acceptance by all Qualifying Shareholders	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Zhongbei Capital Co., Limited (中北資本有限公司)(note 1)	138,000,000	9.04	13,800,000	9.04	69,000,000	9.04	13,800,000	1.81
Placees (note 2)	-	-	-	-	-	-	610,880,000	80.00
Other public Shareholders (note 3)	1,389,200,000	90.96	138,920,000	90.96	694,600,000	90.96	138,920,000	18.19
Total	1,527,200,000	100.00	152,720,000	100.00	763,600,000	100.00	763,600,000	100.00

Notes:

- Ms. Yao Jiajia, an Independent Third Party, held 138,000,000 Shares through Zhongbei Capital Co., Limited (中北資本有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by Ms. Yao Jiajia.
- If any of the placees subscribes for 10% or more of the Shares under the Placing, he/she/it will become a substantial Shareholder after completion of the Placing.
- As at the Latest Practicable Date, there are outstanding Share Options for subscription of an aggregate of 110,400,000 Existing Shares granted under the Share Option Scheme.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

LETTER FROM THE BOARD

POSSIBLE ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

Pursuant to the terms of the Share Option Scheme, the subscription prices on the exercise of the Share Options and/or number of Shares related to the Share Options under the Share Option Scheme may be adjusted in accordance with the Share Option Scheme upon the Rights Issue becoming unconditional.

The Company will notify the holders (if any) of the Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by the Independent Financial Adviser.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within 12 months period immediately preceding the Latest Practicable Date (after taking into account the effect of the Share Consolidation), the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of resolution(s) relating to the Rights Issue at the EGM.

As at the Latest Practicable Date, the Company does not have any controlling shareholder and none of the Directors and the chief executive of the Company and their respective associates holds any Shares. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

LETTER FROM THE BOARD

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Shek Jun Chong, Mr. Qiu Yue, Ms. Tam Wing Yan, and Mr. Wu Kai Tang, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transaction contemplated thereunder, on whether the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 43 to 44 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder, and as to the voting action therefor, and the letter from Independent Financial Adviser set out on pages IFA-1 to IFA-34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The notice convening the EGM to be held at 16/F, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 5 September 2024 at 11:30 a.m. is enclosed with this circular.

The register of members of the Company will be closed from Monday, 2 September, 2024 to Thursday, 5 September 2024 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM and upon the Share Consolidation becoming effective, the Company will make available the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may make available the Prospectus to the Non-Qualifying Shareholders for their information only but the Company will not send the PAL to the Non-Qualifying Shareholders. For the avoidance of doubt, the Non-Qualifying Shareholders (if any) are entitled to attend and vote at the EGM.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Listing Committee granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Letter from the Board – Conditions of the Rights Issue" in this circular. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied or waived (if applicable), the Rights Issue may or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

RECOMMENDATION

The Directors (including the members of the Independent Board Committee) believe that the terms of the Share Consolidation, the Rights Issue, the Placing Agreement, and the transaction contemplated therein are fair and reasonable and in the interests of the Group and the Shareholders as a whole, therefore, the Directors (including the members of the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. In case of any inconsistency between the English and Chinese versions of this circular, the English version will prevail.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.



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)

20 August 2024

To the Independent Shareholders

Dear Sir/Madam,

**(1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS; AND
(4) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS
UNDER THE SHARE OPTION SCHEME**

We refer to the circular of the Company dated 20 August 2024 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders how to vote at the EGM. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice together with the principal factors and reasons it has taken into consideration on giving its advice, are contained in its letter set out on pages IFA-1 to IFA-34 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal factors and reasons considered by, and the advice of the Independent Financial Adviser, we considered that the Rights Issue and the Placing Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of
the Independent Board Committee

Mr. Shek Jun Chong

Mr. Qiu Yue

Ms. Tam Wing Yan

Mr. Wu Kai Tang

Independent non-executive Directors

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder which has been prepared for the purpose of inclusion in this circular.

Rainbow Capital (HK) Limited

20 August 2024

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue, the Placing Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 20 August 2024 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

With reference to the Letter from the Board, the Board proposes, subject to, among other things, the Share Consolidation becoming effective, to conduct the Rights Issue on the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date at the Subscription Price of HK\$0.18 per Rights Share, to raise gross proceeds up to (i) approximately HK\$102.0 million before expenses by way of issuing up to 566,720,000 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than as a result of the Share Consolidation); or (ii) approximately HK\$110.0 million before expenses by way of issuing up to 610,880,000 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than as a result of the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options). Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Company will make arrangements as described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the No Action Shareholders. There will be no excess application arrangements in relation to the Rights Issue.

On 19 July 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure independent placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. The placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares shall be not less than the Subscription Price. The placing price shall be not less than HK\$0.18 per Unsubscribed Rights Share and/or the NQS Unsold Rights Share.

Listing Rules Implications

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within 12 months period immediately preceding the Latest Practicable Date (after taking into account the effect of the Share Consolidation), the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of resolution(s) relating to the Rights Issue at the EGM.

As at the Latest Practicable Date, the Company does not have any controlling shareholder and none of the Directors and the chief executive of the Company and their respective associates holds any Shares. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

Independent Board Committee

The Independent Board Committee, comprising all the four independent non-executive Directors, namely, Mr. Shek Jun Chong, Mr. Qiu Yue, Ms. Tam Wing Yan, and Mr. Wu Kai Tang, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to make

LETTER FROM INDEPENDENT FINANCIAL ADVISER

recommendations to the Independent Shareholders on how to vote at the EGM. We, Rainbow Capital (HK) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group or the Placing Agent that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group or the Placing Agent and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Rights Issue and the Placing Agreement. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, among other things, (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date.

Shareholders will be informed by the Group and us as soon as possible if there is any material change to the information disclosed in this Circular during the period from the Latest Practicable Date up to the date of the EGM, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Shareholders accordingly.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in this Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background of the Group

The Group is principally engaged in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services, provision of engineering services and trading of building materials.

Set out below is a summary of the audited financial information of the Group for the three years ended 31 March 2024 (“FY2022”, “FY2023” and “FY2024”, respectively) as extracted from the annual report of the Company for FY2023 (the “2023 Annual Report”) and the annual report of the Company for FY2024 (the “2024 Annual Report”):

(i) Financial performance

	For the year ended 31 March			
	2022	2023	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000
	(audited)	(audited)	(audited)	(audited)
			(re-presented)	
Continuing operations				
Revenue	59,099	60,103	59,750	59,115
– Construction contracts and engineering services	46,368	59,750	59,750	59,097
– Brokerage, placing and margin financing services	–	353	–	–
– Trading of building materials	12,731	–	–	18
Gross profit	9,861	7,419	7,066	7,993
Other income	4,201	6,176	6,163	2,576
Other (losses)/gains, net	(745)	191	191	(67)
Allowance for expected credit losses	(196)	(511)	(469)	(407)
Administrative expenses	(9,572)	(12,609)	(12,164)	(18,683)
Finance costs	(1,563)	(1,614)	(1,613)	(1,727)
Share of losses of joint ventures	(140)	(259)	(259)	(101)
Impairment loss on investment in a joint venture	–	(20)	(20)	–

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	For the year ended 31 March			
	2022	2023	2023	2024
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
			<i>(re-presented)</i>	
Impairment loss on goodwill	–	–	–	(65)
Profit/(loss) before tax	1,846	(1,227)	(1,105)	(10,481)
Income tax expense	(822)	(852)	(852)	(171)
Profit/(loss) attributable to the Shareholders	1,024	(2,062)	(1,957)	(10,437)

As disclosed in the 2024 Annual Report, on 26 January 2024, the Group entered into an equity transfer agreement with an independent third party whereby the Group agreed to ultimately dispose of its 96.13% equity interest in Wealth Link Securities Limited (“**Wealth Link**”). Wealth Link, a company incorporated in Hong Kong with limited liability, is principally engaged in the provision of securities brokerage, placing and underwriting services and margin financing services and comprised the whole “brokerage, placing and margin financing services” reportable and operating segment of the Group. The transfer of the equity interest was completed on 3 May 2024. As at 31 March 2024, the directors of the Company were committed to the disposal plan for the sale of Wealth Link and the sale of Wealth Link was assessed to be highly probable. Accordingly, the assets and liabilities of Wealth Link as at 31 March 2024 were classified as assets and liabilities of a disposal group held for sale and the Group’s “brokerage, placing and margin financing services” segment, which was presented as a continuing operation of the Group for FY2023 in the 2023 Annual Report, became a discontinued operation for FY2024. As such, the financial information of the Group for FY2023 has been re-presented for the comparison of the financial information of the Group for FY2024.

FY2024 compared to FY2023

Total revenue of the Group remained relatively stable at approximately S\$59.8 million and S\$59.1 million for FY2023 and FY2024, respectively, which were principally generated from the Group’s construction contracts and engineering services.

The Group’s gross profit increased by approximately 13.1% from approximately S\$7.1 million for FY2023 to approximately S\$8.0 million for FY2024, primarily attributable to the recognition of additional cost for foreseeable losses in two water related construction projects during FY2023, where these was no such additional cost recurred for FY2024.

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The Group's loss attributable to the Shareholders increased by approximately 433.3% from approximately S\$2.0 million for FY2023 to approximately S\$10.4 million for FY2024. Such increase was primarily attributable to (a) the decrease in other income by approximately S\$3.6 million mainly due to the decrease in agency income of approximately S\$3.1 million; and (b) the increase in administrative expenses by approximately S\$6.5 million mainly due to the increase in (1) general operating expenses in relation to the newly acquired business of Zhejiang Taiding Construction Co., Ltd. ("**Zhejiang Taiding**") during FY2024. Zhejiang Taiding is a company incorporated in the PRC with limited liability and principally engaged in engineering construction and other related businesses; (2) equity-settled share based payment expense by approximately S\$2.7 million. On 15 June 2023, 110,400,000 share options were granted by the Company to its employees. An equity-settled share base payment expense of approximately S\$5.1 million was recognised in FY2024; and (3) wages and salaries by approximately S\$3.3 million as a result of the increase of average number of headcounts from 416 for FY2023 to 479 for FY2024.

FY2023 compared to FY2022

Total revenue of the Group increased slightly by approximately 1.7% from approximately S\$59.1 million for FY2022 to approximately S\$60.1 million for FY2023, primarily attributable to the increase in revenue from construction contracts and engineering services by approximately S\$13.4 million mainly due to (a) the increase in revenue from new water projects relating to district cooling system of approximately S\$9.4 million; and (b) the increase in revenue from water projects relating to the supply and laying of watermains of approximately S\$6.1 million. Such increase was partially offset by the decrease in revenue from trading of building materials by approximately S\$12.7 million mainly due to the unstable operating environment including but not limited to the difficulties in supply chain management.

Despite the slight increase in revenue, the Group's gross profit decreased by approximately 24.8% from approximately S\$9.9 million for FY2022 to approximately S\$7.4 million for FY2023, primarily attributable to the increase in operating costs and expenses in the construction industry in relation to the global supply chain problems, as well as the recognition of additional cost for foreseeable losses in two water related construction projects during FY2023.

The Group recorded a change from profit attributable to the Shareholders of approximately S\$1.0 million for FY2022 to loss attributable to the Shareholders of approximately S\$2.1 million for FY2023, primarily attributable to (a) the decrease in gross profit as mentioned above; and (b) the increase in administrative expenses by approximately S\$3.0 million mainly due to the

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increase in general operating expenses and wages and salaries as a result of (1) the acquisition of Wealth Link during FY2023; and (2) the increase in the number of employees from 355 as at 31 March 2022 to 476 as at 31 March 2023 in order to cope with the Group's business development in Singapore, the PRC and Hong Kong, which was partially offset by the increase in other income by approximately S\$2.0 million as a result of the increase in agency income of approximately S\$3.9 million.

(ii) Financial position

	As at 31 March		
	2022	2023	2024
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets, including:	29,318	28,583	30,379
– Property, plant and equipment	19,313	17,519	17,191
– Right-of-use assets	3,414	4,063	3,282
– Investments in joint ventures	6,203	5,943	9,906
Current assets, including:	73,814	91,770	81,752
– Trade and other receivables	25,734	29,623	23,086
– Loan receivables	12,447	13,564	10,461
– Amounts due from joint ventures	2,896	3,667	18,802
– Contract assets	23,581	32,667	20,651
– Pledged bank deposits	102	2,603	4,001
– Cash and cash equivalents	9,054	3,710	1,439
Total assets	103,132	120,353	112,131
Current liabilities, including:	34,719	44,751	26,446
– Trade and other payables	11,515	25,430	12,748
– Borrowings	21,673	12,493	10,457
Non-current liabilities, including:	27,245	19,454	15,826
– Borrowings	23,848	15,747	12,769
Total liabilities	61,964	64,205	42,272
Equity attributable to the Shareholders	41,168	55,856	69,686

As at 31 March 2024, total assets of the Group amounted to approximately S\$112.1 million, which mainly consisted of (a) property, plant and equipment of approximately S\$17.2 million; (b) trade and other receivables of approximately S\$23.1 million; (c) loan receivables of approximately S\$10.5 million; (d) amounts due from joint ventures of approximately S\$18.8 million; and (e) contract assets of approximately S\$20.7 million.

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As at 31 March 2024, total liabilities of the Group amounted to approximately S\$42.3 million, which mainly consisted of (a) trade and other payables of approximately S\$12.7 million; and (b) borrowings of approximately S\$23.2 million.

(iii) Overall comment

The financial performance of the Group had been deteriorated during the three years ended 31 March 2024, primarily attributable to the increase in administrative expenses as a result of the Group's efforts in achieving business expansion. With reference to the 2024 Annual Report, the global economies and market behaviour has undergone profound changes amid the three-year COVID-19 pandemic. Notwithstanding the challenging operating conditions in the year ahead, the Group believes that it is positioned on the right track for sustainable development. Looking forward, the Group will continue to focus on strengthening the market position in the construction industry and developing the Trendzon Diandian Science and Technology Innovation City's Industrial Park in the PRC. The Group will also continue to keep a close watch on the global economic trend and market situations to capture business opportunities in turn to achieve synergies and better operating results.

According to Research and Markets, the world's largest market research store with more than 1,700 research teams and covering 800 industries, despite the near-term challenges in certain construction sectors, medium to long term growth in Singapore remains intact. The growth momentum is expected to continue at a compound annual growth rate of approximately 2.7% from 2023 to 2027, with construction output reaching approximately S\$39.4 billion by 2027. With such solid growth in the market, we concur with the Directors that the prospect of the Group's business is cautiously optimistic in the long term.

2. Reasons for the Rights Issue and use of proceeds

The maximum gross proceeds from the Rights Issue are expected to be approximately HK\$110.0 million. The maximum net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$107.0 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$50.0 million or 46.7% of the maximum net proceeds for the start-up costs of phase three of the Trendzon Diandian Science and Technology Innovation City's Industrial Park in the PRC;
- (ii) approximately HK\$45.0 million or 42.1% of the maximum net proceeds for repayment of loans; and
- (iii) approximately HK\$12.0 million or 11.2% of the maximum net proceeds to replenish the general working capital of the Group.

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In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

As stated in the Letter from the Board, despite the challenging operating conditions, the Group has been focusing on strengthening the market position in the construction industry. The construction of the Trendzon Diandian Science and Technology Innovation City's Industrial Park (the “**Industrial Park**”) in the PRC, being one of the major construction projects of the Group commenced in 2021 with an aim to construct and develop intelligent manufacturing areas and warehouses, targeting and gathering high-tech companies together to build an intelligent manufacturing professional city (智能製造裝備專業鎮). This project will be dedicated to creating a concentrated demonstration of the advanced manufacturing industry of new energy vehicles park, smart manufacturing industry development pilot area, degradable biomaterials high-end talent innovation and entrepreneurship gathering area, simultaneously build a smart manufacturing industry public service platform. Construction work of phase one of the Industrial Park was completed in December 2023, and the construction work of phase two of the Industrial Park has been commenced in November 2023 and is expected to be completed by April 2025. The Company intends to apply approximately HK\$50.0 million of the net proceeds from the Rights Issue to finance the start-up costs of phase three of the Industrial Park which construction works is expected to commence in September 2024. Total construction cost of phase three of the Industrial Park to be paid by the Group is estimated to be approximately HK\$207 million. In December 2021, the Ministry of Industry and Information Technology and seven other government ministries of the PRC released the “14th Five-Year Plan for the Development of Intelligent Manufacturing”(「十四五」智能製造發展規劃), which proposed a “two-step” goal in promoting the development of intelligent manufacturing, including but not limited to, constructing smart manufacturing demonstration factories, building smart scenes, smart workshops and smart factories, promoting the digital transformation of small and medium-sized enterprises and expanding the application of intelligent manufacturing industry. In view of the promulgation of favourable government policies to encourage the development of intelligent manufacturing and the low level of the Group's cash on hand of approximately S\$1.4 million as at 31 March 2024, we concur with the Directors that the Group is in need for fund raising to develop the Industrial Park to grasp the business opportunity and tap into the growing intelligent manufacturing market in the PRC.

Furthermore, as mentioned in the section headed “1. Background of the Group” above, the financial performance of the Group had been deteriorated during the three years ended 31 March 2024, with loss attributable to the Shareholders increased by approximately 433.3% from approximately S\$2.0 million for FY2023 to approximately S\$10.4 million for FY2024, as compared to profit attributable to the Shareholders of approximately S\$1.0 million for FY2022. As at 31 March 2024, the Group was in a highly leveraged financial position, having total borrowings of approximately S\$23.3 million. On the other hand, the Group only had total cash and bank balances (including pledged bank deposits and cash and

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cash equivalents) of approximately S\$5.4 million as at 31 March 2024, which were insufficient to cover even the current portion of total borrowings of approximately S\$10.5 million. Having considered the prevailing market condition and low level of cash on hand available to the Group, the Group encountered pressures on liquidity and is in need for fund raising to relieve its liquidity pressure. In this regard, the Rights Issue could provide sufficient funds at no borrowing costs for the Group to satisfy its funding needs in repayment of the borrowings and the development and expansion of the Group's business.

Fundraising alternatives

As disclosed in the Letter from the Board, the Board has considered various fundraising alternatives before resolving to the Rights Issue, including debt financing and equity financing alternatives such as open offer and placing of new shares.

The Board is of the view that while additional debt financing will increase the gearing ratio of the Group and having considered the prevailing high interest rate environment, additional debts will increase the overall financial burden of the Group which may in turn further affect the profitability of the Group.

With respect to equity financing alternatives, the Board considers that placing of new Shares would be a sub-optimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. The Directors are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the financial burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

In this respect, we have discussed with the management of the Group and were advised that given the loss-making performance of the Company, the banks have been reducing their facilities to the Company. On the other hand, as the Company does not have material assets that could be provided as security to secure loans with amount sufficient for developing the Industrial Park, the Company did not seek for debt financing or consider other financing alternatives.

Taking into account (i) the unsatisfactory financial performance and the liquidity level of the Group; (ii) the funding requirement of the Group to develop the Industrial Park to grasp the business opportunity and tap into the growing intelligent manufacturing market in the PRC; (iii) that the Rights Issue will strengthen the capital base of the Group for further development of its existing businesses; and (iv) that the Rights Issue offers all Qualifying

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Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables them to maintain their proportionate interests in the Company and continue to participate in the future development of the Company, we concur with the management of the Group that the Rights Issue is the most appropriate means of financing over the alternative fund-raising methods and is in the interest of the Company and the Shareholders as a whole.

3. Principal terms of the Rights Issue and the Placing Agreement

(i) *The Rights Issue*

The Rights Issue will proceed on a non-underwritten basis. For details of the terms of the Rights Issue, please refer to the section headed “Proposed Rights Issue” in the Letter from the Board. Set out below are the principal terms of the Rights Issue:

Basis of the Rights Issue	:	Four (4) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.18 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.1747 per Rights Share (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation); or Approximately HK\$0.1751 per Rights Share (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options)
Number of Shares in issue as at the Latest Practicable Date	:	1,416,800,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	141,680,000 Consolidated Shares

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- Number of Rights Shares to be issued pursuant to the Rights Issue : 566,720,000 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation) with an aggregate nominal value of HK\$56,672,000; or
- 610,880,000 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options) with an aggregate nominal value of HK\$61,088,000
- Total number of Consolidated Shares in issue upon completion of the Rights Issue : 708,400,000 Consolidated Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation); or
- 763,600,000 Consolidated Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options)
- Gross proceeds from the Rights Issue : Approximately HK\$102.0 million before expenses (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation) with a maximum of approximately HK\$110.0 million before expenses (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options)

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As at the Latest Practicable Date, there are outstanding Share Options for subscription of an aggregate of 110,400,000 Existing Shares granted under the Share Option Scheme. Save as aforementioned, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no Shares are issued or repurchased on or before the Record Date other than the Share Consolidation, the aggregate 566,720,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 400.0% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and 80.0% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares.

Assuming no Shares are issued or repurchased on or before the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options, the aggregate 610,880,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 400.0% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and 80.0% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares.

(ii) The Placing Agreement

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of the No Action Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company has therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the aggregate amount of (a) the Subscription Price for those Rights Shares; and (b) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to the No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 14 October 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than

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the Subscription Price. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

For details of the terms of the Placing Agreement, please refer to the section headed “the Placing Agreement” in the Letter from the Board. Set out below are the principal terms of the Placing Agreement:

Date : 19 July 2024 (after trading hours)

Placing Agent : Sunhigh Financial Holdings Limited

To the best knowledge, information and belief of the Directors, after making reasonable enquiries, the Placing Agent is an Independent Third Party and neither the Placing Agent nor any of its associates hold any Shares as at the Latest Practicable Date.

Placing fee and expenses : 1.0% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent.

Placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) : Not less than HK\$0.18 per Unsubscribed Rights Share and/or the NQS Unsold Rights Share.

Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the placees who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties.

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4. Assessment of the principal terms of the Rights Issue and the Placing Agreement

(i) *The Subscription Price*

The Subscription Price of HK\$0.18 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares. The Subscription Price was determined taking into consideration (a) the loss making position of the Group for the year ended 31 March 2024 and the low level of cash on hand available to the Group as at 31 March 2024; (b) the recent downward trend of the market price of the Existing Shares which dropped from HK\$0.047 in May 2024 to HK\$0.021 on the Last Trading Day; (c) the prevailing market conditions of high borrowing costs and sluggish stock market sentiment; (d) the low trading liquidity of the Existing Shares which the Company is unlikely to raise meaningful amount of funds through equity financing without a notable discount; and (e) the amount of funds (i.e. approximately HK\$110 million) the Company intends to raise under the Rights Issue for the purposes described in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” in the Letter from the Board.

The Subscription Price of HK\$0.18 per Rights Share represents:

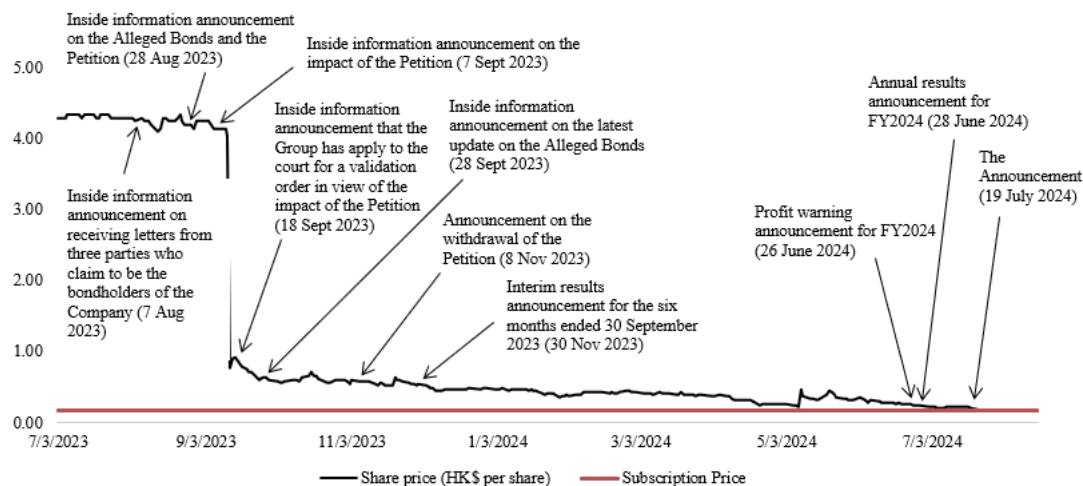
- (a) equivalent to the theoretical closing price of HK\$0.180 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date, assuming Share Consolidation has become effective;
- (b) a discount of approximately 14.29% to the theoretical closing price of HK\$0.210 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day, assuming Share Consolidation has become effective;
- (c) a discount of approximately 17.43% to the average theoretical closing price per Consolidated Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.218, assuming Share Consolidation has become effective;
- (d) a discount of approximately 17.43% to the average theoretical closing price per Consolidated Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.218, assuming Share Consolidation has become effective;

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- (e) a discount of approximately 4.26% to the theoretical ex-rights price of approximately HK\$0.188 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day, assuming the Share Consolidation has become effective;
 - (f) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 14.55% represented by the theoretical diluted price of approximately HK\$0.188 to the benchmarked price of approximately HK\$0.220 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.210 per Consolidated Share and the average closing price of the Consolidated Shares in the five trading days immediately prior to the date of the Announcement of HK\$0.220 per Consolidated Share), assuming the Share Consolidation has become effective; and
 - (g) a discount of approximately 93.69% to the consolidated net asset value per share attributable to the Shareholders as at 31 March 2024 of approximately HK\$2.853 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately S\$69,686,000 (equivalents to approximately HK\$404,178,800) as at 31 March 2024 and 141,680,000 Consolidated Shares in issue as at the Latest Practicable Date, assuming the Share Consolidation became effective on 31 March 2024.
- (a) *Comparison with adjusted historical closing prices of the Consolidated Shares*

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily adjusted closing prices (as adjusted for the Share Consolidation) of the Consolidated Shares from 3 July 2023 to the Last Trading Day (i.e. 19 July 2024) (the “**Review Period**”), being approximately one year preceding the Last Trading Day, and up to the Latest Practicable Date, assuming the Share Consolidation became effective before the Review Period. We consider the Review Period is adequate to reflect the general market sentiment and illustrates the general trend and level of movement of the daily closing price of the Existing Shares.

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Performance of Share price

Source: the website of the Stock Exchange

As shown above, the adjusted closing prices of the Consolidated Shares were above the Subscription Price at all times during the Review Period, ranging from HK\$0.21 on 5 July 2024, 8 July 2024 and the Last Trading Day to HK\$4.35 on 7 July 2023 to 12 July 2023, 14 July 2023, 18 July 2023, 21 July 2023, 24 July 2023 and 23 August 2023. In other words, the discounts of the Subscription Price to the adjusted closing prices of the Consolidated Shares ranged from approximately 14.29% to 95.86%.

The adjusted closing prices of the Consolidated Shares fluctuated between HK\$4.05 per Consolidated Share and HK\$4.35 per Consolidated Share from 3 July 2023 to 12 September 2023 and closed at HK\$4.05 per Consolidated Share on 12 September 2023. Thereafter, it dropped sharply to HK\$0.78 per Consolidated Share on 13 September 2023. Based on our discussion with the management of the Group, such significant decline in the adjusted closing price may be due to the Company's publication of a series of inside information announcements on the Alleged Bonds (as defined below) and the Petition (as defined below) against the Group in August and September 2023. On 7 August 2023, the Company has announced that it has recently received three letters from three parties who claimed to be the bondholders of the Company and the Company clarified that it had not entered into and had no knowledge of the alleged bond agreements or incurred the relevant debts. In this respect, the Company has reported the case to the Hong Kong police. On 28 August 2023, the Company further clarified that the aforementioned bonds were not issued by the Group and the signatures appearing on the alleged bonds were forged. Besides those three alleged bonds, there was one more alleged forged bond recently (collectively, the "Alleged Bonds"). In addition, one alleged bond

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holder has petitioned (the “**Petition**”) for a winding up order for a principal of HK\$1,000,000 against the Group on 24 August 2023. The Company further published inside information announcements (1) on 7 September 2023 to remind the investors and the Shareholders that under s.182 Companies (Winding up and Miscellaneous) Ordinance Cap (Cap. 32), if the Petition is successfully to get a winding up order, all disposal or transfer of asset of the Group will be void unless it obtains a validation order granted by the court; and (2) on 18 September 2023 to inform that the Company has instructed its lawyer to apply to the court for a validation order in this respect to avoid the suspension of acceptance of deposit of shares certificates of the Company into Central Clearing and Settlement System. The Hong Kong police has arrested relevant suspects which include an ex-employee of the Group and a bond agent in September 2023 and the Petition has been withdrawn in November 2023. From then on, the adjusted closing prices of the Consolidated Shares generally exhibited a downward trend and hit the lowest of HK\$0.21 per Consolidated Share on 5 July 2024 and 8 July 2024. Such downward trend may be due to the Company’s publication of (1) the interim results announcement for the six months ended 30 September 2023 on 30 November 2023; and (2) the profit warning announcement and annual results announcement for FY2024 on 26 June 2024 and 28 June 2024, respectively.

As at the Last Trading Day and the Latest Practicable Date, the adjusted closing price of the Consolidated Shares closed at HK\$0.21 and HK\$0.18, respectively, to which the Subscription Price represents a discount of approximately 14.29% and nil, respectively.

As discussed in the sub-section headed “(c) Comparison with recent rights issue exercises” below, we note that it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant share in order to increase the attractiveness and encourage shareholders to participate in the rights issue so as to meet the company’s need for additional funding.

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(b) *Historical trading liquidity of the Shares*

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total number of Shares in issue and held by the public during the period from 3 July 2023 to the Latest Practicable Date:

	Number of trading days (Note 1)	Approximate average daily trading volume	Approximate percentage of average daily trading volume to total number of Shares in issue (Note 2)	Approximate percentage of average daily trading volume to total number of Shares held by the public (Note 2)
2023				
July	20	8,175,400	0.5770%	0.6393%
August	23	11,833,217	0.8352%	0.9253%
September	19	105,327,789	7.4342%	8.2365%
October	20	13,696,400	0.9667%	1.0710%
November	22	12,095,091	0.8537%	0.9458%
December	19	8,594,105	0.6066%	0.6720%
2024				
January	22	2,478,364	0.1749%	0.1938%
February	19	844,632	0.0596%	0.0660%
March	20	665,850	0.0470%	0.0521%
April	20	2,990,350	0.2111%	0.2338%
May	21	31,299,619	2.2092%	2.4476%
June	19	8,769,684	0.6190%	0.6858%
July	22	8,371,273	0.5909%	0.6546%
From 1 August to the Latest Practicable Date	12	5,683,000	0.4011%	0.4444%

Source: the website of the Stock Exchange

Notes:

1. Number of trading days of the Shares represents number of trading days during the month or period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day (if applicable).

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2. *Based on the total number of the Shares in issue at the end of each month or period as disclosed in the monthly returns of the Company.*
3. *Based on the number of Shares held by public Shareholders as calculated by deducting the Shares held by Zhongbei Capital Co., Limited as at the Latest Practicable Date.*

As illustrated in the table above, the average daily trading volume for the respective month or period during the period from 3 July 2023 to the Latest Practicable Date ranged from approximately 665,850 Shares in March 2024 to approximately 105,327,789 Shares in September 2023, representing approximately 0.0470% to 7.4342% of the total number of the Shares in issue and approximately 0.0521% to 8.2365% of the total number of the Shares held by the public, respectively.

The trading volume of the Shares was notably high in September 2023 as compared to other months/periods during the period from 3 July 2023 to the Latest Practicable Date, which may be attributable to the market reaction and/or knock-on effects of the Company's publication of a series of inside information announcements in relation to the Alleged Bonds and the Petition in August and September 2023. For details, please refer to the sub-section headed "(a) Comparison with adjusted historical closing prices of the Consolidated Shares" above. As the Hong Kong police has arrested relevant suspects in September 2023 and the Petition has been withdrawn in November 2023, such irregular trading volume of the Shares in September 2023 shall be in one-off nature.

The above statistics revealed that the trading liquidity of the Shares has not been high in the open market. On this basis and considering the financial position and performance of the Group, we are of the view that the Company is unlikely to be able to raise notable amount of funds via equity financing without a notable discount. As such, we consider that it is reasonable for the Subscription Price to be set at a discount to the prevailing historical closing prices of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholdings in the Company.

(c) Comparison with recent rights issue exercises

In order to further assess the fairness and reasonableness of the terms of the Rights Issue, we have reviewed the rights issue exercises initially announced by the companies listed on the Main Board of the Stock Exchange during the period from 1 January 2024 up to the Last Trading Day (being approximately six months). We have identified an exhaustive list of 20 rights issue transactions (the "**Comparable Transactions**"). We consider that the aforesaid review period is

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adequate and appropriate to capture the recent market practice in relation to rights issue exercises under the prevailing market conditions, and provide a sufficient sample for comparison with the Rights Issue.

Although the listed issuers involved in the Comparable Transactions have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company, and includes rights issue transactions which are underwritten with different basis of entitlement and arrangements to dispose of any unsubscribed rights shares, we consider that the Comparable Transactions can provide a general reference to the pricing trend of recent rights issue transactions under the current market conditions as well as a sufficient sample size for comparison purpose, so as to determine whether the Subscription Price is in line with those of recent rights issue transactions in the market.

The details of the Comparable Transactions are set out below:

Date of Announcement	Company name (stock code)	Basis of entitlement	Premium/ (discount) of the subscription price over/to the average closing price for the five consecutive trading days up to and including the last trading day		Premium/ (discount) of the subscription price over/to the theoretical ex-rights price based on the closing price on the last trading day	Premium/ (discount) of the subscription price over/to the consolidated net asset value	Maximum dilution % (Note 2)	Theoretical dilution % (Note 3)	Underwriting commission % (Note 4)	Excess application Yes/No	Placing arrangement Yes/No
			Premium/ (discount) of the subscription price over/to the closing price on the last trading day %	Premium/ (discount) of the subscription price over/to the average closing price for the five consecutive trading days up to and including the last trading day %	Premium/ (discount) of the subscription price over/to the theoretical ex-rights price based on the closing price on the last trading day % (Note 1)						
12 July 2024	Guan Chao Holdings Limited (1872.HK)	4 for 1	(20.00)	(29.08)	(4.76)	(89.86)	80.00	20.07	N/A	No	Yes
26 June 2024	Ev Dynamics (Holdings) Limited (476.HK)	3 for 2	(3.06)	(3.06)	(1.04)	(92.93)	60.00	1.84	N/A	No	Yes
19 June 2024	Bonny International Holding Limited (1906.HK)	1 for 4	(43.02)	(43.55)	(38.16)	(14.93)	20.00	8.71	N/A	Yes	No
4 June 2024	MMG Limited (1208.HK)	2 for 5	(31.41)	(35.59)	(24.65)	(32.51)	28.57	10.17	2.00	Yes	No
10 May 2024	Sky Blue 11 Company Limited (1010.HK)	1 for 1	(33.33)	(34.91)	(20.00)	Net liability	50.00	17.90	N/A	No	Yes
18 April 2024	Shin Hwa World Limited (582.HK)	2 for 1	(33.33)	(32.29)	(22.31)	(98.22)	66.67	22.22	1.00	Yes	No
9 April 2024	Walnut Capital Limited (905.HK)	1 for 2	(45.08)	(31.93)	(35.46)	62.00	33.33	14.92	N/A	No	Yes
8 April 2024	China Uptown Group Company Limited (2330.HK)	2 for 1	(31.82)	(31.82)	(11.76)	(71.15)	66.67	22.73	N/A	Yes	Yes
8 April 2024	Heng Tai Consumables Group Limited (197.HK)	1 for 2	0.00	0.00	0.00	(96.04)	33.33	0.00	N/A	Yes	No
22 March 2024	Kingbo Strike Limited (1421.HK)	1 for 2	(9.09)	(6.10)	(6.32)	(78.13)	33.33	2.95	N/A	No	Yes
20 March 2024	Aidigong Maternal & Child Health Limited (286.HK)	1 for 3	(38.24)	(42.47)	(8.82)	(80.03)	25.00	11.00	7.07	Yes	No
1 March 2024	Space Group Holdings Limited (2448.HK)	4 for 1	(19.05)	(18.27)	(4.49)	(93.34)	80.00	15.24	N/A	No	Yes
26 February 2024	Raily Aesthetic Medicine International Holdings Limited (2135.HK)	1 for 3	(74.04)	(75.25)	(69.52)	(66.67)	25.00	18.81	0.50	Yes	No
21 February 2024	Green Economy Development Limited (1315.HK)	1 for 2	(15.26)	(15.71)	(10.56)	(25.12)	33.33	5.26	N/A	Yes	No
19 February 2024	Ta Yang Group Holdings Limited (1991.HK)	1 for 2	(9.77)	(12.03)	(6.98)	7.14	33.33	3.68	N/A	Yes	No

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Date of Announcement	Company name (stock code)	Basis of entitlement	Premium/ (discount) of the subscription price over/to the average closing price		Premium/ (discount) of the subscription price over/to the theoretical ex-rights price based on the closing price on the last trading day		Premium/ (discount) of the subscription price over/to the consolidated net asset value	Maximum dilution % (Note 2)	Theoretical dilution % (Note 3)	Underwriting commission % (Note 4)	Excess application Yes/No	Placing arrangement Yes/No
			Premium/ (discount) of the subscription price over/to the closing price of the previous consecutive trading days up to and including the last trading day %	Premium/ (discount) of the subscription price over/to the average closing price of the five previous consecutive trading days up to and including the last trading day %	Premium/ (discount) of the subscription price over/to the theoretical ex-rights price based on the closing price on the last trading day % (Note 1)	Premium/ (discount) of the subscription price over/to the consolidated net asset value %						
1 February 2024	Goldstone Capital Group Limited (1160.HK)	1 for 2	(69.86)	(69.86)	(60.71)	57.14	33.33	23.29	N/A	No	Yes	
18 January 2024	CCIAM Future Energy Limited (145.HK)	1 for 2	(12.50)	(11.17)	(8.69)	(5.41)	33.33	4.18	N/A	No	Yes	
16 January 2024	China Oriented International Holdings Limited (1871.HK)	1 for 2	(18.37)	(14.82)	(13.04)	(63.30)	33.33	6.12	N/A	No	Yes	
12 January 2024	Tongda Hong Tai Holdings Limited (2363.HK)	2 for 1	(1.69)	0.00	0.00	Net liability	66.67	1.69	N/A	No	Yes	
10 January 2024	Teamway International Group Holdings Limited (1239.HK)	1 for 1	(32.77)	(32.77)	(19.60)	Net liability	50.00	16.39	N/A	No	Yes	
		Maximum	0.00	0.00	0.00	62.00	80.00	23.29	7.07			
		Minimum	(74.04)	(75.25)	(69.52)	(98.22)	20.00	0.00	0.50			
		Average	(27.08)	(27.03)	(18.34)	(45.96)	44.26	11.36	2.65			
		Median	(25.71)	(30.45)	(11.16)	(66.67)	33.33	10.59	1.50			
	The Company	4 for 1	(14.29)	(17.43)	(4.26)	(93.69)	80.00	14.55	N/A	No	Yes	

Source: the website of the Stock Exchange

Notes:

- Theoretical ex-rights price is calculated as the sum of (1) the issuer's total market capitalisation by reference to the benchmarked price (as defined under Rule 7.27B of the Listing Rules) and the number of issued shares immediately before the rights issue; and (2) the total funds to be raised from the rights issue, divided by the total number of shares as enlarged by the rights issue.
- The maximum dilution is calculated by the number of rights shares divided by the total number of issued shares as enlarged by the issue of the rights shares.
- The theoretical dilution effect is calculated in accordance with Rule 7.27B of the Listing Rules.
- "N/A" denotes that the rights issue was conducted on a non-underwritten basis and therefore the underwriting commission is not applicable.

As set out in the table above, we note that it is a common market practice that the pricing of a rights issue represents a discount to the prevailing closing share prices prior to the announcement of the rights issue and to the theoretical ex-rights price of the shares. We also note that:

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- (1) the subscription prices to the share price on the last trading day of the Comparable Transactions ranged from a discount of approximately 74.04% to a discount of nil, with an average and a median discount of approximately 27.08% and 25.71%, respectively. The discount of approximately 14.29% as represented by the Subscription Price to the adjusted closing price of the Consolidated Shares on the Last Trading Day is within the range of the Comparable Transactions and smaller than the average and median discounts of the Comparable Transactions;
- (2) the subscription prices to the average share price for the five previous consecutive trading days up to and including the last trading day of the Comparable Transactions ranged from a discount of approximately 75.25% to a discount of nil, with an average and a median discount of approximately 27.03% and 30.45%, respectively. The discount of approximately 17.43% as represented by the Subscription Price to the average adjusted closing price of the Consolidated Shares for the five previous consecutive trading days up to and including the Last Trading Day is within the range of the Comparable Transactions and smaller than the average and median discounts of the Comparable Transactions;
- (3) the subscription prices to the theoretical ex-rights price based on the closing price on last trading day of the Comparable Transactions ranged from a discount of approximately 69.52% to a discount of nil, with an average and a median discount of approximately 18.34% and 11.16%, respectively. The discount of approximately 4.26% as represented by the Subscription Price to the theoretical ex-rights price based on the adjusted closing price of the Consolidated Shares on the Last Trading Day is within the range of the Comparable Transactions and smaller than the average and median discounts of the Comparable Transactions;
- (4) the subscription prices over/to the consolidated net asset value attributable to the shareholders of the Comparable Transactions ranged from a discount of approximately 98.22% to a premium of approximately 62.00%, with an average and a medium discount of approximately 45.96% and 66.67%, respectively. The discount of approximately 93.69% as represented by the Subscription Price to the consolidated net asset value per Share attributable to the Shareholders as at 31 March 2024 is within the range of the Comparable Transactions and deeper than the average and median discounts of the Comparable Transactions; and

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- (5) the theoretical dilution effect of the Comparable Transactions ranged from nil to approximately 23.29%, with an average and a medium dilution effect of approximately 11.36% and 10.59%, respectively. The theoretical dilution effect of the Rights Issue of approximately 14.55% is within the range of the Comparable Transactions and close to the average and median dilution effects of the Comparable Transactions.

Given that (1) as shown in the table above, it is a common market practice that the subscription price of a rights issue represents a discount to (a) the closing price on the last trading day; (b) the average share price for the five previous consecutive trading days up to and including the last trading day; (c) the theoretical ex-rights price based on the closing price on the last trading day; and (d) the consolidated net asset value attributable to the shareholders; (2) a higher discount of the Subscription Price could enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to participate in the Rights Issue; (3) the interests of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares; (4) those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market; (5) the discounts of the Subscription Price to the adjusted closing price of the Consolidated Shares on the Last Trading Day, the average adjusted closing price of the Consolidated Shares for the five previous consecutive trading days up to and including the Last Trading Day, and the theoretical ex-rights price based on the adjusted closing price of the Consolidated Shares on the Last Trading Day are within the ranges of those of the Comparable Transactions and smaller than the average and median discounts of the Comparable Transactions; (6) the discount of the Subscription Price to the consolidated net asset value attributable to the Shareholders is within the range of the Comparable Transactions and deeper than the average and median discounts of the Comparable Transactions; (7) as discussed in the section headed “1. Background of the Group” above, the financial performance of the Group had been unsatisfactory in FY2023 and FY2024, both of which recorded escalation in loss for the year. In response to this, the Group has commenced the development of the Industrial Park in 2021 with an aim to tap into the growing intelligent manufacturing market in the PRC. As at 31 March 2024, the Group was in a highly leveraged financial position, having total borrowings of approximately S\$23.3 million as compared to total cash and bank balances (including pledged bank deposits and cash and cash equivalents) of approximately S\$5.4 million only. As the Group is in need to raise funds for working capital for further development of the Industrial Park and relieving its liquidity pressure, it is reasonable to set the Subscription Price with a discount to

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enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to take part in the Rights Issue; and (8) the theoretical dilution effect of the Rights Issue is within the range of the Comparable Transactions and close to the average and median dilution effects of the Comparable Transactions, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Although the Subscription Price represents a deep discount to the consolidated net asset value attributable to the Shareholders and the level of discount is higher than the average and median of the Comparable Transactions, taking into account (1) the fundings needs of the Group as discussed above; (2) the interests of the Qualifying Shareholders will not be prejudiced by the level of discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares; and (3) the closing price per Existing Share was trading substantially below the net asset value per Share attributable to the Shareholders as at 31 March 2024 during the six months period immediately prior to the Last Trading Day (i.e. from 19 January 2024 to 19 July 2024) with a discount of approximately 83.53% to 92.64%, we consider a substantial discount of the Subscription Price to the consolidated net asset value attributable to the Shareholders given to attract subscription by the Qualifying Shareholders is fair and reasonable.

In comply with Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangement in relation to the Rights Issue and the Company has arranged for the Compensatory Arrangement and the Placing.

(ii) The Placing Agreement

Pursuant to the Placing Agreement, any Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to independent places on a best effort basis in compliance with Rule 7.21(1)(b) of the Listing Rules. Under the Placing Agreement, the Placing Agent will charge the Company a placing commission (the “**Placing Commission**”) of 1.0% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

(a) The placing price

Given that (1) the placing price (the “**Placing Price**”) of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) shall be not less than the Subscription Price, which is not prejudicial to the interests of the Qualifying Shareholders; and (2) the Subscription Price is fair and reasonable

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as discussed in the sub-section headed “(i) The Subscription Price” above, we consider that the Placing Price is fair and reasonable so far as the Independent Shareholders are concerned.

(b) The Placing Commission

Pursuant to the Placing Agreement, the Company shall pay the Placing Agent the Placing Commission of 1.0% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent. As disclosed in the Letter from the Board, the Placing Commission was determined after arm’s length negotiation between the Placing Agent and the Company with reference to the prevailing market rate in recent placing transactions.

In evaluating the fairness and reasonableness of the principal terms of the Placing Agreement, including the Placing Commission payable to the Placing Agent, we have further assessed the Comparable Transactions which included placing exercises as a result of the compensatory arrangement as required under the Listing Rules. Among the Comparable Transactions, there were 12 Comparable Transactions adopted placing as the compensatory arrangements (the “**Placing Comparables**”). We consider that the aforesaid review period is adequate and appropriate to (1) reflect the latest market sentiment on share placements; and (2) provide a sufficient sample for comparison with the Placing.

Set out below is a summary of the Placing Comparables:

Date of announcement	Company name (stock code)	Commission rate payable to the placing agent
12 July 2024	Guan Chao Holdings Limited (1872.HK)	0.75%
26 June 2024	Ev Dynamics (Holdings) Limited (476.HK)	1.50%
10 May 2024	Sky Blue 11 Company Limited (1010.HK)	5%
9 April 2024	Walnut Capital Limited (905.HK)	1%
8 April 2024	China Uptown Group Company Limited (2330.HK)	2.50%
22 March 2024	Kingbo Strike Limited (1421.HK)	1.50%
1 March 2024	Space Group Holdings Limited (2448.HK)	0.50%
1 February 2024	Goldstone Capital Group Limited (1160.HK)	3.50%
18 January 2024	CCIAM Future Energy Limited (145.HK)	5%
16 January 2024	China Oriented International Holdings Limited (1871.HK)	3%

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12 January 2024	Tongda Hong Tai Holdings Limited (2363.HK)	2%
10 January 2024	Teamway International Group Holdings Limited (1239.HK)	0.50%
	Maximum	5.00%
	Minimum	0.50%
	Average	2.23%
	Median	1.75%
	The Company	1.00%

Source: the website of the Stock Exchange

As shown in the table above, we noted that the commission fees payable to the respective placing agents under the Placing Comparables are based on certain percentage of the gross proceeds from the subscription of the unsubscribed rights shares ranging from 0.50% to 5.00%, with an average of approximately 2.23% and a median of approximately 1.75%. Given (1) the Placing Commission was determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate; and (2) the Placing Commission falls within the range of the Placing Comparables and is smaller than the average and median of the Placing Comparables, we consider that the Placing Commission to be fair and reasonable.

We have also reviewed other major terms of the Placing Agreement, including but not limited to the conditions and termination clause of the Placing Agreement, details of which are set out in the Letter from the Board, and we are not aware of any term which is unusual. As such, we are of the view that the terms of the Placing Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

In view of the above, we consider that the implementation of the Compensatory Arrangements and the Placing is in the interests of the Company and the Shareholders as a whole.

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5. Potential dilution effect on the shareholding interests of the Independent Shareholders

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will not be diluted after the Rights Issue. Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider to sell their nil-paid rights to subscribe for the Rights Shares in the market. However, they and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.

For illustrative purposes only, assuming there is no further issue or repurchase of the Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Share Consolidation; (iii) immediately upon completion of the Share Consolidation, and the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iv) immediately upon completion of the Share Consolidation, and the Rights Issue assuming no acceptance by any Qualifying Shareholder and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent:

(i) Assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before completion of the Rights Issue

	As at the Latest Practicable Date		Immediately upon completion of the Share Consolidation		Immediately upon completion of the Share Consolidation, and the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Share Consolidation, and the Rights Issue assuming no acceptance by any Qualifying Shareholder and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Zhongbei Capital Co., Limited (Note 1)	138,000,000	9.74	13,800,000	9.74	69,000,000	9.74	13,800,000	1.95
Placees (Note 2)	-	-	-	-	-	-	566,720,000	80.00
Other public Shareholders	<u>1,278,800,000</u>	<u>90.26</u>	<u>127,880,000</u>	<u>90.26</u>	<u>639,400,000</u>	<u>90.26</u>	<u>127,880,000</u>	<u>18.05</u>
	<u>1,416,800,000</u>	<u>100.00</u>	<u>141,680,000</u>	<u>100.00</u>	<u>708,400,000</u>	<u>100.00</u>	<u>708,400,000</u>	<u>100.00</u>

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(ii) Assuming all outstanding Share Options being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before completion of the Rights Issue

	As at the Latest Practicable Date		Immediately upon completion of the Share Consolidation		Immediately upon completion of the Share Consolidation, and the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Share Consolidation, and the Rights Issue assuming no acceptance by any Qualifying Shareholder and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Zhongbei Capital Co., Limited (Note 1)	138,000,000	9.04	13,800,000	9.04	69,000,000	9.04	13,800,000	1.81
Placees (Note 2)	-	-	-	-	-	-	610,880,000	80.00
Other public Shareholders (Note 3)	1,389,200,000	90.96	138,920,000	90.96	694,600,000	90.96	138,920,000	18.19
	<u>1,527,200,000</u>	<u>100.00</u>	<u>152,720,000</u>	<u>100.00</u>	<u>763,600,000</u>	<u>100.00</u>	<u>763,600,000</u>	<u>100.00</u>

Notes:

1. Ms. Yao Jiajia, an Independent Third Party, held 138,000,000 Shares through Zhongbei Capital Co., Limited (中北資本有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by Ms. Yao Jiajia.
2. If any of the placees subscribes for 10% or more of the Shares under the Placing, he/she/it will become a substantial Shareholder after completion of the Placing.
3. As at the Latest Practicable Date, there are outstanding Share Options for subscription of an aggregate of 110,400,000 Existing Shares granted under the Share Option Scheme.
4. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

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As set out in the table under the sub-section headed “4. Assessment of the principal terms of the Rights Issue and the Placing Agreement – (i) The Subscription Price – (c) Comparison with recent rights issue exercises”, the maximum dilution of the Comparable Transactions ranged from 20.00% to 80.00% with an average and a medium dilution of approximately 44.26% and 33.33%, respectively. For the Non-Qualifying Shareholders and those Qualifying Shareholders who do not take up their full provisional allotments under the Rights Issue, depending on the extent to which they subscribe for the Rights Shares, their shareholding interests in the Company upon completion of the Rights Issue will be diluted by up to a maximum of 80.0%, which falls within the range of the Comparable Transactions. In addition, the theoretical dilution effect of the Rights Issue is within the range of the Comparable Transactions and close to the average and median dilution effects of the Comparable Transactions.

In all cases of rights issue, the dilution on the shareholding of those qualifying shareholders who do not take up in full their provisional allotments under the rights issue is inevitable. In fact, the dilution magnitude of any rights issue depends mainly on the extent of the basis of entitlement under such exercise since the higher offering ratio of new shares to existing shares is, the greater the dilution on the shareholding would be.

Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and Independent Shareholders’ interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market, subject to availability; (iii) shareholding dilution is inherent in rights issue in general; and (iv) the positive impact on the financial position of the Group as a result of the Rights Issue as detailed in the section headed “6. Financial impact of the Rights Issue” below, we are of the view that the potential dilution effect on the shareholding, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares, is justifiable.

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6. Financial impact of the Rights Issue

(i) Net tangible assets

According to the unaudited pro forma financial information of the Group in Appendix II to the Circular, assuming that the Rights Issue had been completed and subscribed in full on 31 March 2024, the audited consolidated net tangible assets attributable to the Shareholders would have increased from approximately S\$69.9 million as at 31 March 2024 to an unaudited pro forma adjusted consolidated net tangible assets attributable to the Shareholders of approximately S\$87.1 million (based on proposed 566,720,000 Rights Shares) or S\$88.4 million (based on proposed 610,880,000 Rights Shares) immediately after the completion of the Rights Issue.

(ii) Liquidity

As at 31 March 2024, the Group had cash and cash equivalents of approximately S\$1.4 million, current assets of approximately S\$81.8 million and current liabilities of approximately S\$26.4 million. Upon completion of the Rights Issue, cash and cash equivalents of the Group is expected to increase by the estimated net proceeds from the Right Issues of approximately HK\$99.8 million (based on proposed 566,720,000 Rights Shares) or HK\$107.8 million (based on proposed 610,880,000 Rights Shares). As such, the liquidity position of the Group would be improved upon completion of the Rights Issue.

(iii) Earnings

Given that the net proceeds from the Rights Issue will be used for (a) the start-up costs of phase three of the Industrial Park in the PRC; (b) repayment of loans; and (c) working capital, the Group may generate additional revenue if the strategies are implemented successfully and increase earnings resulting from the reduction of finance costs.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Company upon completion of the Rights Issue.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

In arriving at our opinion and recommendation, we have considered the principal factors and reasons as discussed above and in particular the following:

- as at 31 March 2024, the Group was in a highly leveraged financial position, having total borrowings of approximately S\$23.3 million as compared to total cash and bank balances (including pledged bank deposits and cash and cash equivalents) of approximately S\$5.4 million only. The Group is in need to raise funds for working capital and relieving its liquidity pressure;
- the financial performance of the Group had been deteriorated during the three years ended 31 March 2024. In view of this, the Group will continue to focus on strengthening the market position in the construction industry and developing the Industrial Park in the PRC, the construction of phase three of which require fundings;
- the Rights Issue is the most preferred option over other financing alternatives such as debt financing, placing of new Shares and open offer, as it will not result in a deterioration of the Group's gearing and allows all Qualifying Shareholders to participate in the fund-raising exercise for the future development of the Group with the flexibility of trading of rights entitlements in the market;
- the principal terms of the Rights Issue, in particular the Subscription Price, are fair and reasonable after considering the following:
 - it is a common market practice that the pricing of a rights issue represents a discount to the prevailing closing share prices on the last trading day and to the theoretical ex-rights price of the shares;
 - the discount of the Subscription Price could enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to participate in the Rights Issue given the current financial difficulties of the Group;
 - the interests of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares;
 - those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market;

LETTER FROM INDEPENDENT FINANCIAL ADVISER

- the discounts of the Subscription Price to the adjusted closing price of the Consolidated Shares on the Last Trading Day, the average adjusted closing price of the Consolidated Shares for the five previous consecutive trading days up to and including the Last Trading Day, and the theoretical ex-rights price based on the adjusted closing price of the Consolidated Shares on the Last Trading Day are within the ranges of those of the Comparable Transactions and smaller than the average and median discounts of the Comparable Transactions; and
- the discount of the Subscription Price to the consolidated net asset value attributable to the Shareholders is within the range of the Comparable Transactions and deeper than the average and median discounts of the Comparable Transactions;
- the Compensatory Arrangements and the Placing under the Placing Agreement, being part of the Rights Issue, are in compliance with the Listing Rules, which are managed by the Placing Agent who is an Independent Third Party. The Placing Price will be not less than the Subscription Price which is fair and reasonable as mentioned above and the Placing Commission payable to the Placing Agent is in line with those charged in the Placing Comparables;
- the dilution effect on the shareholding interests of public Shareholders, which will be potentially diluted by up to a maximum of 80.0% following completion of the Rights Issue, is considered to be acceptable given (i) the current financial position of the Group; (ii) that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable as mentioned above; and (iii) that the Rights Issue is not prejudicial to the Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Rights Shares under the Rights Issue. Meanwhile, the Rights Issue does not result in a theoretical dilution effect of 25% or more on its own, complying with the Listing Rules; and
- the Rights Issue is expected to bring an overall positive financial impact on the Group and improve the liquidity and gearing of the Group, which is in line with the interests of Shareholders.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Based on the above, we consider that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, while not in the ordinary and usual course of business of the Group, are nevertheless in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the years ended 31 March 2022, 2023 and 2024 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.trendzon1865.com):

- (i) the audited financial information of the Group for the year ended 31 March 2022 is disclosed in the annual report of the Company for the year ended 31 March 2022 published on 27 July 2022
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0727/2022072700009.pdf>);
- (ii) the audited financial information of the Group for the year ended 31 March 2023 is disclosed in the annual report of the Company for the year ended 31 March 2023 published on 28 July 2023
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0728/2023072800552.pdf>);
and
- (iii) the audited financial information of the Group for the year ended 31 March 2024 is disclosed in the annual report of the Company for year ended 31 March 2024 published on 31 July 2024
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0731/2024073100381.pdf>).

The management discussion and analysis of the Company for each of the years ended 31 March 2022, 2023 and 2024, are disclosed in the annual reports of the Company for the years ended 31 March 2022, 2023 and 2024, respectively.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total outstanding indebtedness as follows:

	At 31 July 2024
	<i>S\$'000</i>
Bank borrowings with interest – term loans (<i>note a</i>)	
Non-current, secured	3,132
Current, secured	<u>3,304</u>
Total bank borrowings – term loans	<u>6,436</u>
Bonds with interest (<i>note b</i>)	
Current, unsecured	<u>12,106</u>
Total Bonds	<u>12,106</u>
Other borrowings with interest (<i>note c</i>)	
Current, unsecured	<u>801</u>
Total other borrowings	<u>801</u>
Lease liabilities (<i>note d</i>)	
Non-current, unsecured	2,856
Current, unsecured	<u>495</u>
Total lease liabilities	<u>3,351</u>
Total indebtedness	<u><u>22,694</u></u>

Notes:

- (a) As at 31 July 2024, the Group had outstanding secured bank borrowings of principal in amount of approximately S\$6,436,000 and relevant interest of approximately S\$8,181. The principal was interest-bearing ranging from 1.68% to SORA in-advance plus 4 % per annum. Such loan is secured by leasehold properties, personal guarantee from the director of the Company and corporate guarantee from the Company.
- (b) As at 31 July 2024, the Group had outstanding bonds of principal in amount of approximately S\$11,235,000 and relevant interest of approximately S\$871,000. The unsecured bonds bore a fixed interest rate between 4.3% to 9% per annum.

- (c) As at 31 July 2024, the Group had outstanding unsecured other borrowings of principal in amount of approximately S\$185,000 and relevant interest of approximately S\$616,000. The unsecured other borrowings bore a fixed interest rate between 3.2% to 24% per annum.
- (d) The Group entered into of several lease agreements with lessors for leasing of leasehold land, offices and Motor vehicles with lease terms ranging from 2 to 32 years. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The Group recognised right-of-use assets and lease liabilities for these leases. The average effective borrowing rate were approximately 1.6% to 5.25% per annum.

Save as aforesaid, and apart from intra-group liabilities and normal trade payable in the ordinary course of the business, as at the close of business on 31 July 2024, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources presently available to the Group including the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for at least the next twelve months from the date of the publication of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group subsequent to 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the provision of infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services and trading of building materials.

During the year ended 31 March 2024 (“FY2024”), the global economies and market behaviour underwent profound changes amid the three-year COVID-19 pandemic. Enterprises should enhance their core competitiveness and strengthen their ability to operate steadily in such challenging business environment and to face forthcoming uncertainties.

The high level of inflation rates together with the escalating war in Ukraine since early 2022 severely disrupted the global supply chain and caused the prices of materials and energy to soar. The labour costs also increased due to limited supply of manpower. In the year 2023, inflation rate declined steadily. The Board will continue to closely monitor factors that would significantly affect the infrastructural pipeline market in Singapore and the operations of the Group all over the globe.

The Group recorded a total revenue of approximately S\$59.1 million in FY2024, representing a slight decrease of approximately S\$0.7 million from approximately S\$59.8 million in 2023. The decrease in revenue was mainly due to the combined effect of decrease in revenue from gas pipeline projects by approximately S\$21.4 million, increase in revenue from water pipeline projects by approximately S\$20.0 million and increase in revenue derived from provision of engineering services of approximately S\$0.7 million. During FY2024, the Group has been awarded one new gas project and one new water project with an aggregate contract sum of approximately S\$10.0 million, one of which commenced in FY2024.

Business strategies of the Group remained unchanged for FY2024. Since the listing of the Company, the management has continuously consolidated and strengthened the reputation of the Group through submission of tenders to keep its presence in the market. Leveraging its listing status, the Group's core business continued to earn good reputation and provided the Group with sound track record for potential business opportunities. Subsequent to FY2024, the Group has secured new projects, together with the ongoing projects on hand, its revenue could be sustained for the next financial year.

Despite challenging operating conditions in the year ahead, the Group believes that it is positioned on the right track for sustainable development. Looking forward, the Group will continue to focus on strengthening the market position in the construction industry and developing the Trendzon Diandian Science and Technology Innovation City's Industrial Park in the PRC. The Group will continue to keep a close watch on the global economic trend and market situations to capture business opportunities in turn to achieve synergies and better operating results.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2024 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and on the basis of the notes set out below for the purpose of illustrating the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 March 2024.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 31 March 2024 or at any future date.

The following Unaudited Pro Forma Financial Information of the adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the consolidated net tangible

assets of the Group attributable to owners of the Company as at 31 March 2024, extracted from the published annual report of the Group for the year ended 31 March 2024, with adjustment described below:

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2024 <i>SS'000</i> <i>(Note 3)</i>	Estimated net proceeds from the Rights Issue <i>SS'000</i> <i>(Note 4)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2024 immediately upon completion of the Right Issue <i>SS'000</i>	Consolidated net tangible assets of the Group attributable to owners of the Company per Consolidated Share immediately before the Rights Issue <i>SS</i> <i>(Note 5)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after the completion of the Rights Issue <i>SS</i> <i>(Note 6)</i>
Based on proposed 566,720,000 Rights Shares at Subscription Price of HK\$0.18 per Rights Share <i>(Note 1)</i>	69,859	17,208	87,067	0.4931	0.1229
Based on proposed 610,880,000 Rights Shares at Subscription Price of HK\$0.18 per Rights Share <i>(Note 2)</i>	69,859	18,579	88,438	0.4931	0.1175

Notes:

- 1) Proposed 566,720,000 Rights Shares (assuming there is no change in the number of Shares in issue on or before the Record Date other than the Share Consolidation) with an aggregate nominal value of HK\$56,672,000.
- 2) Proposed 610,880,000 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the Share Consolidation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options) with an aggregate nominal value of HK\$61,088,000.
- 3) The consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 March 2024 has been extracted from the published annual report of the Company for the year ended 31 March 2024.
- 4) The estimated net proceeds from the Rights Issue is approximately HK\$99,817,000 (equivalents to S\$17,208,000) are based on 566,720,000 Rights Shares to be issued at the Subscription Price of HK\$0.18 per Rights Share and after deducting estimated related expenses, including among others, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$2,192,000 (equivalents to S\$378,000).

The estimated net proceeds from the Rights Issue is approximately HK\$107,766,000 (equivalents to S\$18,579,000) are based on 610,880,000 Rights Shares to be issued at the Subscription Price of HK\$0.18 per Rights Share and after deducting estimated related expenses, including among others, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$2,192,000 (equivalents to S\$378,000).

- 5) The consolidated net tangible assets of the Group attributable to the owners of the Company per share before the completion of the Rights Issue is determined based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2024 of approximately S\$69,859,000 as disclosed in note 1 above, divided by 141,680,000 Consolidated Shares (consolidated from existing shares of 1,416,800,000) of the Company in issue as at 31 March 2024.
- 6) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Consolidated Share immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately S\$87,067,000 which is arrived at after aggregating the unaudited consolidated net tangible assets of the Group attributable to owners of the Company of approximately S\$69,859,000 and the estimated net proceeds of approximately S\$17,208,000 from the Rights Issue (note 2 above) divided by 708,400,000 Shares which comprise 141,680,000 Consolidated Shares in issue before completion of the Rights Issue and 566,720,000 Rights Shares (assuming no change in the number of Consolidated Shares on or before the Record Date) were issued immediately after completion of the Rights Issue, assuming the Rights Issue had been completed on 31 March 2024.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Consolidated Share immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately S\$88,438,000 which is arrived at after aggregating the unaudited consolidated net tangible assets of the Group attributable to owners of the Company of approximately S\$69,859,000 and the estimated net proceeds of approximately S\$18,579,000 from the Rights Issue (note 2 above) divided by 752,560,000 Shares which comprise 141,680,000 Consolidated Shares in issue before completion of the Rights Issue and 610,880,000 Rights Shares (assuming no change in the number of Consolidated Shares on or before the Record Date) were issued immediately after completion of the Rights Issue, assuming the Rights Issue had been completed on 31 March 2024.

- 7) No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 March 2024.

**B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

Set out below is the text of a letter received from Elite Partners CPA Limited, the Independent Reporting Accountants to the Board of Directors in respect of the Rights Issue for the purpose of inclusion in this Circular.

The Board of Directors
Trendzon Holdings Group Limited
Room 39, 10/F,
Block D, Mai Tak Industrial Building,
221 Wai Yip Street, Kwun Tong,
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Trendzon Holdings Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (“**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets as at 31 March 2024, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out in Appendix II of the circular issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II of this circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of four rights share at the subscription price of HK\$0.18 per rights share (the “**Rights Share**”) for every four existing shares held on the record date (the “**Rights Issue**”) as if the transaction had taken place as at 31 March 2024. As part of this process, information about the consolidated statement of financial position of the Group as at 31 March 2024 as extracted by the Directors from the Group’s published consolidated financial statements as included in the annual report for the year ended 31 March 2024.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG 7**”) Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, and Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a prospectus is solely to illustrate the impact of the significant transaction on consolidated net tangible assets of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2024 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 7.31 (1) of the Listing Rules.

Your faithfully,
Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 20 August 2024

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation becoming effective; and (ii) immediately after the Share Consolidation becoming effective and the completion of the Rights Issue (assuming full acceptance of the Rights Issue and no further issue or repurchase of Shares from the Latest Practicable Date up to the completion of the Rights Issue) are set out as follows:

(i) As at the Latest Practicable Date

HK\$

Authorised:

10,000,000,000	Existing Shares of HK\$0.01 each	100,000,000
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Issued and paid-up share capital:

1,416,800,000	Existing Shares of HK\$0.01 each	14,168,000
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(ii) Immediately following the Share Consolidation becoming effective (assuming no further issue or repurchase of the Shares from the Latest Practicable Date up to the Share Consolidation having become effective):

HK\$

Authorised:

1,000,000,000	Consolidated Shares of HK\$0.1 each	100,000,000
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Issued and paid-up share capital:

141,680,000	Consolidated Shares of HK\$0.1 each	14,168,000
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- (iii) **Immediately after the Share Consolidation becoming effective and the completion of the Rights Issue (assuming no further issue or repurchase of Shares from the Latest Practicable Date up to completion of the Rights Issue):**

HK\$

Authorised:

1,000,000,000	Consolidated Shares of HK\$0.1 each	100,000,000
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Issued and paid-up share capital:

141,680,000	Consolidated Shares of HK\$0.1 each	14,168,000
566,720,000	Rights Shares to be allotted and issued upon completion of the Rights Issue	56,672,000

708,400,000	Consolidated Shares in issue immediately after completion of the Rights Issue	70,840,000
		=====

All of the Consolidated Shares in issue are fully-paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. SHARE OPTION SCHEMES

As at the Latest Practicable Date, the Company had outstanding Share Options granted under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 110,400,000 Existing Shares, details of which are set out below:

Name of Grantee	Date of grant	Vesting period	Exercise period	Exercise price per Share (HK\$)	Number of underlying Shares
Employees in aggregate	15 June 2023	15 June 2023 – 14 June 2024	15 June 2024 – 14 June 2026	0.43	110,400,000
Total					<u>110,400,000</u>

The Board may, at its absolute discretion, offer the Share Option to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to Directors and employees of any member of the Group (including persons who are granted Share Options under this scheme as an inducement to enter into employment contracts with any member of the Group), based on their potential and/or actual contribution to the business and development of the Group. Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

4. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in Shares, underlying shares and debentures

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") that was 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 taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules.

Substantial shareholders' interest in Shares and underlying shares

As at the Latest Practicable Date, so far as it were known to the Directors or chief executive of the Company, the following persons (other than a director or chief executive of the Company) have an interests or a short positions in the shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO:

Name of substantial Shareholder	Capacity	Number of Shares	Approximate percentage of shareholdings
Zhongbei Capital Co., Limited (中北資本有限公司) ("Zhongbei Capital") (Note 1)	Beneficial Owner	138,000,000	9.04%
Yao Jijia (Note 1)	Interest in the controlled Corporation	138,000,000	9.04%

Note:

- Zhongbei Capital, a company incorporated in Hong Kong with limited liability is wholly-owned by Ms. Yao Jijia. According, Ms. Yao Jijia was deemed to be interested in 138,000,000 shares held by Zhongbei Capital by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (not being Directors or chief executives of the Company) who had interest or short position in the Shares or underlying Shares which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

5. DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them or his/her/ its respective close associates had interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosable under the Listing Rules.

6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors (i) had any interest in any assets which have been, since 31 March 2024 (being the date up to which the latest published audited accounts of the Company were made up), 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 and (ii) was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and significant in relation to the business of the Group.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have given opinions, letters or advices included in this circular:

Name	Qualifications
Elite Partners CPA Limited	Certified Public Accountants
Rainbow Capital (HK) Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and/or the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024, being the date to which the latest published audited accounts of the Company were made up.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by members of the Group within the two years immediately preceding the date of this circular and which are or may be material to the Group.

- (i) the sale and purchase agreement dated 9 May 2023 entered into between Trendzon (Guangzhou) Construction Investment Company Limited* (卓航(廣州)建設投資有限公司) (an indirect wholly-owned subsidiary of the Company) as the purchase and Mr. Wang Tinghui as the vendor in relation to the acquisition of the entire issued share capital of Zhongshan Jiantaiying Electric Appliance Manufacturing Co., Ltd.* (中山市堅泰盈電器製造有限公司) for a maximum consideration of RMB8 million (subject to adjustments);
- (ii) five subscription agreements all dated 1 June 2023 entered into between the Company and five subscribers (namely Shenzhen Nipu Technology Limited* (深圳市尼普科技有限公司), Xiaolu Technology (Zhongshan) Limited* (曉鹿科技(中山)有限公司), Zhongshan Guanwei Pipe Manufacturing Limited* (中山市管威管材製造有限公司), Zhongshan Anfeng Trading Limited* (中山市安帆貿易有限公司) and Beijing Zhonghai Xintu Technology Limited* (北京中海新圖科技有限公司)) in respect of the allotment and issuance of a total of 220,800,000 new Shares to the subscribers at the subscription price of HK\$0.43 per Share for a total gross proceeds of approximately HK\$94.9 million;
- (iii) the sale and purchase agreement dated 11 July 2023 entered into between Trendzon Industrial Limited (an indirect wholly-owned subsidiary of the Company) as the purchaser and Zhejiang Taiguang Construction Technology Co., Ltd* (浙江台廣建築科技有限公司) as the vendor in relation to the acquisition of 51% equity interest of Zhejiang Taiding Construction Co., Ltd.* (浙江台鼎建設有限公司) for a consideration of RMB5.1 million (subject to adjustments);
- (iv) the sale and purchase agreement dated 26 January 2024 entered into between (a) the Company as vendor and (b) Mr. Mao Le, Ms. Feng Qiuhe and Ms. Ding Xiameng as purchasers in relation to the acquisition of the entire issued share capital of Jumbo Harvest Group Limited at a consideration of HK\$9.25 million;

- (v) the sale and purchase agreement dated 26 February 2024 entered into between (a) the Company as vendor and (b) Mr. Tan Tze Loong as purchasers in relation to the acquisition of the entire issued share capital of Integral Virtue Limited at the consideration of S\$6.25 million; and
- (vi) the Placing Agreement.

11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Board of Directors	<i>Executive Director</i> Ms. Feng Jiamin (<i>Chairman</i>) Mr. Michael Shi Guan Wah (<i>Chief Executive Officer</i>) Mr. Fong Hang Fai Ms. Liao Qinghua Ms. Katsaya Wiriyachart Mr. Law Wai Yip
	<i>Independent non-executive Directors</i> Mr. Shek Jun Chong Mr. Qiu Yue Ms. Tam Wing Yan Mr. Wu Kai Tang
Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Room 39, 10/F, Block D, Mai Tak Industrial Building, 221 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong
Authorised representatives of the Company	Ms. Feng Jiamin Room 39, 10/F, Block D, Mai Tak Industrial Building, 221 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong

	Mr. Lee Lap Keung Room 39, 10/F, Block D, Mai Tak Industrial Building, 221 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong
Company secretary	Mr. Lee Lap Keung <i>(certified public accountant of The Hong Kong Institute of Certified Public Accountants)</i>
Auditors and reporting accountants	Elite Partners CPA Limited Level 23, YF Life Tower, 33 Lockhart Road, Wan Chai, Hong Kong
Principal bankers	DBS Bank (Hong Kong) Limited 12 Marina Boulevard Level 43, DBS Asia Central @ Marina Bay Financial Centre Tower 3 Singapore 018982
Hong Kong share registrar and transfer office	Union Registrars Limited Suites 3301-04, 33/F. Two Chinachem Exchange Square 338 King's Road, North Point, Hong Kong
Legal adviser as to Hong Kong Laws	Robertsons 57th Floor, The Center, 99 Queens Road Central, Hong Kong
Financial adviser	Lego Corporate Finance Limited Room 1505, 15/F, Wheelock House, 20 Pedder Street, Central, Hong Kong
Independent Financial Adviser	Rainbow Capital (HK) Limited Room 5B, 12/F, Tung Ning Building, No. 2 Hillier Street, Sheung Wan, Hong Kong

Placing Agent	Sunhigh Financial Holdings Limited Room D, 21/F, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong
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12. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the financial advisory fees, printing, registration, translation, legal and accounting fees are estimated to be approximately HK\$0.3 million, which are payable by the Company.

13. PARTICULARS OF DIRECTORS OF THE COMPANY

Executive Directors

Ms. Feng Jiamin (馮嘉敏女士), aged 39, was appointed as a non-executive Director on 27 September 2019 and was re-designated as an executive Director on 21 September 2020. Ms. Feng has been appointed as a Joint Chairman of the Board together with Mr. Michael Shi on 30 October 2020 and was redesignated as the Chairman of the Board after the resignation of Mr. Michael Shi as a Joint Chairman of the Board on 29 October 2021. Ms. Feng has also been appointed as a member of the nomination committee of the Board on 29 October 2021. Ms. Feng is responsible for overseeing the Group's operations and implementation of the Company's business strategies. She graduated from the University of California, Irvine in 2010 with a Master's degree in Business Administration.

In 2008, she served as an assistant to the chief operating officer for China Region of Pacific Asia Media, participated in the coordination for the organization of Fortune Forum (財富論壇) in China (e.g. Tianjin, Guangzhou), and assisted in the coordination and administration for the first World Mind Sports Games. Ms. Feng later worked as a representative in China Region for Global Strategy Group (環球策略集團) and was engaged in the preparation of "Sino-Singapore Tianjin Eco-city" project. Ms. Feng was appointed as vice chairman of supply security and president of China Baosha Group* in 2013, responsible for offshore supply platform project development. Later she served as chief operating officer of China Baosha Group* and was involved in large-scale urban comprehensive development such as Jing Kai Meng Du* in Zhengzhou, the coordination of Zhangjiakou superlarge photovoltaic power generation project, and the planning for and operation of industrial parks, ecological parks, forestry and other forms of business. Ms. Feng has extensive experience in public relations and investor relations. Ms. Feng has been an executive director of China Bozza Development Holdings Limited (formerly known as China Agroforestry Low-Carbon Holdings Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 1069), from 20 August 2019 to 2 November 2020.

Mr. Michael Shi Guan Wah (徐源華先生), aged 62, is a co-founder of the Group and has been a director of HSC Pipeline Engineering Pte. Ltd. since January 1993. He was appointed as a Director in July 2018 and was re-designated as the Chairman, chief executive officer and an executive Director in August 2018. On 30 October 2020, Mr. Michael Shi was appointed as a Joint Chairman of the Board together with Ms. Feng Jiamin and then resigned as a Joint Chairman on 29 October 2021. From 26 February 2019 to 29 October 2021, he was a member of the nomination committee of the Board.

Mr. Michael Shi has been our Group's managing director since January 1993 and is responsible for leading the Group's business development and overseeing all aspects of the business, including corporate operations, project execution and financial performance. Mr. Michael Shi has over 30 years of experience in the construction industry. He had attended secondary education in Singapore until October 1978, then he participated in his family business engaging in the building construction business, where he gained exposure to the construction industry. He also formed Jet Equipment, a partnership engaging in installation of industrial machinery and equipment and mechanical engineering works from July 1991 until August 1992.

Throughout the years, Mr. Michael Shi has attended a number of professional training courses to enhance his skills and knowledge in handling advanced machinery and systems and has obtained relevant licences and certificates. In December 1992, he completed the Gas Service Workers Course organised by the Public Utilities Board. He has become a licensed gas service worker since 1993 and was granted a lifetime Gas Service Worker Licence by the Energy Market Authority of Singapore in February 2015. In July 1995, he obtained the Skill Evaluation Certificate for attaining the required standard in the Practical Test in Construction Plant Operation (Excavator Loader) conducted by the Building and Construction Authority, and he then became a registered excavator operator recognized by SP PowerGrid Ltd in 1996. In October 1995, he completed the Underground Services Detection course organised by the Singapore Power Training Institute. He also completed the basic training for Durafuse PE electrofusion system for gas distribution organised by Glynwed Pipe Systems (Asia) Pte Ltd in June 1997 and July 1998, respectively. In July 2002, he completed the 'on-site' course of instruction on Hy-Ram Fully Automatic butt-fusion Equipment organised by CPP Global Products Pte Ltd. He also completed the training on the WIDOS 4800 CNC 3.0 Welding Machine organised by WIDOS Technology (Asia Pacific) Pte Ltd.

Mr. Michael Shi is the elder brother of Mr. Shi Guan Lee and the father of Mr. Shi Hong Sheng, both of whom are members of the senior management of the Group.

Mr. Fong Hang Fai (方恒輝先生), aged 36, was appointed as an executive Director on 30 November 2021. Mr. Fong is an expert in Information Technology (“IT”). He has various experiences in IT projects. He currently serves as an IT Infrastructure Manager of Fwone Science & Technology Hong Kong Company Limited.

Ms. Liao Qinghua (廖青花女士), aged 38, was appointed as an executive Director on 2 February 2024. Ms. Liao has extensive experience in market development and entrepreneurial operations. She has over 10 years of experience in supervisory role in both logistics and automotive industry. She served as Financial Controller of ZhongAnXing (Shenzhen) Holdings Co., Ltd.* (中安行(深圳)控股有限公司) from May 2023 to January 2024 and Financial Controller of Shenzhen ZhongAnXing Traffic Technology Co., Ltd.* (深圳中安行交通科技有限公司) from October 2022 to May 2023. She was the executive director of Shenzhen Jiainlong Automobile City* (深圳市嘉進隆汽車城) from October 2017 to September 2022. From February 2013 to September 2017, she worked at Shenzhen Delex Container Co., Ltd* (深圳市得萊斯集裝箱有限公司), with the last position as the general manager. Ms. Liao obtained a Bachelor degree in Marketing at Xiangtan University (湘潭大學) in China in June 2008. Ms. Liao obtained a certificate of accounting profession issued by Xiangyin County Finance Bureau* (湘陰縣財政局) of the People’s Republic of China in 2014.

Ms. Katsaya Wiriyachart, aged 27, was appointed as an executive Director on 2 February 2024. Ms. Wiriyachart has extensive experience in market development, supplier relationship management and project management. Prior to joining our Group, she had worked for a regional governmental economic and cultural office in Southeast Asia. Besides, Ms. Wiriyachart is familiar with financial investment and digital marketing. Ms. Wiriyachart obtained a Bachelor of Arts degree at Chiang Mai Rajabhat University in 2018.

Mr. Law Wai Yip (羅偉業先生), aged 38, has been appointed as an executive Director on 24 April 2024. Mr. Law has over 8 years of experience in logistics, management, business development and strategic planning. Mr. Law was employed by an international logistic company where he was responsible for managing day-to-day air freight and sea freight operation and familiar with bonded warehouse operation, supply chain management, human resources matters and financial investments. Mr. Law’s extensive experience can contribute towards the business of the Group including the further development of the Trendzon Diandian Science and Technology Innovation City’s Industrial Park.

Independent non-executive Directors

Mr. Shek Jun Chong (石峻松先生), aged 51, was appointed as an independent non-executive Director, and a member of the audit committee, the nomination committee and the remuneration committee of the Board on 11 November 2020 and was re-designated as the chairman of the Remuneration Committee on 30 November 2021. He has over 20 years of experience in general business management. Mr. Shek worked in Guangzhou Fourth Construction Engineering Company* (廣州市第四建築工程公司) and was sent to Hong Kong in 1993 to participate in the real estate development of Mainland China, including major projects such as Gold Arch Residence, a premium residential development on Ersha Island, Guangzhou. During that period, he also participated in the preliminary land consolidation and primary development as well as investment attraction of Guangzhou Bio-island, a national-level key construction project in China. In 1995, he worked for Tuoyi Company* (拓益公司), a company directly affiliated to the municipal authorities of Guangzhou, where he served as a delegated representative in the Hong Kong and Macau districts and was responsible for the coordination and liaison between large central enterprises and state-owned enterprises and the Hong Kong and Macau counterparts. Mr. Shek was later appointed into the Yuexiu District Committee of the Chinese People's Political Consultative Conference in February 2013 and became a member of the committee's Hong Kong and Macau Section. Since 1998, he acts as the deputy managing director of Zhongqiu Advertising Co., Ltd.* (中球廣告有限公司), which mainly operates the advertising resources for the road signs along the Guangzhou-Shenzhen Highway, Shenzhen-Shantou Highway and other intra-provincial highways. Mr. Shek also founded Shenzhen Maidite Medical Technology Co., Ltd.* (邁地特醫療科技有限公司) in 2015, which is mainly engaged in the research and development and production of medical devices for intrapleural and intraperitoneal hyperthermic cancer treatment.

Mr. Shek has invested in various companies in partnership and is responsible for the planning and operation of business development. He has been involved in various fields, including research and development of medical devices, commercial properties and catering and entertainment. He has also held positions for the community, serving as an appointed member (Hong Kong and Macau) of the 14th and 15th session of Yuexiu District of Guangzhou Committee of the Chinese People's Political Consultative Conference.

Mr. Qiu Yue (邱越先生), aged 55, was appointed as an independent non-executive Director, and a member of the audit committee, the nomination committee and the remuneration committee of the Board on 11 November 2020. He has over 21 years of experience in general business management.

Mr. Qiu obtained his bachelor's degree in Chinese Language from Sun Yat-sen University in Guangzhou in 1991. He worked as a sports journalist for the Guangzhou Daily Newspaper and the Football Newspaper, and established Guangzhou Wavecom Advertising and Communication Limited (“**Guangzhou Wavecom**”) (formerly known as Guangzhou Television Promotion Company* (廣州電視推廣公司)) in August 1992 to engage in media advertising related business. Following the acquisition of Guangzhou Wavecom in 2008 by Asian Capital Resources (Holdings) Limited (“**ACR**”) (Stock Code: 8025), a company whose shares are listed on GEM of the Stock Exchange, he was an executive director of ACR from October 2008 to June 2019 and was mainly responsible for external investments, mergers and acquisitions and restructuring in a wide range of industries including engineering, real estate, the Internet, etc. Mr. Qiu also established Guangzhou Zhongmao Advertising Co., Ltd* (廣州中懋廣告有限公司) (“**Zhongmao Advertising**”) in 2008, which is mainly engaged in the business of national radio advertising and audio content management. In 2014, after Zhongmao Advertising was merged with Guangdong Advertising Group Co., Ltd. (Stock Code: 002400), a company whose shares are listed on the Shenzhen Stock Exchange, and became its subsidiary, Mr. Qiu worked as the general manager until January 2018. Since 2017, he has been the vice president of risk control of Eternity Fuel Gas (Group) Limited and is currently a director of Guangdong Green Assets Operation Management Co., Ltd* (廣東省綠色資產運營管理有限公司).

Ms. Tam Wing Yan (譚詠欣女士), aged 41, was appointed on 26 July 2024. Ms. Tam obtained her Bachelor of Business (Management) degree from the RMIT University in 2009. She has over 5 years of experience in risk management, financial and strategic planning. She currently serves as a Financial Planning Officer of Manulife International Ltd. Besides, she also has over 10 years of experience in sales, marketing, business development, inventory control and project management, which can contribute towards the business of the Group including the further development of the Trendzon Diandian Science and Technology Innovation City's Industrial Park.

Mr. Wu Kai Tang (胡啟騰先生), aged 38, was appointed on 5 September 2023. Mr. Wu obtained his Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University in 2007. Mr. Wu is currently the sole proprietor at Messrs. Wu Kai Tang Certified Public Accountant (Practising), a firm of certified public accountants and established by Mr. Wu on 1 March 2015 in Hong Kong, and has been an independent non-executive director of China Ever Grand Financial Leasing Group Co., Ltd, a company listed on the Main Board of the Stock Exchange (Stock Code: 379), since 31 August 2023. Mr. Wu has over 15 years' experience in accounting and finance. Prior to establishing Messrs. Wu Kai Tang Certified Public Accountant (Practising), Mr. Wu gained experience from working at finance and accounting departments of various companies in Hong Kong, including listed companies. Mr. Wu also has over 6 years of accounting and auditing experience, which he gained from international accounting firms.

Business address of the Directors

The business address of the Directors is the same as the Company's principal place of business in Hong Kong at Room 39, 10/F, Block D, Mai Tak Industrial Building, 221 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

14. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Lee Lap Keung, aged 41, joined the Group as Company Secretary on 5 September 2023. Mr. Lee is a certified public accountant of The Hong Kong Institute of Certified Public Accountants.
- (b) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (c) The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.
- (d) The English text of this circular and the accompanying form of proxy shall prevail over the respective Chinese text in case of inconsistency.

15. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.trendzon1865.com) from the date of this circular up to and including the date of EGM:

- (i) the Letter from the Board, the text of which is set out on pages 12 to 42 of this circular;
- (ii) the letter from Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-34 of this circular;
- (iii) the accountants' report on the unaudited pro forma financial information of the Group set out in Appendix II to this circular;
- (iv) the Placing Agreement; and
- (v) the written consents of the experts referred to in the paragraph headed "Experts and consents" in this appendix.

NOTICE OF EGM



卓航控股集團

Trendzon Holdings Group Limited

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Trendzon Holdings Group Limited (the “Company”) will be held at 16/F, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong at 11:30 a.m. on Thursday, 5 September 2024 for the purpose of considering and, if though fit, passing the following resolutions as ordinary resolutions of the Company. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 20 August 2024 (the “Circular”):

ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the Listing Rules, and the Listing Committee of the Stock Exchange (as defined below) granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) arising from the Share Consolidation, with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”):
 - (a) every ten (10) issued and unissued shares of par value HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of par value HK\$0.1 (each a “**Consolidated Share**”), and such Consolidated Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company (the “**Share Consolidation**”);
 - (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the board of directors (the “**Directors**”) of the Company may think fit; and

NOTICE OF EGM

- (c) any one or more Directors be and are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as they may, in their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Share Consolidation.”
2. “**THAT** conditional upon (i) all other resolutions set out in this notice being passed by the shareholders of the Company (the “**Shareholders**”); (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Rights Shares (as defined below) (in their nil-paid and fully-paid forms); and (iii) the filing and registration of all documents relating to the Rights Issue (as defined below) required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong):
- (a) the allotment and issue of 566,720,000 rights shares (the “**Rights Share(s)**”) by way of Rights Issue (the “**Rights Issue**”) at the Subscription Price of HK\$0.18 per Rights Share on the basis of four (4) Rights Shares for every one (1) Consolidated Share of the Company held by the shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company as at the close of business on Thursday, 19 September 2024 (or such later date as may be determined and announced by the Company) (the “**Record Date**”) other than those shareholders (the “**Non-Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on the register of members of the Company are outside Hong Kong, whom the Directors, after making enquiry regarding the legal restrictions under the laws of relevant place and requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude from Rights Issue, based on legal advice provided by legal advisers in the relevant jurisdictions, and the transactions contemplated thereunder, be and are hereby approved;
- (b) the placing agreement dated 19 July 2024 and entered into among the Company and the Placing Agent (the “**Placing Agreement**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

NOTICE OF EGM

- (c) the board of Directors (the “**Board**”) or a committee thereof be and is/are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of the place and requirements of the relevant regulatory body or stock exchange; and
- (d) any Director be and is hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

Yours faithfully

By order of the Board

Trendzon Holdings Group Limited

Feng Jiamin

Chairman

Hong Kong, 20 August 2024

Registered Office:

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 39, 10/F, Block D,
Mai Tak Industrial Building,
221 Wai Yip Street,
Kwun Tong, Kowloon,
Hong Kong

As at the date of this notice, the Board comprises Ms. Feng Jiamin, Mr. Michael Shi Guan Wah, Mr. Law Wai Yip, Ms. Liao Qinghua, Ms. Katsaya Wiriyachart and Mr. Fong Hang Fai as executive Directors, Mr. Shek Jun Chong, Mr. Qiu Yue, Ms. Tam Wing Yan and Mr. Wu Kai Tang as independent non-executive Directors.

NOTICE OF EGM

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A member holding two or more shares entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, at the office of the Company's branch share registrar (the "**Share Registrar**"), Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong at least 48 hours before the time appointed for the holding of the EGM (i.e. at 11:30 a.m. on Tuesday, 3 September 2024) or any adjournment thereof.
3. The register of members of the Company will be closed from Monday, 2 September 2024 to Thursday, 5 September 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Friday, 30 August 2024.
4. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. If Typhoon Signal No. 8 or above, or extreme conditions caused by super typhoons or a "black" rainstorm warning is in effect in Hong Kong any time after 7:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.trendzon1865.com) to notify Shareholders of the date, time and place of the rescheduled meeting.
6. Any voting at the EGM shall be taken by poll.