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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

The board (the "**Board**") of directors (the "**Directors**") of Trendzon Holdings Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the consolidated audited results of the Group for the year ended 31 March 2023 ("**FY2023**"), together with the comparative figures for the year ended 31 March 2022 ("**FY2022**"), which have been reviewed by audit committee of the Company (the "**Audit Committee**"), and have been approved by the Board on 30 June 2023.

FINANCIAL SUMMARY

	2023	2022
	S$'000	*S$'000*
Revenue	**60,103**	59,099
Gross profit	**7,419**	9,861
(Loss)/profit before income tax	**(1,227)**	1,846
(Loss)/profit for the year	**(2,079)**	1,024
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company		
– Basic and diluted (expressed in Singapore cents per share)	**(0.19)**	0.11

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2023

	Note	2023 S$'000	2022 S$'000
Revenue	*4*	**60,103**	59,099
Cost of sales		**(52,684)**	(49,238)
Gross profit		**7,419**	9,861
Other income	*5*	**6,176**	4,201
Other gains/(losses), net	*6*	**191**	(745)
Allowance for expected credit losses		**(511)**	(196)
Administrative expenses		**(12,609)**	(9,572)
Profit from operations		**666**	3,549
Finance costs	*7*	**(1,614)**	(1,563)
Share of losses of joint ventures		**(259)**	(140)
Impairment loss on investment in a joint venture		**(20)**	–
(Loss)/profit before tax	*8*	**(1,227)**	1,846
Income tax expense	*9*	**(852)**	(822)
(Loss)/profit for the year		**(2,079)**	1,024
Other comprehensive (expense)/income			
Item that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of leasehold properties		**433**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(1,111)**	(299)
Other comprehensive expense for the year, net of tax		**(678)**	(299)
Total comprehensive (expense)/income for the year		**(2,757)**	725

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the Year Ended 31 March 2023 (Continued)

	Note	2023 S$'000	2022 S$'000
(Loss)/profit for the year attributable to:			
Owners of the Company		**(2,062)**	1,024
Non-controlling interests		**(17)**	–
		(2,079)	1,024
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(2,777)**	725
Non-controlling interests		**20**	–
		(2,757)	725
(Loss)/earnings per share attributable to owners of the Company for the year			
Basic and diluted (Singapore cents)	*10*	**(0.19)**	0.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	2023 S$'000	2022 S$'000
Non-current assets			
Property, plant and equipment		**17,519**	19,313
Right-of-use assets		**4,063**	3,414
Goodwill		**920**	–
Intangible assets		**103**	42
Investments in joint ventures		**5,943**	6,203
Other deposits		**35**	–
Prepayment for purchase of subsidiaries	*12*	**–**	346
		28,583	29,318
Current assets			
Trade and other receivables	*12*	**29,623**	25,734
Loan receivables		**13,564**	12,447
Amounts due from joint ventures		**3,667**	2,896
Contract assets		**32,667**	23,581
Pledged bank deposits		**2,603**	102
Bank balances – trust and segregated accounts		**5,936**	–
Cash and cash equivalents		**3,710**	9,054
		91,770	73,814
Current liabilities			
Trade and other payables	*13*	**25,430**	11,515
Contract liabilities		**4,622**	–
Borrowings		**12,493**	21,673
Lease liabilities		**709**	574
Current tax liabilities		**1,497**	957
		44,751	34,719
Net current assets		**47,019**	39,095
Total assets less current liabilities		**75,602**	68,413

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2023 (Continued)

	2023	2022
	S$'000	*S$'000*
Non-current liabilities		
Borrowings	**15,747**	23,848
Lease liabilities	**3,437**	2,899
Deferred tax liabilities	**270**	498
	19,454	27,245
Net assets	**56,148**	41,168
Capital and reserves		
Share capital	**1,907**	1,589
Reserves	**53,949**	39,579
Equity attributable to owners of the Company	**55,856**	41,168
Non-controlling interests	**292**	–
Total equity	**56,148**	41,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1 CORPORATE INFORMATION

Trendzon Holdings Group Limited ("**The Company**") was incorporated on 17 July 2018 in the Cayman Islands as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961 as consolidated and revised) (now known as the Companies Act (2021 Revision)) of the Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 27 March 2019.

The Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Singapore is 38 Senoko Road, Singapore 758110. The principal place of business in Hong Kong is Suite 2108, Prudential Tower, The Gateway, Harbour City, Hong Kong.

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

The audited consolidated financial statements are presented in thousands of units of Singapore dollars ("**S$'000**"), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**"), IFRS comprise International Financial Reporting Standard ("**IFRS**"), International Accounting Standards ("**IASs**") and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Application of new and revised IFRS

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to IFRS Standards 2018-2020

The application of the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in consolidated financial statements.

New and revised IFRSs in issue but not yet effective

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 April 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4 SEGMENT INFORMATION

The Company's executive directors monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors consider the segment from a business perspective. The Group has three (2022: two) operating segments that qualify as reporting segment under IFRS 8 and the information that is regularly reviewed by the executive directors for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group.

The executive directors assess the performance based on a measure of (loss)/profit before tax, and consider all businesses are included in the three (2022: two) segments.

	Segment revenue		**Segment results**	
	2023	2022	**2023**	2022
	S$'000	*S$'000*	***S$'000***	*S$'000*
Construction contracts	**59,750**	46,368	**7,066**	7,277
Brokerage, placing and margin financing services	**353**	–	**353**	–
Trading of building materials	**–**	12,731	**–**	2,584
Total segment	**60,103**	59,099	**7,419**	9,861
Other income			**6,176**	4,201
Other gains/(losses), net			**191**	(745)
Allowance for expected credit losses			**(511)**	(196)
Impairment loss on investment in a joint venture			**(20)**	–
Share of losses of joint ventures			**(259)**	(140)
Administrative expenses			**(12,609)**	(9,572)
Finance costs			**(1,614)**	(1,563)
(Loss)/profit before tax			**(1,227)**	1,846

4 SEGMENT INFORMATION (Continued)

For the year ended 31 March 2023, there was one customer (2022: one) which individually contributed over 10% of the Group's total revenue. During the years ended 31 March 2023 and 2022, the revenue contributed from this customer was as follows:

	2023	2022
	S$'000	*S$'000*
Construction contracts segment		
Customer A	**41,378**	42,921

As at 31 March 2023, the total non-current assets other than prepayment for purchase of subsidiaries and investments in joint ventures were S$20,225,000 (2022: S$22,406,000) in Singapore, S$1,425,000 (2022: S$363,000) in Hong Kong and S$990,000 (2022: Nil) in the People's Republic of China.

5 OTHER INCOME

	2023	2022
	S$'000	*S$'000*
Interest income	**26**	32
Government grants *(Note)*	**431**	1,152
Loan interest income	**566**	397
Recovered damage claims	**–**	1,963
Insurance claims	**66**	–
Agency income	**3,873**	–
Others	**1,214**	657
	6,176	4,201

Note:

During the year ended 31 March 2023, the Group recognised government grants of S$431,000 (2022: S$1,152,000), mainly represent the Foreign Worker Levy rebates and Jobs Growth Incentive provided by the Singapore government of which the Group complied with all attached conditions are therefore such grant was recognised as other income during the year.

6 OTHER GAINS/(LOSSES), NET

	2023	2022
	S$'000	*S$'000*
Realised losses on disposal of financial assets at fair value through profit or loss	**–**	(72)
Losses on disposals of property, plant, and equipment	**(365)**	(105)
Written off of property, plant, and equipment	**–**	(6)
Surplus/(deficit) on revaluation of leasehold properties	**562**	(562)
Foreign exchange losses	**(2)**	–
Losses on disposals of intangible assets	**(4)**	–
	191	(745)

7 FINANCE COSTS

	2023	2022
	S$'000	*S$'000*
Hire purchase liabilities	**7**	34
Lease liabilities	**81**	74
Interest on:		
Term loan	**165**	181
Other borrowings	**149**	203
Bonds	**1,212**	1,071
	1,614	1,563

8 (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is stated after charging/(crediting) the following:

	2023	2022
	S$'000	*S$'000*
Material costs under construction operation	**15,024**	10,172
Cost of building materials sold	**–**	10,147
Auditor's remuneration		
– Audit services	**144**	130
Expenses relating to short-term lease	**3,229**	552
Depreciation of property, plant and equipment	**1,605**	2,614
Amortisation of intangible assets	**19**	23
Depreciation of right-of-use assets	**741**	582
Employee benefit costs, including directors' emoluments		
Wages and salaries	**12,211**	11,067
Equity-settled share-based payments	**2,372**	–
Retirement benefit scheme contributions	**578**	477
	15,161	11,544

9 INCOME TAX EXPENSE

Tax for group company incorporated in Singapore has been provided at the applicable Singapore statutory Corporate Income Tax rate of 17% (2022: 17%) on the estimated assessable profit arose during the financial year. Companies within the Group that are incorporated in the Cayman Islands and the British Virgin Islands ("**BVI**") are not subject to any income tax. The applicable tax rates for a qualified group company incorporated in Hong Kong is 8.25% (2022: 8.25%) on the first HK$2,000,000 of assessable profit and 16.5% (2022: 16.5%) on the remaining. The applicable tax rate for those non-qualified group companies incorporated in Hong Kong is 16.5% (2022: 16.5%). The applicable tax rate for group company incorporated in the People's Republic of China is 25% (2022: 25%).

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	2023	2022
	S$'000	*S$'000*
Current tax		
Singapore Corporate Income Tax		
Current year	**1,159**	900
Over-provision in prior years	**(79)**	(15)
	1,080	885
Hong Kong Profits Tax		
Current year	**–**	252
	1,080	1,137
Deferred tax	**(228)**	(315)
	852	822

10 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2023	2022
	S$'000	*S$'000*
(Loss)/profit attributable to owners of the Company for the purpose of calculating basic (loss)/earnings per share	**(2,062)**	1,024
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating (loss)/earnings per share *(thousands)*	**1,063,671**	920,000
Basic (loss)/earnings per share *(Singapore cents)*	**(0.19)**	0.11

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue.

(b) Diluted

No adjustment has been made to the basic loss per share for the year ended 31 March 2023 as the outstanding potential ordinary shares of the Company did not have dilutive effect.

For the year ended 31 March 2022, diluted earnings per share is the same as basic earnings per share as there was no potential dilutive ordinary shares.

11 DIVIDENDS

The directors have resolved not to declare any dividend for the year ended 31 March 2023 (2022: Nil).

12 TRADE AND OTHER RECEIVABLES

	Note	**2023**	2022
		S$'000	*S$'000*
Current:			
Trade receivables from construction contracts and trading of building materials		**9,815**	12,931
Less: Allowance for ECL		**(6)**	(27)
	(a)	**9,809**	12,904
Trade receivables arising from brokerage, placing and margin financing business:			
– Cash clients		**2,292**	–
– Margin clients		**397**	–
– Hong Kong Securities Clearing Company Limited ("**HKSCC**")		**16**	–
Less: Allowance for ECL		**(41)**	–
	(b)	**2,664**	–
Prepayments, deposits, and other receivables:			
– Prepayments		**3,613**	8,548
– Deposits		**4,214**	1,289
– Other receivables		**9,504**	3,009
Less: Allowance for ECL		**(181)**	(16)
		17,150	12,830
Total current trade and other receivables *(note)*		**29,623**	25,734
Non-current:			
Prepayment for purchase of subsidiaries		**–**	346
Total trade and other receivables		**29,623**	26,080

Note: Subsequent to 31 March 2023, deposits and other receivables of approximately S$2,115,000 and S$4,584,000 were refunded or settled respectively.

12 TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables from construction contracts and trading of building materials

The Group normally grants credit terms to its customers ranging from 30 to 45 days. The ageing analysis of the trade receivables from construction contracts and trading of building materials, based on invoice date, net of allowance for ECL is as follows:

	2023	2022
	S$'000	*S$'000*
1 to 30 days	**3,882**	7,411
31 to 60 days	**5,634**	3,880
61 to 90 days	**293**	1,613
	9,809	12,904

(b) Trade receivables arising from brokerage, placing and margin financing business

No ageing analysis by invoice date is disclosed as in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of financial services business. The Group offset certain trade receivable and trade payables when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.

The settlement terms of trade receivables from cash client are usually two days after trade date.

Trade receivables from margin clients are repayable on demand.

The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. All the trade receivables from HKSCC are neither past due nor impaired at 31 March 2023.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2023	2022
	S$'000	*S$'000*
SGD	**9,830**	7,245
HKD	**10,750**	18,382
RMB	**9,043**	453
	29,623	26,080

13 TRADE AND OTHER PAYABLES

	Note	2023 S$'000	2022 S$'000
Trade payables arising from construction contracts and trading of building materials:			
Trade payables	(a)	**7,612**	5,579
Trade payables arising from brokerage, placing and margin financing business:			
– Cash clients		**5,910**	–
– Margin clients		**287**	–
– HKSCC		**1,632**	–
	(b)	**7,829**	–
Total trade payables		**15,441**	5,579
Other payables:			
– Advances received from customers		**25**	224
– Provision of foreseeable losses on construction contracts		**3,878**	–
– Others		**969**	6
Accrued expenses		**1,403**	1,451
Accrued for trade related costs		**825**	612
Accrual for employee benefit expenses		**2,889**	3,643
		9,989	5,936
Total trade and other payables		**25,430**	11,515

13 TRADE AND OTHER PAYABLES (Continued)

(a) Trade payables arising from the construction contracts and trading of building materials

The ageing analysis of the trade payables arising from construction contracts and trading of building materials, based on invoice date, were as follows:

	2023	2022
	S$'000	*S$'000*
1 to 30 days	**4,352**	3,610
31 to 60 days	**2,722**	1,647
61 to 90 days	**528**	322
Over 90 days	**10**	–
	7,612	5,579

(b) Trade payables arising from brokerage, placing and margin financing business

No ageing analysis is disclosed as in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of business. The normal settlement terms of trade payables to cash clients and margin clients are repayable on demand.

The carrying amounts of trade and other payables approximate their fair values. The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2023	2022
	S$'000	*S$'000*
SGD	**15,340**	10,263
USD	**–**	497
HKD	**8,698**	86
RMB	**1,392**	669
	25,430	11,515

14 EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of a subsidiary

On 3 November 2022, the Company and Mr. Wang Tinghui (王庭輝) (“**Vendor**”) entered into a memorandum of understanding (“**MOU**”), pursuant to which the Company and the Vendor agreed to enter into a negotiation regarding a possible conditional acquisition by the Company, and the possible conditional disposal by the Vendor, of the controlling interest in Zhongshan Jiantaiying Electric Appliance Manufacturing Co., Ltd. (中山市堅泰盈電器製造有限公司) (“**Target Company**”) (the “**Acquisition**”). The proposed Acquisition is subject to the finalization and entering into of the definitive agreement between the Company (or a wholly-owned subsidiary of the Company nominated by the Company) and the Vendor. Immediately following the completion of the Acquisition, the Target Company will become a subsidiary of the Company. Subsequent to the end of the reporting period, the Acquisition was completed on 9 May 2023. Details of the Acquisition are set out in the Company’s announcements dated 3 November 2022 and 23 May 2023.

(b) Placing of new shares under general mandate

On 1 June 2023, the Company entered into five subscription agreements (“**Subscription Agreements**”) with five subscribers (collectively the “**Subscribers**”) respectively who are independent to the Group, pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditional agreed to subscribe for the ordinary shares of the Company at the subscription price of HK$0.43 per share (“**Subscription Shares**”). The Subscription Shares comprise of 220,800,000 new shares of the Company, representing 20.00% of the existing issued share capital of the Company as at the date of the Subscription Agreements and approximately 16.67% of the issued share capital of the Company as enlarged after the allotment and issue of the Subscription Shares. Up to the approval on these consolidated financial statements, the subscriptions are not yet completed. Details of above are set out in the Company’s announcement dated 1 June 2023.

(c) Grant of share options

On 15 June 2023, the Company has granted a total of 110,400,000 share options to twelve employees of the Group (the “**Grantees**”) under the share option scheme adopted by the Company on 26 February 2019 as amended on 13 December 2022, to subscribe for a total of 110,400,000 ordinary shares of the Company subject to the acceptance of the Grantees. Details of above are set out in the Company’s announcement dated 15 June 2023.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

During FY2023, travel restrictions around the world in relation to COVID-19 pandemic were lifted gradually. 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.

Inflation remains close to its highest level in decades in many countries, with the widespread of hostilities in Ukraine since early 2022, disrupting the global supply chain and causing the prices of materials and energy to soar. In addition, labour costs also increased due to limited supply of manpower. These unfavourable factors have adversely affected the infrastructural pipeline market in Singapore and the operations of the Group.

The Group recorded a total revenue of approximately S$60.1 million in FY2023, representing an increase of approximately S$1.0 million from approximately S$59.1 million in FY2022. The increase in revenue was mainly due to the increase in revenue from the water pipeline projects relating to district cooling system of approximately S$9.4 million and increase in revenue from water pipeline projects relating to the supply and laying of water mains of approximately S$6.1 million, partially offset by the decrease in revenue deriving from the trading of building materials business of approximately S$12.7 million. During FY2023, the Group has been awarded 2 new gas projects and 5 new water projects with an aggregate contract sum of approximately S$129 million, most of which commenced in FY2023.

Business strategies of the Group remained unchanged for FY2023. 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 FY2023, 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 ahead, The Group will continue to focus on maintaining its market position in the construction industry and continue to keep a close watch on the global economy trend and market situations to capture business opportunities in turn achieve better operating results.

The Board is of the opinion that the development of potential business represents a good opportunity for increasing the sources of revenue of the Group. The Group is well-positioned for the challenges and competition ahead, to carry out research to prepare for the development of different business and new business opportunities. This enables the Group to enrich the Group business portfolio and create a sustainable business development model to striving to deliver satisfactory return to the shareholders of the Company (the "**Shareholders**").

ONGOING PROJECTS

As at 31 March 2023, the Group had two ongoing gas pipeline projects and eight water pipeline projects with an aggregated contract sum of approximately S$148.0 million, of which approximately S$34.2 million has been recognised as revenue as at 31 March 2023 (FY2022: three gas pipeline projects and five water pipeline projects, with an aggregate contract sum of S$85.5 million). The remaining balance will be recognised as the Group's revenue in subsequent periods in accordance with IFRS 15.

The management considered that all ongoing projects were on schedule and none of which is expected to cause the Group to indemnify the third parties and incur any contingent liabilities as at 31 March 2023.

FINANCIAL REVIEW

Revenue

Revenue from contracts with customers

The following table sets out the breakdown of the Group's revenue from contracts with customers, the number of projects/contracts performed and the percentage contribution to total revenue for FY2023 and FY2022.

	For the year ended 31 March					
	2023			2022		
	Number of projects/ contracts performed	**Revenue** ***(S$'000)***	**Percentage of revenue** ***(%)***	Number of projects/ contracts performed	Revenue *(S$'000)*	Percentage of revenue *(%)*
Gas pipeline	**5**	**41,378**	**68.8**	10	43,624	73.8
Water pipeline	**13**	**18,372**	**30.6**	11	2,578	4.4
Cable installation	**–**	**–**	**–**	1	166	0.3
	18	**59,750**	**99.4**	22	46,368	78.5
Brokerage, placing and margin financing services		**353**	**0.6**		–	–
Trading of building materials		**–**	**–**		12,731	21.5
Total		**60,103**	**100.0**		59,099	100.0

Revenue of the Group has increased by approximately S$1.0 million from approximately S$59.1 million in FY2022 to approximately S$60.1 million in FY2023 was mainly due to the following:

(i) Decrease in revenue from gas pipeline projects by approximately S$2.2 million;

(ii) Increase in revenue from water pipeline projects by approximately S$15.8 million; and

(iii) Decrease in revenue derived from trading of building materials by approximately S$12.7 million.

The decrease in revenue from the gas pipeline projects by approximately S$2.2 million in FY2023 as compared with FY2022 was due to the combined effect of increase in revenue from gas projects relating to the supply and lay of gas mains and renewal services of approximately S$3.4 million and decrease in revenue from other gas projects relating to a gas transmission pipeline and in-line inspection and conversion of gas pressure networks by approximately S$5.6 million.

The increase in revenue from the water pipeline projects by approximately S$15.8 million in FY2023 as compared with FY2022 was due to the increase in revenue from new water projects relating to district cooling system of approximately S$9.4 million; increase in revenue from water projects relating to the supply and laying of watermains of approximately S$6.1 million and increase in other water related projects of approximately S$0.3 million.

In FY2023, no revenue was contributed by the building materials trading business due to the unstable operating environment including but not limited to the difficulties in supply chain management.

Cost of Sales

Cost of sales of the Group increased by approximately S$3.5 million or 7.0% from approximately S$49.2 million in FY2022 to approximately S$52.7 million in FY2023 which was mainly due to additional cost recognised in FY2023 for foreseeable losses relating to two water related pipeline projects, primarily attributable to unfavourable fluctuation in prices of materials from the time of project tendering to-date.

Gross Profit and Gross Profit Margin

The Group's total gross profits dropped by approximately S$2.5 million from approximately S$9.9 million in FY2022 to approximately S$7.4 million in FY2023. Gross profit margin decreased by approximately 4.4% from 16.7% in FY2022 to approximately 12.3% in FY2023. The decrease was primarily due to the increase in operating costs and expenses in the construction industry in relation to the global supply chain problems, as well as the additional cost recognised for foreseeable losses in the two water related construction projects during FY2023.

Other Income

Other income increased by approximately S$2.0 million from approximately S$4.2 million in FY2022 to approximately S$6.2 million in FY2023. It was mainly attributable to the increase in agency income of approximately S$3.9 million partially offset by the decrease in recognition of recovered damage claims of S$2.0 million in FY2023 as compared to FY2022.

Other Gains/(Losses), net

Other gains recognised during FY2023 mainly comprise of surplus on revaluation of leasehold properties.

Recognition of allowance for expected credit losses

The Group recorded the allowance for expected credit losses amounting to approximately S$511,000 in FY2023 (FY2022: approximately S$196,000), which was mainly recognised on the balance under the contract assets, trade and other receivables and the loan receivables in FY2023.

Administrative Expenses

The Group recorded administrative expenses amounting to approximately S$12.6 million in FY2023 (FY2022: approximately S$9.6 million). The increase was mainly attributable to the increase in (i) general operating expenses in relation to the newly acquired business during FY2023; and (ii) administrative employee benefit costs.

Finance Costs

Finance costs of the Group remains stable and approximately S$1.6 million was recognised in FY2023 (FY2022: approximately S$1.6 million).

(Loss)/Profit for the Year

Due to the above, a loss of approximately S$2.1 million was recorded in FY2023 as compared to the profit of approximately S$1.0 million recorded in FY2022.

Property, Plant and Equipment

Property, plant and equipment decreased by approximately S$1.8 million, mainly due to the disposal of property, plant and equipment during FY2023.

Trade and Other Receivables

The Group' s trade and other receivables increased by approximately S$3.9 million from approximately S$25.7 million as at 31 March 2022 to approximately S$29.6 million as at 31 March 2023. The increase was mainly attributable to the increase in prepayments, deposits, and other receivables of approximately S$4.3 million.

Trade and Other Payables

Trade and other payables increased by approximately S$13.9 million from approximately S$11.5 million as at 31 March 2022 to approximately S$25.4 million as at 31 March 2023.

Borrowings

Borrowings decreased by approximately S$17.3 million from approximately S$45.5 million as at 31 March 2022 to approximately S$28.2 million as at 31 March 2023. The decrease was mainly attributable to the repayment of previously issued bonds during FY2023.

Money Lending Business

In order to expand the various business segments, the Group will actively explore and appraise all suitable investment opportunities to diversify the business portfolio and strengthen the overall business development of the Group. To widen the scope of our operations portfolio, the Group engaged to the money lending business segment. All Good Finance Limited, an indirect wholly-owned subsidiary of the Company, has been granted the money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). It enables the Group to engage in a new line of money lending business to diversify the revenue stream. The business of money lending has been established in the earlier stage at the beginning of 2022.

During FY2023, the money lending business recorded loan interest income of approximately S$566,000 (FY2022: approximately S$397,000).

Securities Broking Business

With the view to diversify the Group's business portfolio and to broaden its source of income and enable the Group to enter into financial services industry, on 13 September 2021, the Group entered into an acquisition agreement (as supplemented by the supplemental agreement dated 20 September 2021) with VBG International Holdings Limited ("**VBG**"), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8365). Pursuant to the acquisition agreement and the supplemental agreement, the Group has conditionally agreed to acquire, and VBG has conditionally agreed to sell the ordinary shares representing 85% of the entire issued share capital of Wealth Link Securities Limited ("**Wealth Link**"), for the consideration of HK$14,000,000. Wealth Link is a company incorporated in Hong Kong with limited liability and licensed by the Securities and Futures Commission ("**SFC**") to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"). The acquisition was completed on 23 December 2022.

During FY2023, the securities broking business contributed approximately S$353,000 to the revenue of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group maintained a healthy liquidity position. As at 31 March 2023, the Group had net current assets of approximately S$47.0 million (31 March 2022: net current assets of approximately S$39.1 million), net assets of approximately S$56.1 million (31 March 2022: net assets of approximately S$41.2 million) and bank balances and cash of approximately S$3.7 million (31 March 2022: approximately S$9.1 million). The Group's gearing ratio (calculating by total interest-bearing debt over total equity) as at 31 March 2023 was approximately 58%, decrease of approximately 61% from approximately 119% as at 31 March 2022. The decrease in gearing ratio was mainly attributable to the decrease in borrowings as well as the equity fund raising activity completed during FY2023.

CAPITAL STRUCTURE

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to shareholders through the optimisation debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debts (including lease liabilities, hire purchase liabilities, bonds, bank and other borrowings, net of cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital, share premium, reserves and retained earnings).

The management reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed financial covenants requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group had a total of 476 employees (31 March 2022: 355 employees). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries, bonus and allowances.

USE OF LISTING PROCEEDS

The total net proceeds raised from the Listing (the "**Net Proceeds**") received by the Company, after deducting related listing expenses, were approximately HK$90.2 million (approximately S$15.7 million). Please refer to the prospectus of the Company dated 14 March 2019 (the **"Prospectus"**) for more details.

The Board has resolved and approved to change the use of the unutilised Net Proceeds of approximately S$4.9 million on 17 January 2023. Based on the economic development, the available tenders, the ongoing and potential projects and the overall cost versus benefit, the Board considered that the purchase of two pipe jacking machines will not be beneficial to the Group. The Group plans to carry out addition and alteration works to the foreign worker dormitory in conformity to the regulatory requirement announced on 17 September 2021 by the Ministry of Manpower of Singapore. Without any addition and alteration works to our existing dormitory, the number of workers allowed to stay in the dormitory will be revised downwards on the next license renewal and the Group will be required to seek other alternative such as third-party dormitory to house the excess workers. Moreover, the rental rate for third party dormitory in the market has also risen significantly post-COVID pandemic and engaging them will give rise to additional costs such as rental, transportation and other related costs. Hence, the Board estimated that approximately S$2.0 million would be allocated for the proposed addition and alteration works on the foreign worker dormitory. The remaining unutilised Net Proceeds of approximately S$2.9 million would be used as working capital and other general corporate purposes such as repayment of loans, hire purchase and other operational expenses. Please refer to the announcement of the Company dated 17 January 2023 for further details.

Set out below are details of the allocation of the Net Proceeds, the utilised and unutilised amounts of Net Proceeds as at 31 March 2023:

Use of net proceeds	Planned use of net proceeds as disclosed in the Prospectus *S$'000*	Utilised from the Listing up to 31 March 2022 *S$'000*	Reallocation of unutilised net proceeds *S$'000*	Utilised in FY2023 *S$'000*	Total remaining net proceeds available as at 31 March 2023 *S$'000*	Expected timeline for utilising the remaining net proceeds *(Note 1)*
(a) Relocate to a new property to be acquired to be used as our new office, foreign worker dormitory and warehouse for our machinery	9,368	9,368	–	–	–	N/A
(b) Purchase two pipe jacking machines	4,896	–	(4,896)	–	–	N/A
(c) Working capital	1,428	1,428	–	–	–	N/A
(d) Additions and alterations to our foreign worker dormitory	–	–	2,000	–	2,000	Before 31 March 2024
(e) Working capital and other general corporate purposes	–	–	2,896	2,896	–	N/A
	15,692	10,796	–	2,896	2,000	

Note 1: The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market conditions made by the Group, it will be subjected to change based on current and future development of market conditions.

USE OF SUBSCRIPTION PROCEEDS

On 16 May 2022, the Company entered into two subscription agreements with two subscribers, pursuant to which the Company has agreed to allot and issue and the two subscribers have conditionally agreed to subscribe for an aggregate of 184,000,000 new shares at the subscription price of HK$0.475 per subscription share on the terms and subject to the conditions set out in the subscription agreements (the **"2022 Subscriptions"**). The gross proceeds of the 2022 Subscriptions were HK$87.4 million and the net proceeds from the 2022 Subscriptions were approximately HK$87.0 million. The 2022 Subscriptions were completed in June 2022. Please refer to the announcements of the Company dated 16 May 2022, 23 May 2022, 6 June 2022, 13 June 2022 and 20 June 2022 for further details. Set out below are details of the allocation of the net proceeds, the utilised and unutilised amounts of net proceeds in relation to the 2022 Subscriptions as at 31 March 2023:

	Use of net proceeds	Planned use of net proceeds *HK$'000*	Utilised in FY2023 *HK$'000*	Total remaining net proceeds available as at 31 March 2023 *HK$'000*	Expected timeline for utilising the remaining net proceeds *(Note 1)*
(a)	Development of the Group's joint venture businesses:				
	– The expansion of smart parking businesses of Trendzon Zhilian (Shenzhen) Technology Company Limited* (卓航智聯(深圳)科技有限公司), namely the construction and maintenance costs of the smart carparks, located in 24 towns in Guizhou Province, PRC, including (i) procurement of construction materials and (ii) precision parking and vehicle identification software and hardware procurement, development and maintenance	6,000 11,000	6,000 –	– 11,000	N/A Before 31 December 2023
(b)	Future investment funds:				
	– Reserved funds as capital for the development of placing and underwriting business of Wealth Link Securities Limited	12,000	–	12,000	Before 31 December 2023
	– Reserved funds as loan principals for the money lending business of All Good Finance Limited, a wholly-owned subsidiary of the Company and licenced to conduct money lending business in Hong Kong	12,000	12,000	–	N/A
(c)	General working capital and settlement of liabilities of the Group:				
	– Repayment of the unsecured unlisted bonds which will be due in August 2022 in the principal amount of RMB40,000,000	42,000	42,000	–	N/A
	– General working capital including salaries, rental payments, professional fees, office overheads and other day-to-day operation payments for the operation of the Group's Hong Kong and PRC businesses	4,000	4,000	–	N/A
		87,000	64,000	23,000	

The net proceeds from the 2022 Subscriptions were used and expected to be used according to the intentions previously disclosed in the aforesaid announcements of the Company.

Note 1: The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subjected to change based on current and future development of market conditions.

* *For identification purpose only*

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(i) On 19 April 2022, Trendzon Investment Group Limited ("**Trendzon Investment**"), a wholly-owned subsidiary of the Company, entered into a joint venture cooperation agreement with Zhongbei Yian Capital Co., Ltd.(中北頤安資本有限公司)("**Zhongbei Yian**"), with the intention to establish a joint venture company in Hong Kong, Trendzon Yian Capital Co., Ltd.(卓航頤安資本有限公司)("**Trendzon Yian**"). Trendzon Yian is owned as to 51% by the Group and 49% by Zhongbei Yian through their respective contributions to the registered capital. Trendzon Yian was established on 11 May 2022. The principal business of Trendzon Yian will include the development of the trading platform for gold, silver and other precious metals; the licence application for the Chinese Gold and Silver Exchange Society and conduct gold and silver trading business; the investment in foreign exchange and international precious metals and other commodities; the licence application for Type 2 Dealing in Futures under the Securities and Futures Ordinance and conduct dealings in futures; the membership application for the London Bullion Market Association and conduct physical trade and settlement of precious metals through direct trading; and the provision of investment consultation or agency services for precious metals and foreign exchange trading in Hong Kong for institutional or individual customers in the Greater China region. The Board considered the new business will enable the Group to diversify its business and broaden its income stream and is in the interests of the Company and Shareholders as a whole.

    Please refer to the announcements of the Company dated 19 April 2022 and 14 July 2022 for further details.

(ii) On 13 September 2021, the Group entered into an acquisition agreement (as supplemented by the supplemental agreement dated 20 September 2021) with VBG, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8365). Pursuant to the acquisition agreement and the supplemental agreement, the Group has conditionally agreed to acquire, and VBG has conditionally agreed to sell the ordinary shares representing 85% of the entire issued share capital of Wealth Link, for the consideration of HK$14,000,000. Wealth Link is a company incorporated in Hong Kong with limited liability and licensed by the SFC to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. The Board considered that the acquisition enables the Group to enter into financial services industry and to diversify its revenue stream, which, in turn, will increase its shareholders' value and benefit the Company and the Shareholders as a whole. The acquisition was completed on 23 December 2022.

Please refer to the announcements of the Company dated 13 September 2021, 20 September 2021 and 28 December 2022 for further details.

Save as disclosed above, the Group had no other material acquisition, disposal and significant investment of subsidiaries, associates and joint ventures during FY2023.

INVESTMENTS HELD

Save as disclosed above, as at 31 March 2022 and 2023, the Group did not hold any significant investments.

FOREIGN EXCHANGE EXPOSURE

The Group has operations in Singapore, Hong Kong, and the PRC. The Group transacts mainly in Singapore Dollar ("**S$**") and Renminbi ("**RMB**"), which are the functional currencies of the Group. Foreign exchange risk arises when a group entity has transactions denominated in currencies other than its own functional currency.

The income and expenses, assets and liabilities of the Company and its subsidiaries which denominated in currencies other than the functional currency are converted into S$ for financial reporting purpose. Fluctuations in exchange rates may have an impact on the Group's financial position and results. The Group monitors the exposure to fluctuations in exchange rates and takes appropriate measures to mitigate and manage the risk on a timely and effective manner. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 31 March 2023.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus, maintained a healthy liquidity position throughout FY2023. The finance department of the Group is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the management and the Board, and monitoring the investments on a continuous basis.

CHARGES ON ASSETS

As at 31 March 2023, there was no plant and machinery and motor vehicles held under hire purchase loan (2022: approximately S$1,448,000). The carrying amount of properties pledged for bank borrowings was S$14,000,000 (2022: approximately S$13,430,000).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had no significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

1. On 9 May 2023, Trendzon (Guangzhou) Construction Investment Company Limited* (卓航(廣州)建設投資有限公司)(“**TGZCI**”), an indirect wholly-owned subsidiary of the Company, entered into an Acquisition Agreement with Mr. Wang Tinghui (**“Mr. Wang”**), an independent third party of the Group, pursuant to which TGZCI has conditionally agreed to acquire, and Mr. Wang has conditionally agreed to sell, 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)(**“Zhongshan Jiantaiying”**), a company incorporated in the PRC with limited liability. the consideration shall be paid by TGZCI to Mr. Wang in cash by installments and is subject to the adjustment to be made (if applicable) with reference to the financial performance of the Target Company in the financial years ending 31 December 2023, 2024 and 2025 as agreed in the conditional sale and purchase agreement dated 9 May 2023. The principal business of Zhongshan Jiantaiying is (i) the production of mold, pipe industry accessories and electrical appliances; and (ii) the production of pipe fitting products by way of OEM and ODM.

   Please refer to the announcements of the Company dated 9 May 2023 and 23 May 2023 for further details.

2. On 1 June 2023, the Company entered into a subscription agreements with each of the five subscribers respectively, pursuant to which the Company has conditionally agreed to allot and issue and each of the subscribers has conditional agreed to subscribe for the 220,800,000 new subscription shares (the **“Subscriptions Shares”**) at the subscription price of HK$0.43 per share (the **“2023 Subscriptions”**).

   The Subscription Shares represent 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Assuming that all the Subscription Shares are fully placed, the gross proceeds from the Subscriptions will be approximately HK$94,944,000 and the net proceeds from the Subscriptions (after deducting other relevant expenses) will be approximately HK$94,644,000. The Company intends to utilize (i) approximately 80%, or HK$75.6 million, of the net proceeds for the second phase development of Trendzon Diandian Science and Technology Innovation City, (ii) approximately 10%, or HK$9.5 million, of the net proceeds for the replenishment of general working capital and (iii) approximately 10%, or HK$9.5 million, of the net proceeds for the settlement of the liabilities of the Group. The 2023 Subscription was yet to be completed as at the date of this announcement.

Please refer to the announcement of the Company dated 1 June 2023 for further details.

3. On 15 June 2023, the Company had granted a total of 110,400,000 share options to twelve employees of the Group (the "**Grantees**") under the share option scheme adopted by the Company on 26 February 2019 as amended on 13 December 2022, to subscribe for a total of 110,400,000 ordinary shares of the Company (the "**Share(s)**") subject to the acceptance of the Grantees.

   Please refer to the announcement of the Company dated 15 June 2023 for further details.

Save as disclosed above, the Directors are not aware of any subsequent event which had a material effect on the Group which have occurred since 31 March 2023.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listings of Shares on the Stock Exchange (the "**Listing Rules**") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors, all Directors of the Company confirm that they have fully complied with the relevant requirements set out in its own code of conduct throughout the FY2023.

CORPORATE GOVERNANCE CODE

The Company has complied with the provisions of its Code on Corporate Governance Practices (the "**Code**") which adopted practices that meet the requirements as set out in Appendix 14 to the Listing Rules during FY2023.

PURCHAE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during FY2023.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for FY2023 (FY2022: Nil).

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting procedure, risk management and internal controls systems of the Company. The Audit Committee comprises three independent non-executive directors, namely Mr. Wong Kwong Fai, Mr. Shek Jun Chong and Mr. Qiu Yue. The Audit Committee has reviewed the annual results for FY2023.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED ("MCMILLAN WOODS")

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2023 have been agreed by the Group's auditor, McMillan Woods, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2023. The work performed by McMillan Woods in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by McMillan Woods on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.trendzon1865.com), and the annual report of the Company for the FY2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 June 2023

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