
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

You are advised to exercise caution in relation to the Offer. If you are in doubt as to the content of this Composite Document and/or the accompanying Form of Acceptance and/or any aspect of the Offer or any action to be taken, you should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

This Composite Document does not constitute an offer to sell or an invitation or solicitation of an offer to acquire, purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This Composite Document does not constitute a prospectus or a prospectus equivalent document.

If you have sold or transferred all your shares in Golden Ponder Holdings Limited, you should at once hand this Composite Document and the enclosed Form of Acceptance to the purchaser or the transferee or to the licensed securities dealer or the registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their 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 Composite Document and the accompanying Form of Acceptance.

Chun Yip International Investment Limited

晉業國際投資有限公司

(Incorporated in the British Virgin Islands with limited liability)

GOLDEN PONDER HOLDINGS LIMITED

金倫控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1783)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFER BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL ISSUED SHARES IN GOLDEN PONDER HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND MR. KWOK)

Joint Financial Advisers to the Offeror



SOMERLEY CAPITAL LIMITED



結好融資有限公司
GET NICE CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

VEDA | CAPITAL
智略資本

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) have the same meanings as those defined in the “DEFINITIONS” section of this Composite Document. The “Letter from Somerley” containing, among other things, the details of the principal terms of the Offer is set out on pages 6 to 14 of this Composite Document. The “Letter from the Board” is set out on pages 15 to 20 of this Composite Document. The “Letter from the Independent Board Committee” containing its recommendations to the Offer Shareholders in relation to the Offer is set out on pages 21 to 22 of this Composite Document. The “Letter from the Independent Financial Adviser”, containing the advice of the Independent Financial Adviser to the Independent Board Committee in relation to the Offer is set out on pages 23 to 44 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. The Form of Acceptance should be received by the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 11 January 2023 or such later time and/or date as the Offeror may determine and announce in accordance with the requirements under the Takeovers Code.

Shareholders should inform themselves of and observe any applicable legal, tax or regulatory requirements set out in the “IMPORTANT NOTICES” section of this Composite Document. Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraphs headed “10. OVERSEAS SHAREHOLDERS” in Appendix I to this Composite Document before taking any action. It is the responsibility of any Overseas Shareholders wishing to take any action in relation to the Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such Overseas Shareholders in respect of the acceptance of the Offer (as applicable) in such jurisdiction. The Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer (as applicable). This Composite Document is issued jointly by the Offeror and the Company.

This Composite Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.headfame.com.hk) as long as the Offer remains open. In case of any inconsistency, the English language texts of this Composite Document and the enclosed Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

21 December 2022

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. Unless otherwise specified, all time and date references contained in the Composite Document and the Form of Acceptance refer to Hong Kong time and dates.

Event	Time & Date
Despatch date of the Composite Document and the Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Wednesday, 21 December 2022
Latest time and date for acceptance of the Offer (<i>Notes 2 and 3</i>)	4:00 p.m. on Wednesday, 11 January 2023
Closing Date (<i>Notes 2 and 3</i>)	Wednesday, 11 January 2023
Announcement of the results of the Offer to be posted on the websites of the Stock Exchange.	No later than 7:00 p.m. on Wednesday, 11 January 2023
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer (<i>Notes 3 and 4</i>)	Friday, 20 January 2023

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of the Composite Document, and capable of acceptance on and from Wednesday, 21 December 2022 until the Closing Date. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, as permitted under the Takeovers Code. Please refer to paragraph headed “6. RIGHT OF WITHDRAWAL” in Appendix I to the Composite Document for further information on the circumstances where acceptances may be withdrawn.
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which the Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Wednesday, 11 January 2023. The Offeror reserves the right to extend the Offer until such date as it may determine pursuant to the Takeovers Code. An announcement will be issued through the Stock Exchange website by 7:00 p.m. on Wednesday, 11 January 2023 stating whether the Offer has been revised or extended. In the event that the Offeror decides to extend the Offer, the announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 calendar days’ notice in writing will be given, before the extended Offer is closed, to those Shareholders who have not accepted the Offer.

EXPECTED TIMETABLE

3. If there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by super typhoons or a “black” rainstorm warning signal:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.
4. Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be posted to the Accepting Shareholders by ordinary post at their own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid) in accordance with the Takeovers Code.

Save as mentioned above, if the latest time for the acceptance of the Offer do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s), of any change in the expected timetable as soon as practicable.

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such overseas jurisdictions).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them, the Company, Somerley, Get Nice Capital, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer is in a position to advise the Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document includes certain forward-looking statements. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, general, social, economic and political conditions in the countries in which the Group operates or other countries which have an impact on the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Group operates, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Group operates and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Group operates and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

IMPORTANT NOTICES

Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, all written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date. Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, neither the Offeror nor the Company assumes any obligation to correct or update the forward-looking statements or opinions contained in this Composite Document.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise:

“Accepting Shareholder(s)”	the Shareholder(s) who accept(s) the Offer
“Acquisition”	the acquisition of the Sale Shares by the Offeror
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for transaction of business
“BVI”	British Virgin Islands
“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 requirement relating to the operations and functions of CCASS, as from time to time in force
“Chun Yang”	Chun Yang International (HK) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Closing Date”	11 January 2023, being the closing date of the Offer, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror and approved by the Executive in accordance with the Takeovers Code
“Company”	Golden Ponder Holdings Limited (金倫控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1783)
“Completion”	completion of the SPA in accordance with the terms and conditions of the SPA
“Completion Date”	the date on which Completion took place, being 7 December 2022

DEFINITIONS

“Composite Document”	this composite offer and response document dated 21 December 2022 and jointly despatched by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code in respect of the Offer
“concert party(ies)”	parties acting in concert
“Director(s)”	director(s) of the Company
“Encumbrances”	means any option, right to acquire, right of pre-emption, title retention, deferred term or conditional sale, mortgage, charge, pledge, lien or other form of security or encumbrance or any other agreement or arrangement having a similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer issued with this Composite Document to Shareholders for use by such persons in connection with the Offer
“Get Nice Capital”	Get Nice Capital Limited, being one of the Joint Financial Advisers, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“Get Nice Securities”	Get Nice Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO, who granted a standby facility to the Offeror for its obligation to make the Offer
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Chan Kam Tong (陳金棠) and Mr. Chan Kam Ming (陳金明), who are executive Directors and controlling shareholders and directors of the Vendor, as guarantors of the Vendor under the SPA
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Board, comprising all three independent non-executive Directors, namely Mr. Hau Wing Shing Vincent, Mr. Wan Simon and Mr. Zhang Jue, which has been established to advise the Offer Shareholders in respect of the Offer
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity as defined 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 in connection with the Offer
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Joint Announcement”	the announcement dated 30 November 2022 jointly issued by the Offeror and the Company in relation to the SPA and the Offer
“Joint Financial Advisers”	Somerley and Get Nice Capital, the joint financial advisers to the Offeror in relation to the Offer
“Last Trading Day”	23 November 2022, being the last trading day of the Shares immediately prior to the halt in trading in the Shares on the Stock Exchange pending the release of the Joint Announcement
“Latest Practicable Date”	19 December 2022, being the latest practicable date for ascertaining information prior to the despatch of this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Lock-up Period”	a lock-up of the Remaining Shares beginning from the date of the Vendor’s Irrevocable Undertaking and ending one year after the date on which completion of the SPA takes place
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Kwok”	Mr. Kwok Chun Sing (郭晋昇), an executive Director and the sole director and sole beneficial owner of the Offeror
“Mr. Zhan”	Mr. Zhan Zhi Hao (詹志豪), the deputy chief executive officer of Chun Yang and a party acting in concert with the Offeror
“Mr. Zhan’s Irrevocable Undertaking”	the irrevocable undertaking dated 30 November 2022 given by Mr. Zhan to the Offeror relating to, among other things, Mr. Zhan’s undertaking not to accept the Offer with respect to the 6,950,000 Shares held by him

DEFINITIONS

“Offer”	the mandatory unconditional cash offer made by Somerley for and on behalf of the Offeror to acquire all Offer Shares (other than those already owned or agreed to be acquired by the Offeror and Mr. Kwok), on the terms and conditions set out in this Composite Document and the Form of Acceptance, in compliance with the Takeovers Code
“Offer Period”	the period commencing from 30 November 2022, being the date of the Joint Announcement, and ending on the Closing Date
“Offer Price”	HK\$0.28 for each Offer Share, payable by the Offeror to the Offer Shareholders who tender their Offer Shares for acceptance under the Offer
“Offer Shareholders”	Shareholders other than the Offeror and Mr. Kwok
“Offer Shares”	all the Shares in issue, other than those owned or agreed to be acquired by the Offeror and Mr. Kwok, and each an “Offer Share”
“Offeror”	Chun Yip International Investment Limited, a company incorporated in the BVI with limited liability on 2 April 2020 and wholly-owned by Mr. Kwok
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China (for the purpose of this Composite Document, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being the agent to receive the Form of Acceptance
“Relevant Period”	the period from 30 May 2022, being the date falling six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date
“Remaining Shares”	47,000,000 Shares (representing approximately 4.90% of the total number of Shares in issue) held by the Vendor upon completion of the SPA, which are subject to a lock-up pursuant to the Vendor’s Irrevocable Undertaking during the Lock-up Period
“Sale Shares”	361,000,000 Shares in aggregate acquired by the Offeror from the Vendor in accordance with the terms of the SPA, representing approximately 37.62% of the total number of issued Shares as at the Latest Practicable Date

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Somerley”	Somerley Capital Limited, being one of the Joint Financial Advisers, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
“SPA”	the sale and purchase agreement dated 23 November 2022 entered into between the Offeror (as purchaser), the Vendor and the Guarantors in respect of the sale and purchase of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Shiny Golden Limited, a limited company incorporated under the laws of the British Virgin Islands (which is beneficially owned as to 50% by Mr. Chan Kam Tong and 50% by Mr. Chan Kam Ming, each being an executive Director)
“Vendor’s Irrevocable Undertaking”	the irrevocable undertaking dated 30 November 2022 given by the Vendor to the Offeror relating to, among other things, the Vendor’s undertaking not to accept the Offer with respect to the 47,000,000 Shares held by the Vendor
“%”	per cent.

All references in this Composite Document to times and dates are references to Hong Kong times and dates, unless otherwise specified.

In this Composite Document, unless the context otherwise requires or specifically states otherwise:

- (a) the singular includes the plural and vice versa;
- (b) one gender includes the other genders; and
- (c) references to individuals include companies and other corporations and vice versa.

LETTER FROM SOMERLEY



SOMERLEY CAPITAL LIMITED
20th Floor, China Building
29 Queen's Road Central
Hong Kong

21 December 2022

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN
GOLDEN PONDER HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND MR. KWOK)**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to, among others, the SPA and the Offer. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

As disclosed in the Joint Announcement, on 23 November 2022 (after trading hours), the Offeror (as purchaser), the Vendor and the Guarantors entered into the SPA, pursuant to which the Offeror has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, in aggregate, 361,000,000 Sale Shares at the aggregate consideration of HK\$101,080,000 (being HK\$0.28 per Sale Share). The Sale Shares represent approximately 37.62% of the total number of Shares in issue as at the Latest Practicable Date.

Immediately prior to Completion, (a) the Offeror and parties acting in concert with it own, control or have direction over 96,950,000 Shares, of which 90,000,000 Shares and 6,950,000 Shares are held by Mr. Kwok and Mr. Zhan, respectively, representing approximately 10.10% of the total number of Shares in issue; and (b) the parties presumed to be acting in concert with the Offeror (by virtue of its sole beneficial owner, Mr. Kwok, being an executive Director) own, control or have direction over 451,600,000 Shares, of which 408,000,000 Shares are held by the Vendor (which is beneficially owned as to 50% by Mr. Chan Kam Tong and 50% by Mr. Chan Kam Ming, each being an executive Director) and 43,600,000 Shares are held by Mr. Tang Chi Kin (an executive Director), representing approximately 47.07% of the total number of Shares in issue. Thus, before Completion, the Offeror and parties acting, and presumed to be acting, in concert with it own, control or have direction over 548,550,000 Shares, representing approximately 57.17% of the total number of Shares in issue.

LETTER FROM SOMERLEY

Completion took place on 7 December 2022. Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (i.e. Mr. Kwok and Mr. Zhan) own 457,950,000 Shares, representing approximately 47.73% of the total number of Shares in issue. However, as the shareholding of the Offeror increased from nil to 37.62%, the Offeror is required to make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and Mr. Kwok) pursuant to Rule 26.1 of the Takeovers Code.

This letter forms part of the Composite Document and sets out, among others, details of the Offer, information on the Offeror and the Offeror's intention in relation to the Group. Further details on the terms and procedures for acceptance and settlement of the Offer are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" in, and the appendices to, the Composite Document and the Form of Acceptance, and to consult their own professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

2. THE OFFER

Somerley is making the Offer, for and on behalf of the Offeror, in compliance with the Takeovers Code on the following basis:

Offer Price for each Offer Share HK\$0.28 in cash

The Offer Price of HK\$0.28 per Offer Share under the Offer is the same as the purchase price per Sale Share payable by the Offeror under the SPA.

The Offer is unconditional in all respects. Under the terms of the Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date of despatch of the Composite Document.

As disclosed in the section headed "Letter from the Board – 2. THE OFFER" in the Composite Document, the Company confirms that as at the Latest Practicable Date, (i) it has not declared any dividend which is not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Offer.

Comparison of value

The Offer Price of HK\$0.28 per Offer Share represents:

- (i) a discount of approximately 55.56% to the closing price of HK\$0.6300 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

LETTER FROM SOMERLEY

- (ii) a discount of 44.00% to the closing price of HK\$0.5000 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 43.89% to the average closing price of HK\$0.4990 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 44.83% to the average closing price of HK\$0.5075 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 45.26% to the average closing price of HK\$0.5115 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 72.33% over the audited consolidated equity attributable to the Shareholders of approximately HK\$0.1625 per Share as at 31 March 2022, calculated by dividing the Group's audited equity attributable to the Shareholders of approximately HK\$155,896,000 as at 31 March 2022 by 959,487,500 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 27.61% over the unaudited consolidated equity attributable to the Shareholders of approximately HK\$0.2194 per Share as at 30 September 2022, calculated by dividing the Group's unaudited equity attributable to the Shareholders of approximately HK\$210,522,000 as at 30 September 2022 by 959,487,500 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest and the lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.7300 per Share on 2 December 2022 and HK\$0.4000 per Share on 17 August 2022, respectively.

Irrevocable undertakings not to accept the Offer

Immediately after completion of the SPA, the Vendor continued to be the beneficial owner of the 47,000,000 Remaining Shares, representing approximately 4.90% of the total number of Shares in issue. On 30 November 2022, the Vendor gave, and the Guarantors have undertaken to guarantee the performance of, the Vendor's Irrevocable Undertaking to the Offeror in respect of the Remaining Shares held by it that it (i) will not sell, offer to sell, contract to sell, or otherwise transfer or dispose of, any of the Remaining Shares during the Lock-up Period; (ii) will not enter into any swap or other arrangement that transfer the ownership of any of the Remaining Shares during the Lock-up Period; and (iii) will not accept the Offer with respect to the Remaining Shares. The Vendor's Irrevocable Undertaking not to accept the Offer will cease to be binding upon the Offer being closed or withdrawn in compliance with the Takeovers Code.

LETTER FROM SOMERLEY

In addition, as at the Latest Practicable Date, Mr. Zhan holds 6,950,000 Shares, representing approximately 0.72% of the total number of Shares in issue. On 30 November 2022, Mr. Zhan gave Mr. Zhan's Irrevocable Undertaking to the Offeror that he will not accept the Offer or sell any of the 6,950,000 Shares held by him to the Offeror or the parties acting in concert with it under the Offer or otherwise make his Shares available for acceptance under the Offer. Mr. Zhan's Irrevocable Undertaking shall cease to be binding upon the Offer being closed or withdrawn in compliance with the Takeovers Code.

Total value of the Offer

As at the Latest Practicable Date, the Company had 959,487,500 Shares in issue and had no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

On the basis of the Offer Price of HK\$0.28 per Offer Share and 508,487,500 Offer Shares subject to the Offer, the Offer is valued at HK\$142,376,500.

On the basis of the Offer Price of HK\$0.28 per Offer Share and 959,487,500 Shares in issue as at the Latest Practicable Date, the entire issued Shares are valued at approximately HK\$268,656,500.

Confirmation of financial resources

As each of the Vendor holding 47,000,000 Shares and Mr. Zhan holding 6,950,000 Shares has undertaken not to accept the Offer, the Offeror's maximum payment obligation under the full acceptance of the Offer shall relate to 454,537,500 Shares and such consideration shall not be more than HK\$127,270,500, assuming there is no change in the total number of Shares in issue from the Latest Practicable Date up to the close of the Offer. The Offeror intends to finance such amount by the standby facility granted by Get Nice Securities.

As security to such standby facility, (i) each of (a) Mr. Kwok has charged 90,000,000 Shares (representing approximately 9.38% of the total number of Shares in issue) held by him; and (b) the Offeror has charged 361,000,000 Shares (representing approximately 37.62% of the total number of Shares in issue) held by it, in favour of Get Nice Securities and such share charges have become effective; and (ii) the Offeror will charge all Shares to be acquired under the Offer in favour of Get Nice Securities upon acquisition of such Shares.

Somerley and Get Nice Capital, being the joint financial advisers to the Offeror in respect of the Offer, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the full acceptance of the Offer.

LETTER FROM SOMERLEY

Effect of accepting the Offer

Under the terms of the Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date of despatch of the Composite Document.

Acceptance of the Offer will be irrevocable and will not be capable of being withdrawn, except in compliance with the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days following the day on which the duly completed acceptances of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptances are received by or for the Offeror to render each such acceptance complete and valid.

No fraction of a cent will be payable, and the amount of the consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Offer Shareholders at a rate of 0.13% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, and will be deducted from the amount payable by the Offeror to the relevant Offer Shareholders on acceptance of the Offer.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them, the Company, Somerley, Get Nice Capital, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer is in a position to advise the Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

LETTER FROM SOMERLEY

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such overseas jurisdictions).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Procedures for acceptance and settlement

Details of the procedures for acceptance and settlement relating to the Offer are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

3. INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability on 2 April 2020. As at the Latest Practicable Date, the Offeror is wholly-owned by Mr. Kwok, who is also an executive Director.

Mr. Kwok has over 25 years of experience in the environmental technology and new energy industries. He founded the Hong Kong Recycling Chamber of Commerce in 2015 and has been serving as its president. Since 2021, he has been a director of CR Environmental Protection Technology Research (Shenzhen) Co., Ltd.* (華潤環保應用技術研究(深圳)有限公司). In addition, Mr. Kwok currently also participates in community associations such as being the co-founder of the Hong Kong Coalition, a member of the Chinese General Chamber of Commerce and a member of the Chinese People's Political Consultative Conference of Qingyuan City, Guangdong Province. He was also a member of the 6th Election Committee for the Chief Executive of Hong Kong.

4. INFORMATION ON THE GROUP

Details of the information on the Group are set out in the "Letter from the Board" in the Composite Document. Financial and general information of the Group are set out in Appendix II and III to the Composite Document, respectively.

LETTER FROM SOMERLEY

5. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Following the close of the Offer, the Offeror intends to continue with the Group's existing businesses. The Offeror has no intention to (i) introduce any major changes to the existing operations and business of the Group or downsize or change the scale of the Group's existing business upon the close of the Offer; (ii) discontinue the employment of any employees of the Group (save for the proposed changes to the composition of the Board); or (iii) dispose of or re-deploy the fixed assets of the Company other than in its ordinary and usual course of business. The Offeror will conduct a review of the existing principal businesses, operations, financial position, investments, proposed investments of the Group for the purpose of formulating long-term business plans and strategies for the future business development of the Group. The Offeror will also continue to monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group. Mr. Kwok, being the sole director and owner of the Offeror and an executive Director, will leverage his extensive experience in environmental related business to facilitate the Group to become an environmentally friendly construction company as well as a service provider in this area.

6. PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the executive Directors are Mr. Chan Kam Tong, Mr. Chan Kam Ming, Mr. Kwok and Mr. Tang Chi Kin and the independent non-executive Directors are Mr. Hau Wing Shing Vincent, Mr. Wan Simon and Mr. Zhang Jue. Each of Mr. Chan Kam Tong and Mr. Chan Kam Ming will resign from office as a Director with effect from the date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code. In addition, the Offeror intends to nominate Mr. Zhan as a new executive Director to facilitate the business operation and management of the Group with effect from the date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. Any changes to the members of the Board will be made in compliance with the Takeovers Codes, the Listing Rules, the articles of association of the Company and other applicable laws (where applicable).

The biography of Mr. Zhan is set out below:

Mr. Zhan, aged 33, graduated from Chongqing University with a Bachelor of Economics in 2012 and obtained a Master of Science in Applied Economics from the City University of Hong Kong in 2013. Mr. Zhan is a member of the CFA Institute. He has nearly 10 years of experience in operations and ESG investment research in the green technology industry. From 2013 to 2019, Mr. Zhan held corporate positions in a subsidiary of Chiho Environmental Group Limited (stock code: 976), a company listed on the Main Board of the Stock Exchange, with his last position as the assistant general manager. He joined Chun Yang in 2019 as the vice president. During the period from May 2020 to September 2022, Mr. Zhan founded Dr. Green Technology Ltd., which is engaged in development and operation of carbon tracking systems and green environmental protection facilities. He subsequently rejoined Chun Yang as the deputy chief executive officer in September 2022. Chun Yang was wholly-owned by the Offeror until the Company acquired 40% and 60% of the equity interests in Chun Yang in April and August 2022, respectively.

The proposed term of office and level of remuneration of Mr. Zhan as an executive Director shall be determined and announced by the Company in due course. As at the Latest Practicable Date, the Company has not entered into a service contract with Mr. Zhan in respect of his proposed appointment as an executive Director.

LETTER FROM SOMERLEY

As at the Latest Practicable Date, Mr. Zhan is directly interested in 6,950,000 Shares (representing approximately 0.72% of the total number of Shares in issue) and is the deputy chief executive officer of Chun Yang and, as he acted for the Offeror to negotiate and discuss with the Vendor with respect to the terms of the SPA, he is a party acting in concert with the Offeror. Save as disclosed above, as at the Latest Practicable Date, Mr. Zhan (i) has not held any other major appointments and professional qualifications or directorships in other listed companies in Hong Kong or overseas in the last three years; (ii) does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company; (iii) does not hold other positions with the Company or other members of the Group; and (iv) is not interested in any Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there is no information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters relating to Mr. Zhan's proposed appointment that need to be brought to the attention of the Shareholders.

7. MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange and does not intend to avail itself of any power of compulsory acquisition of any Shares. The Directors, the sole director of the Offeror and the new director to be appointed to the Board by the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

8. GENERAL

To ensure the equality of treatment of all Shareholders, registered Shareholders who hold the Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s) whose investments are registered in the names of nominees to accept the Offer, it is essential that they provide instructions of their intentions to the Offer to their respective nominees.

LETTER FROM SOMERLEY

All documents and remittances in respect of cash consideration payable for the Offer Shares tendered under the Offer will be sent to the Accepting Shareholders by ordinary post at such Shareholder's own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or in the case of joint Shareholders, to the Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror and the parties acting in concert with it, the Company, Somerley, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offer will be responsible for any loss in postage or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

9. WARNING

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares, and if they are in any doubt about their position or as to the action they should take, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information relating to the Offer set out in the appendices to the Composite Document and the accompanying Form of Acceptance, which form part of the Composite Document. In addition, you are reminded to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" set out in the Composite Document and to consult your professional advisers as you see fit, before deciding whether or not to accept the Offer.

Yours faithfully,
for and on behalf of
Somerley Capital Limited
M. N. Sabine
Chairman

LETTER FROM THE BOARD

GOLDEN PONDER HOLDINGS LIMITED

金 倫 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1783)

Executive Directors:

Mr. Chan Kam Tong (*Chairman*)

Mr. Kwok Chun Sing (*Vice-Chairman*)

Mr. Chan Kam Ming

Mr. Tang Chi Kin

Registered Office:

71 Fort Street, P.O. Box 500

George Town, Grand Cayman KY1-1106

Cayman Islands

Independent Non-executive Directors:

Mr. Hau Wing Shing Vincent

Mr. Wan Simon

Mr. Zhang Jue

Principal Place of Business in Hong Kong:

Room 2901 & 09-10, 29/F.,

China Resources Building,

26 Harbour Road,

Wanchai, Hong Kong

To the Offer Shareholders

21 December 2022

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN
GOLDEN PONDER HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND MR. KWOK)**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other matters, the SPA and the Offer. Terms used in this letter have the same meaning as defined in the Composite Document unless otherwise defined or the context otherwise requires.

As disclosed in the Joint Announcement, on 23 November 2022 (after trading hours), the Offeror (as purchaser), the Vendor and the Guarantors entered into the SPA, pursuant to which the Offeror has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, in aggregate, 361,000,000 Sale Shares at the aggregate consideration of HK\$101,080,000 (being HK\$0.28 per Sale Share). The Sale Shares represent approximately 37.62% of the total number of Shares in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

Immediately prior to Completion, (a) the Offeror and parties acting in concert with it own, control or have direction over 96,950,000 Shares, of which 90,000,000 Shares and 6,950,000 Shares are held by Mr. Kwok and Mr. Zhan, respectively, representing approximately 10.10% of the total number of Shares in issue; and (b) the parties presumed to be acting in concert with the Offeror (by virtue of its sole beneficial owner, Mr. Kwok, being an executive Director) own, control or have direction over 451,600,000 Shares, of which 408,000,000 Shares are held by the Vendor (which is beneficially owned as to 50% by Mr. Chan Kam Tong and 50% by Mr. Chan Kam Ming, each being an executive Director) and 43,600,000 Shares are held by Mr. Tang Chi Kin (an executive Director), representing approximately 47.07% of the total number of Shares in issue. Thus, before Completion, the Offeror and parties acting, and presumed to be acting, in concert with it own, control or have direction over 548,550,000 Shares, representing approximately 57.17% of the total number of Shares in issue.

Completion took place on 7 December 2022. Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (i.e. Mr. Kwok and Mr. Zhan) own 457,950,000 Shares, representing approximately 47.73% of the total number of Shares in issue. However, as the shareholding of the Offeror increased from nil to 37.62%, the Offeror is required to make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and Mr. Kwok) pursuant to Rule 26.1 of the Takeovers Code.

2. THE OFFER

As disclosed in the “Letter from Somerley” in the Composite Document, Somerley, for and on behalf of the Offeror, hereby makes the Offer in compliance with the Takeovers Code on the following basis:

Offer Price for each Offer Share HK\$0.28 in cash

The Offer Price of HK\$0.28 per Offer Share under the Offer is the same as the purchase price per Sale Share payable by the Offeror under the SPA.

The Offer is unconditional in all respects. Under the terms of the Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date of despatch of the Composite Document.

The Company confirms that as at the Latest Practicable Date, (i) it has not declared any dividend which is not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Offer.

Further details of the terms of the Offer and the procedures for acceptance and settlement are set out in the “Letter from Somerley” in the Composite Document, Appendix I to the Composite Document and the accompanying Form of Acceptance.

Offer Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which are included in the “Letter from the Independent Board Committee” and the “Letter from Independent Financial Adviser” as contained in the Composite Document.

LETTER FROM THE BOARD

3. INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Stock Exchange (stock code: 1783). The principal activity of the Group is the provision of superstructure building and repair, maintenance, alteration and addition work service as a main contractor in Hong Kong and provision of reverse supply chain management and environmental-related service.

As stated in the interim report of the Company for the six months ended 30 September 2022, the Group has been actively exploring potential business to integrate environmental technologies in order to develop its unique competitiveness. Leveraging on the experience of the construction business, as well as the required regulatory licenses and technical know-how of the newly acquired entities, the Group has consolidated its internal resources and ventures into the Electric Vehicle (EV) after sales market, namely, EV Charger construction and installation and EV batteries second-life usage and treatment businesses, with the focus on exploring the development opportunities that come along with the infrastructure establishment in the northern district of Hong Kong. The Group expects that the increasing trend of EV adoption will continue, the Group will meticulously identify suitable investments in new operating and logistics facilities with the objectives of capitalising the upcoming growth opportunities.

Set out below is the summary of the financial information of the Group for the financial years ended 31 March 2021 and 2022 as extracted from the annual report of the Company for the year ended 31 March 2022 and the six months ended 30 September 2021 and 2022 as extracted from the interim report of the Company for the six months ended 30 September 2022:

	For the year ended 31 March		For the six months ended 30 September	
	2021	2022	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	210,660	591,900	223,408	265,875
Loss before income tax expense	(14,064)	(18,841)	(331)	(5,195)
Loss for the year/period				
attributable to the Shareholders	(12,314)	(19,391)	(331)	(5,165)
				As at
			As at 31 March	30 September
			2021	2022
			<i>HK\$'000</i>	<i>HK\$'000</i>
			(audited)	(audited)
			(unaudited)	(unaudited)
Total assets		234,153	360,570	438,126
Net assets attributable to the Shareholders		167,957	155,896	210,522

Further details of the Group are set out in Appendix II “Financial Information of the Group” and Appendix III “General Information of the Group” to the Composite Document.

LETTER FROM THE BOARD

4. SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER COMPLETION

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of Shares</i>	<i>% of issued Shares</i>	<i>Number of Shares</i>	<i>% of issued Shares</i>
Offeror and its concert parties				
– Offeror	Nil	NA	361,000,000	37.62%
– Mr. Kwok	90,000,000	9.38%	90,000,000	9.38%
– Mr. Zhan	6,950,000	0.72%	6,950,000	0.72%
Sub-total of the Offeror and parties acting in concert with it	96,950,000	10.10%	457,950,000	47.73%
Directors (save for Mr. Kwok)⁽¹⁾				
– Chan Kam Tong and Chan Kam Ming ⁽²⁾	408,000,000	42.52%	47,000,000	4.90%
– Mr. Tang Chi Kin	43,600,000	4.54%	43,600,000	4.54%
Sub-total of the Directors	451,600,000	47.07%	90,600,000	9.44%
Sub-total of the Offeror and parties acting, and presumed to be acting, in concert with it	548,550,000	57.17%	548,550,000	57.17%
Public Shareholders	410,937,500	42.83%	410,937,500	42.83%
Total	959,487,500	100.00%	959,487,500	100.00%

Notes:

- The Directors are presumed to be acting in concert with the Offeror (by virtue of its sole beneficial owner, Mr. Kwok, being an executive Director) by virtue of class (6) of the definition of acting in concert.

Under class (6) of the definition of “acting in concert” of the Takeovers Code, directors of a company (together with their close relatives, related trusts and companies controlled by such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent are presumed to be acting in concert with others in the same class unless the contrary is established. As such, Mr. Chan Kam Tong, Mr. Chan Kam Ming and Mr. Tang Chi Kin are presumed to be acting in concert with the Offeror (by virtue of its sole beneficial owner, Mr. Kwok, being an executive Director) under class (6) presumptions under the definition of “acting in concert” in the Takeovers Code until the close of the Offer.

LETTER FROM THE BOARD

2. It refers to the number of Shares held by the Vendor which is beneficially owned as to 50% by Mr. Chan Kam Tong and 50% by Mr. Chan Kam Ming, each being an executive Director.
3. Due to rounding, the percentage figures shown above may not add up to the sub-total or total.

Following the close of the Offer, if the Offeror, Mr. Kwok and Mr. Zhan in aggregate will become interested in not more than 50% of the voting rights of the Company, they will be required to comply with the requirements under Rule 26 of the Takeovers Code if their interest exceeds the 2% creper threshold as specified in Rule 26.1(c) of the Takeovers Code.

5. INFORMATION ON THE OFFEROR AND INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the “Letter from Somerley” in the Composite Document for the information on the Offeror and its intention in relation to the Group.

As set out in the section headed “Letter from Somerley – 5. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP and 6. PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY”, the Offeror has no intention to (i) introduce any major changes to the existing operations and business of the Group or downsize or change the scale of the Group’s existing business upon the close of the Offer; (ii) discontinue the employment of any employees of the Group (save for the proposed changes to the composition of the Board); or (iii) dispose of or re-deploy the fixed assets of the Company other than in its ordinary and usual course of business. The Board is aware of the intention of the Offeror in respect of the Group and is willing to render reasonable cooperation with the Offeror which is in the best interests of the Company and the Shareholders as a whole.

6. MAINTAINING THE LISTING STATUS OF THE COMPANY

As set out in the section headed “Letter from Somerley – 5. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP and 7. MAINTAINING THE LISTING STATUS OF THE COMPANY”, the Offeror intends the Company to remain listed on the Stock Exchange and does not intend to avail itself of any power of compulsory acquisition of any Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Directors, the sole director of the Offeror and the new director to be appointed to the Board by the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

LETTER FROM THE BOARD

7. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising all the independent non-executive Directors (namely, Mr. Hau Wing Shing Vincent, Mr. Wan Simon and Mr. Zhang Jue respectively), has been established in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Veda Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

For the opinions and advice of the Independent Financial Adviser, please refer to the “Letter from the Independent Financial Adviser” as contained in the Composite Document.

8. RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 21 to 22 of the Composite Document which contains the recommendation of the Independent Board Committee to the Offer Shareholders as to whether the Offer is, or is not, fair and reasonable and as to their acceptance of the Offer; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 23 to 44 of the Composite Document which contains the advice of the Independent Financial Adviser to the Independent Board Committee in connection with the Offer and the principal factors considered by it in arriving at its advice.

The Offer Shareholders are encouraged to read these letters carefully before taking any action in respect of the Offer.

9. ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to the Composite Document. Further details on the terms and the procedures for acceptance and settlement of the Offer are set out in Appendix I “Further Terms of the Offer” to the Composite Document and the accompanying Form of Acceptance. You are also recommended to read carefully the Form of Acceptance for further details in respect of the procedures for acceptance and settlement of the Offer.

Yours faithfully,
by Order of the Board
Golden Ponder Holdings Limited
Chan Kam Tong
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee to the Offer Shareholders in respect of the Offer.

GOLDEN PONDER HOLDINGS LIMITED

金 倫 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1783)

21 December 2022

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN
GOLDEN PONDER HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND MR. KWOK)**

INTRODUCTION

We refer to the Composite Document dated 21 December 2022 jointly issued by the Company and the Offeror (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Composite Document.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. the Offer Shareholders) as to, in our opinion, whether or not the terms of the Offer are fair and reasonable and to make recommendation in respect of acceptance of the Offer.

Veda Capital has been appointed as the Independent Financial Adviser with our approval to make recommendation to us in respect of the terms of Offer and, in particular, whether the terms of the Offer are fair and reasonable and to make recommendation in respect of the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from the Independent Financial Adviser” on pages 23 to 44 of the Composite Document.

We also wish to draw your attention to the “Letter from the Board” and the additional information set out in the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Offer, taking into account the information contained in this Composite Document and the independent advice and recommendations from the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that the terms of the Offer are not fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders not to accept the Offer.

Offer Shareholders who intend to accept the Offer are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer.

Offer Shareholders, in particular those who intend NOT to accept the Offer, are reminded that there is no guarantee that the Share price will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period.

The Offer Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” on pages 23 to 44 of the Composite Document. Furthermore, the Offer Shareholders are also reminded that their decisions to dispose of or hold their Shares of the Company, are subject to their own circumstances and investment objectives. If in doubt, the Offer Shareholders should consult their own professional advisers for professional advice. Offer Shareholders who wish to accept the Offer are recommended to read carefully the procedures for acceptance and settlement of the Offer as detailed in Appendix I to the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
for and on behalf of the

Independent Board Committee of Golden Ponder Holdings Limited

Mr. Hau Wing Shing Vincent
*Independent non-executive
Director*

Mr. Wan Simon
*Independent non-executive
Director*

Mr. Zhang Jue
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Offer Shareholders in respect of the Offer which has been prepared for the purpose of inclusion in the Composite Document.

VEDA | CAPITAL
智 略 資 本

Suite 1001, 10/F., 299 QRC
299 Queen's Road Central
Hong Kong

21 December 2022

*To: Independent Board Committee and the Offer Shareholders of
Golden Ponder Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN
GOLDEN PONDER HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND MR. KWOK)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Offer, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the Composite Document dated 21 December 2022 issued by the Company to its shareholders (the “**Shareholders**”), of which this letter forms part. Terms used herein shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

As set out in the Board Letter, on 23 November 2022 (after trading hours), the Offeror (as purchaser), the Vendor and the Guarantors entered into the SPA, pursuant to which the Offeror has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, in aggregate, 361,000,000 Sale Shares at the aggregate consideration of HK\$101,080,000 (being HK\$0.28 per Sale Share). The Sale Shares represent approximately 37.62% of the total number of Shares in issue as at the Latest Practicable Date. The Completion took place on 7 December 2022.

Immediately prior to the Completion, (a) the Offeror and parties acting in concert with it own, control or have direction over 96,950,000 Shares, of which 90,000,000 Shares and 6,950,000 Shares are held by Mr. Kwok and Mr. Zhan, respectively, representing approximately 10.10% of the total number of Shares in issue; and (b) the parties presumed to be acting in concert with the Offeror (by virtue of its sole beneficial owner, Mr. Kwok, being an executive Director) own, control or have direction over 451,600,000 Shares, of which 408,000,000 Shares are held by the Vendor (which is beneficially owned as to 50% by Mr. Chan Kam Tong and 50% by Mr. Chan Kam Ming, each being an executive Director) and 43,600,000 Shares are held by Mr. Tang Chi Kin (an executive Director), representing approximately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

47.07% of the total number of Shares in issue. Thus, before Completion, the Offeror and parties acting, and presumed to be acting, in concert with it own, control or have direction over 548,550,000 Shares, representing approximately 57.17% of the total number of Shares in issue. Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (i.e. Mr. Kwok and Mr. Zhan) own 457,950,000 Shares, representing approximately 47.73% of the total number of Shares in issue. However, as the shareholding of the Offeror increased from nil to approximately 37.62%, the Offeror is therefore required to make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and Mr. Kwok) pursuant to Rule 26.1 of the Takeovers Code.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Hau Wing Shing Vincent, Mr. Wan Simon and Mr. Zhang Jue, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. We, Veda Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Offer Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or Offeror or any other parties that could reasonably be regarded as relevant to our independence. Save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between us and the Group or the Offeror in the past two years that could reasonably be regarded as relevant to our independence. Apart from normal professional fees paid or payable to us in connection with this transaction, no other arrangement exists whereby we had received or would receive any fees or benefits from the Company or any parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent in accordance with Rule 2 of the Takeovers Code and Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to give independent advices in respect of the Offer.

BASIS OF OUR OPINION

In formulating our opinions and advices, we have relied upon the accuracy of the information and representations contained in the Composite Document and information provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information and representations made or referred to in the Composite Document and all information and representations which have been provided by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date and the Offer Shareholders will be notified of any material changes to such statements, information, opinions (including any change in the opinion of the Independent Financial Adviser) and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion and intention made by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Directors or the Offeror (as the case may be) in the Composite Document were reasonably made after due enquiry and careful consideration and there are no other facts not contained in the Composite Document, the omission of which make any such statement contained in the Composite Document misleading. We have no reason to suspect any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, the Offeror, their respective advisers, the Directors and/or the director of the Offeror, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding between any person on the one hand and the Group and/or the Offeror on the other hand concerning the Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Group), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. In rendering our opinion in the Composite Document, we have researched, analyzed and relied on (i) information in relation of the Group, including but not limited to, the published financial reports of the Company for the six months ended 30 September 2022 and for the two financial years ended 31 March 2022 and 2021; (ii) information provided by the Company; (iii) the Composite Document; and (iv) market information obtained from the websites of the Stock Exchange, Census and Statistic Department and Legislative Council of Hong Kong. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules (including the notes thereto) to formulate our opinion and recommendation. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, the Vendors, the Offeror or their respective subsidiaries or associates (if applicable). We have also not considered the tax and regulatory implications on the Group or the Offer Shareholders as a result of the Offer since these depend on their individual circumstances. In particular,

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the Offer Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers. We will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer.

This letter is issued to the Independent Board Committee and the Offer Shareholders, solely in connection for their consideration of the Offer, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Offer Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Principal terms of the Offer

Somerley is, for and on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the following basis:

Offer Price for each Offer Share HK\$0.28 in cash

The Offer Price of HK\$0.28 per Offer Share under the Offer is the same as the purchase price per Sale Share payable by the Offeror under the SPA.

The Offer is unconditional in all respects. The Offer Shares will be acquired fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date of despatch of the Composite Document.

2. Information of the Group

The Company is incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Stock Exchange (stock code: 1783). The Group is principally engaged in the provision of superstructure building works which refer to the building works in relation to the parts of the structure above the ground level for residential and commercial buildings, as a main contractor in Hong Kong; and repair, maintenance, alternation and addition works service (“**RMAA**”) including construction and installation of Electric Vehicle (EV) charging for existing structures (the “**Building Construction Works Service**”). As a supplemental business for the Building Construction Works Services, the Group extended to the provision of reverse supply chain management and environmental-related service which involves the recycling of materials including but not limited to retired EV batteries, and using self-developed technologies to re-engineer the batteries to battery energy storage systems to provide electricity for the equipment in construction sites (the “**Reverse Supply Chain Service**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 September 2022

Set out below is a summary of the unaudited consolidated financial information of the Group for the six months ended 30 September 2021 and 2022 as extracted from the interim reports of the Group for the six months ended 30 September 2021 and 2022 respectively:

	For the six months ended		
	30 September		
	2022	2021	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Revenue	265,875	223,408	19.01
– Building Construction Works Service	258,039	223,408	15.50
– Reverse Supply Chain Service (note)	7,836	–	–
Loss attributable to the Shareholders	(5,165)	(331)	1,460.42
	As at 30 September		
	2022	2021	changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Total assets	438,126	308,795	41.88
Total liabilities	227,715	141,169	61.31
Net assets attributable to the Shareholders	210,522	167,626	25.59

Note: Prior to the Group's repositioning of its business during the six months ended 30 September 2022, the Group's revenue source was categorized as (i) superstructure building works; and (ii) RMAA works. During the six months ended 30 September 2022, with the increasing awareness of environmental protection globally and greater emphasis in environmental, social and governance ("ESG") by stakeholders, the Group explored to integrate the provision of reverse supply chain management and environmental-related service, the revenue from which has been categorized under the Reverse Supply Service segment, as a new business segment, while the revenue from superstructure building works and RMAA works have formed the Building Construction Works Service segment. The segment information for the six months ended 30 September 2022 in the table above was expressed as the new business segment of the Group for illustrative purpose.

The Group recorded revenue for the six months ended 30 September 2022 in the amount of approximately HK\$265.88 million, representing an increase of approximately 19.01% as compared to that for the six months ended 30 September 2021 in the amount of approximately HK\$223.41 million. As advised by the Management, the increase in revenue of approximately HK\$42.47 million was mainly due to the increase in revenue recognised from four sizeable projects for superstructure building works awarded.

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The Group recorded a loss attributable to the Shareholders in the amount of approximately HK\$5.17 million, representing an increase of approximately 1,460.42% as compared to a loss attributable to the Shareholders for the six months ended 30 September 2021 in the amount of approximately HK\$0.33 million. As advised by the Management, the increase in loss was mainly due to the increase in (i) administrative and other expenses of the acquired subsidiaries (i.e. Chun Yang and Cornerstone Energy Limited) in the amount of approximately HK\$12.0 million, including but not limited to, (a) the increase in salary, mandatory provident fund contribution and directors' remuneration of approximately HK\$5.5 million; (b) the increase in depreciation of property, plant and equipment and right-of-use assets of approximately HK\$2.8 million; and (c) the increase in information technology related expenses of approximately HK\$1.2 million; and (ii) share of losses of associates.

The Group's unaudited total assets as at 30 September 2022 amounted to approximately HK\$438.13 million, mainly including, contract assets which are 5% of the contracts sum of the Group for one to three years retention period in the amount of approximately HK\$112.19 million, deposits, prepayments and other receivables in the amount of approximately HK\$78.33 million and cash and cash equivalents in the amount of approximately HK\$65.53 million. The Group's unaudited total liabilities as at 30 September 2022 amounted to approximately HK\$227.72 million, mainly including, trade and retention money payables in the amount of approximately HK\$113.21 million, accruals and other payables in the amount of approximately HK\$49.46 million and promissory note payables in the amount of approximately HK\$41.90 million. The Group's unaudited net assets value attributable to the Shareholders amounted to approximately HK\$210.52 million as at 30 September 2022, representing an increase of approximately 25.59% as compared to that of approximately HK\$167.63 million as at 30 September 2021.

For the financial year ended 31 March 2022

Set out below is a summary of the consolidated financial information of the Group for the two financial years ended 31 March 2021 and 2022 respectively which were extracted from the annual reports of the Group for the financial years ended 31 March 2021 and 2022 respectively:

	For the financial years ended		
	31 March		
	2022	2021	<i>changes</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Revenue	591,900	210,660	180.97
– Superstructure building works	589,678	210,198	180.53
– RMAA works	2,222	462	380.95
Loss attributable to the Shareholders	(19,391)	(12,314)	57.47

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	As at 31 March		<i>changes</i> %
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	
Total assets	360,570	234,153	53.99
Total liabilities	204,674	66,196	209.19
Net assets attributable to the Shareholders	155,896	167,957	(7.18)

The Group recorded revenue for the financial year ended 31 March 2022 in the amount of approximately HK\$591.90 million, representing an increase of approximately 180.97% as compared to that for the financial year ended 31 March 2021 in the amount of approximately HK\$210.66 million. As advised by the Management, the increase in revenue of approximately HK\$381.24 million was mainly generated from (i) the increase in revenue recognised from three sizeable projects for superstructure building works awarded; and (ii) the increase in revenue recognised from one new project being approved.

The Group recorded a loss attributable to the Shareholders for the financial year ended 31 March 2022 in the amount of approximately HK\$19.39 million, representing an increase of approximately 57.47%, as compared to a loss attributable to the Shareholders for the financial year ended 31 March 2021 in the amount of approximately HK\$12.31 million. As advised by the Management, the increase in loss was mainly due to (i) the decrease in interest income from fixed deposit with licensed bank in Hong Kong; (ii) the decrease in a series of government subsidies in relation to Covid-19 pandemic; (iii) the increase in administrative and other expenses; and (iv) the increased in one-off fair value loss of derivative financial liability of approximately HK\$19.1 million.

The Group's audited total assets as at 31 March 2022 amounted to approximately HK\$360.57 million, mainly including, contract assets in the amount of approximately HK\$142.11 million, deposits, prepayments and other receivables in the amount of approximately HK\$70.82 million and cash and cash equivalents in the amount of approximately HK\$87.20 million. The Group's audited total liabilities as at 31 March 2022 amounted to approximately HK\$204.67 million, mainly including trade and retention money payables in the amount of approximately HK\$169.85 million and derivative financial liability which is the fair value of the derivative forward contract of the acquisition of 40% equity interest in Chun Yang in the amount of approximately HK\$19.08 million. The Group's audited net assets value attributable to the Shareholders amounted to approximately HK\$155.90 million as at 31 March 2022, representing a decrease of approximately 7.18% as compared to that of approximately HK\$167.96 million as at 31 March 2021.

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For the financial year ended 31 March 2021

Set out below is a summary of the audited consolidated financial information of the Group for the two financial years ended 31 March 2020 and 2021 respectively which were extracted from the annual reports of the Group for the financial years ended 31 March 2020 and 2021 respectively:

	For the financial years ended		
	31 March		changes %
	2021	2020	
	HK\$'000	HK\$'000	
Revenue	210,660	283,148	(25.60)
– Superstructure building works	210,198	260,453	(19.30)
– RMAA works	462	22,695	(97.96)
Loss attributable to the Shareholders	(12,314)	(2,051)	500.39
	As at 31 March		
	2021	2020	changes
	HK\$'000	HK\$'000	%
Total assets	234,153	284,952	(17.83)
Total liabilities	66,196	96,681	(31.53)
Net assets attributable to the Shareholders	167,957	188,271	(10.79)

The Group recorded revenue for the financial year ended 31 March 2021 in the amount of approximately HK\$210.66 million, representing a decrease of approximately 25.60% as compared to that for the financial year ended 31 March 2020 in the amount of approximately HK\$283.15 million. As advised by the Management, the decrease in revenue was mainly resulted from (i) certain on-going projects were at their ending phase while the relevant revenues had already been recognised in prior years; (ii) three projects for superstructure building works had been newly awarded which have not been contributed sizeable revenue; and (iii) decrease in the number of newly awarded projects for the RMAA works.

The Group recorded a loss attributable to the Shareholders for the financial year ended 31 March 2021 in the amount of approximately HK\$12.31 million, representing an increase of approximately 500.39%, as compared to a loss attributable to the Shareholders for the financial year ended 31 March 2020 in the amount of approximately HK\$2.05 million. As advised by the Management, the increase in loss was mainly due to the decrease in the revenue of the Group of approximately HK\$72.49 million caused by the delay in and suspension of the Group's construction projects as a result of Covid-19 pandemic and the increase in administrative and other expenses.

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The Group's audited total assets as at 31 March 2021 amounted to approximately HK\$234.15 million, mainly including, contract assets in the amount of approximately HK\$84.60 million, cash and cash equivalents in the amount of approximately HK\$88.96 million and deposits, prepayments and other receivables in the amount of approximately HK\$27.64 million. The Group's audited total liabilities as at 31 March 2021 amounted to approximately HK\$66.20 million, mainly including, trade and retention money payables in the amount of approximately HK\$52.12 million and accruals and other payables in the amount of approximately HK\$13.56 million. The Group's audited net assets value attributable to the Shareholders amounted to approximately HK\$167.96 million as at 31 March 2021, representing a decrease of approximately 10.79% as compared to that of approximately HK\$188.27 million as at 31 March 2020.

Prospects of the Group's Businesses

The Group is principally engaged in the Building Construction Works Service and the Reverse Supply Chain Service. The Group's Building Construction Works Service, as a main contractor in Hong Kong, perform construction-related services for both residential and commercial buildings.

Growth rates of the annual gross value of construction works performed by main contractors in nominal terms in Hong Kong

Years	Year-on-year growth rates
2017	2.4%
2018	-7.0%
2019	-10.2%
2020	-3.1%
2021	3.8%

Source: Census and Statistics Department of Hong Kong (<https://www.censtatd.gov.hk>)

As illustrated in the table above, according to the statistics released by the Census and Statistics Department of Hong Kong (<https://www.censtatd.gov.hk>) on 9 September 2022, the year-on-year growth rates of annual gross value of construction works performed by main contractors in nominal terms in Hong Kong have demonstrated a positive growth rate of 3.8% in 2021. In addition, we further noted from Census and Statistics Department of Hong Kong (<https://www.censtatd.gov.hk>) that the year-on-year growth of the gross value of construction works performed by main contractors in nominal terms in Hong Kong for the first and second quarters of 2022 has continued to accelerate to approximately 12.5% and approximately 23.3% (provisional figures) respectively. We suspect that the development of the Hong Kong construction industry may possibly be cyclical and such industry has been undergoing a recovery since 2021.

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As advised by the Company, the impact of the Covid-19 pandemic on the Group's Building Construction Works Service has been diminishing due to, among other things, the gradual loosening up of policies regarding precautionary measures in Hong Kong. In addition, we noted that the Federal Reserve of the United States had been considering that the pace of rate hikes may slow down in the near future. We are of the view that the diminishing impact of the Covid-19 pandemic and the slowdown of such rate hikes is expected to accelerate the recovery and development of the construction industry in Hong Kong and the Group's Building Construction Works Service.

We noted from the announcements of the Company dated 25 February 2022, 3 March 2022 and 15 July 2022 that the Group has acquired companies in renewable energy and resource industry and which enable the Group to tap into the renewable energy sector. As advised by the Company, the Group has the intention to consolidate its internal resources and ventures into the Electric Vehicle (EV) after-sales market, namely EV Charger and has been exploring potential business to integrate environmental technologies to develop its competitiveness and facilitate the ESG goal of the Group.

Moreover, as stated in the "2022 Policy Address – Policy Measures of Environment and Ecology Bureau: Environmental Protection" from the Legislative Council Panel on Environmental Affairs (the "2022 Policy Address") on 31 October 2022, we noted that the Hong Kong government has followed the goal that Hong Kong shall achieve carbon neutrality before 2050 and reduce the total carbon emission from the 2005 level by half before 2035. In this regard, the Hong Kong government is continuously improving the environment by making policy measures, including but not limited to, encouraging green transport. The Hong Kong government targets to introduce around 700 electric buses and around 3,000 electric taxis in Hong Kong by end-2027. In supporting the continuous development of green transport, the Hong Kong government aims to increase the proportions of parking spaces with EV chargers from 30% to 100% in government premises. The abovementioned measures have indicated the support from the Hong Kong government on the development in green technology industry.

Given the increasing awareness on green technology and the increasing number of green transports, we are of the view that the Reverse Supply Chain Service may enhance the Group's stream of income and have the potential to bring new opportunities to cope with the development and growth of the Group's businesses in the future.

Having considered the above, in particular (i) the financial performance of the Group is significantly influenced by the construction industry in Hong Kong; (ii) the annual gross value of the construction works performed by main contractors at construction sites in Hong Kong may have shown its cyclicity and been undergoing a recovery since 2021; (iii) the impact of the Covid-19 pandemic on the Group's Building Construction Works Service has been diminishing due to, among other things, the gradual loosening up of policies regarding precautionary measures in Hong Kong, and should the fed funds rates hikes by the Federal Reserve of the United States be slowdown, it will be beneficial to the recovery and development of construction industry in Hong Kong and the Group's Building Construction Works Service; and (iv) given the support from policy measures implemented by the Hong Kong government and the increasing awareness on

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green technology, the Reverse Supply Chain Service may develop into a stable income stream for the Group and could bring new opportunities for the growth of the Group's businesses in the future, we are of the view that the outlook of the businesses of the Group shall be favourable in the foreseeable future.

3. Information on the Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability on 2 April 2020. As at the Latest Practicable Date, the Offeror is wholly-owned by Mr. Kwok, being the sole director of the Offeror and is an executive Director since 12 August 2022.

As stated in the Letter from Somerley in this Composite Document, Mr. Kwok has over 25 years of experience in the environmental technology and new energy industries. He founded the Hong Kong Recycling Chamber of Commerce in 2015 and has been serving as its president. Since 2021, he has been a director of CR Environmental Protection Technology Research (Shenzhen) Co., Ltd.* (華潤環保應用技術研究(深圳)有限公司). In addition, Mr. Kwok currently also participates in community associations such as being the co-founder of the Hong Kong Coalition, a member of the Chinese General Chamber of Commerce and a member of the Chinese People's Political Consultative Conference of Qingyuan City, Guangdong Province. He was also a member of the 6th Election Committee for the Chief Executive of Hong Kong.

4. Intention of the Offeror in relation to the Group

Following the close of the Offer, the Offeror intends to continue with the Group's existing businesses. The Offeror will conduct a review of the existing principal businesses, operations, financial position, investments, proposed investments of the Group for the purpose of formulating long-term business plans and strategies for the future business development of the Group. The Offeror will also continue to monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group. Mr. Kwok, being the sole director and owner of the Offeror and an executive Director, will leverage his extensive experience in environmental related business, to facilitate the Group to become an environmentally friendly construction company as well as a service provider in this area.

Proposed changes to the Board composition of the Company

As at the Latest Practicable Date, the executive Directors are Mr. Chan Kam Tong, Mr. Chan Kam Ming, Mr. Kwok and Mr. Tang Chi Kin and the independent non-executive Directors are Mr. Hau Wing Shing Vincent, Mr. Wan Simon and Mr. Zhang Jue.

Each of Mr. Chan Kam Tong and Mr. Chan Kam Ming will resign from office as a Director with effect from the date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code. In addition, the Offeror intends to nominate Mr. Zhan as a new executive Director to facilitate the business operation and management of the Group with effect from the date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. Any changes to the members of the Board will be made in compliance with the Takeovers Codes, the Listing Rules, the articles of association of the Company and other applicable laws (where applicable).

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The biography of Mr. Zhan is set out below:

Mr. Zhan, aged 33, graduated from Chongqing University with a Bachelor of Economics in 2012 and obtained a Master of Science in Applied Economics from the City University of Hong Kong in 2013. Mr. Zhan is a member of the CFA Institute. He has nearly 10 years of experience in operations and ESG investment research in the green technology industry. From 2013 to 2019, Mr. Zhan held corporate positions in a subsidiary of Chiho Environmental Group Limited (stock code: 976), a company listed on the Main Board of the Stock Exchange, with his last position as the assistant general manager. He joined Chun Yang in 2019 as the vice president. As advised by the Company, Chun Yang engages in research and development in the renewable energy industry and is the first recycler in Hong Kong to obtain the license to dispose of chemical wastes such as waste EV batteries. During the period from May 2020 to September 2022, Mr. Zhan founded Dr. Green Technology Ltd., which is engaged in development and operation of carbon tracking systems and green environmental protection facilities. He subsequently rejoined Chun Yang as the deputy chief executive officer in September 2022. Chun Yang was wholly-owned by the Offeror until the Company acquired 40% and 60% of the equity interests in Chun Yang in April and August 2022, respectively.

Maintaining of the listing status of the Company

The Offeror intends for the issued Shares to remain listed on the Main Board and does not intend to avail itself to any power of compulsory acquisition of any Shares. The director of the Offeror, the existing Directors and the new Directors to be appointed have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

Save as disclosed above, as at the Latest Practicable Date, the Offeror has no intention to (i) introduce any major changes to the existing operations and business of the Group or downsize or change the scale of the Group's existing business upon the close of the Offer; (ii) discontinue the employment of any employees of the Group (save for the proposed changes to the composition of the Board); or (iii) dispose of or re-deploy the fixed assets of the Company other than in its ordinary and usual course of business.

Based on the above information and intention of the Offeror, we noted that Mr. Kwok, the sole director of the Offeror and an executive Director, and Mr. Zhan, the proposed new Director, have ample experience in the green technology industry such that the Group may utilise the network and expertise of Mr. Kwok and Mr. Zhan in developing the Reversed Supply Chain Service to enhance the Group's stream of income. Given the above and combined the reasons and factors as set out in the sub-section headed "Prospects of the Group's Businesses", we are of the view that the Offeror, Mr. Kwok and Mr. Zhan may be able to enhance the overall development of the Group.

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5. Analysis on the Offer Price

Comparisons of the Offer Price

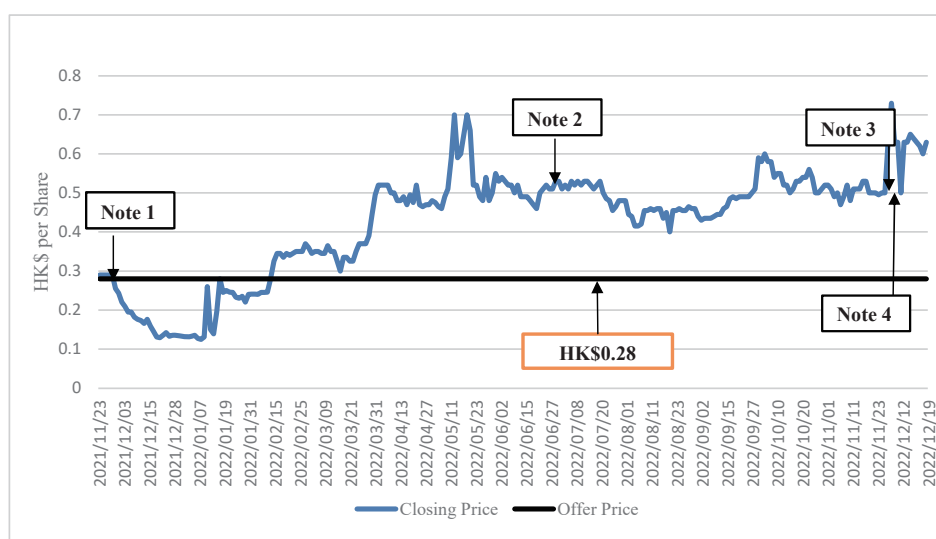
The Offer Price of HK\$0.28 per Offer Share represents:

- (i) a discount of 44.00% to the closing price of HK\$0.5000 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 55.56% to the closing price of HK\$0.6300 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a discount of approximately 43.89% to the average closing price of HK\$0.4990 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 44.83% to the average closing price of HK\$0.5075 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 45.26% to the average closing price of HK\$0.5115 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 72.33% over the audited consolidated equity attributable to the Shareholders of approximately HK\$0.1625 per Share as at 31 March 2022, calculated by dividing the Group's audited equity attributable to the Shareholders of approximately HK\$155,896,000 as at 31 March 2022 by 959,487,500 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 27.61% over the unaudited consolidated equity attributable to the Shareholders of approximately HK\$0.2194 per Share as at 30 September 2022, calculated by dividing the Group's unaudited equity attributable to the Shareholders of approximately HK\$210,522,000 as at 30 September 2022 by 959,487,500 Shares in issue as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical price performance of the Shares

The graph below illustrates the historical closing prices of the Shares as quoted on the Stock Exchange during the period from 23 November 2021 (being the date one year prior to the Last Trading Day) and up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period, covering a full twelve-months prior to the Last Trading Day, (i) is appropriate for illustration of the general trend and level of movement of the daily closing prices of the Shares which can reflect the correlation between the recent business performance of the Company and the latest market reaction in the Share price; (ii) is long enough to avoid any short-term fluctuation which may distort our analysis; and (iii) is sufficient and a common market practice. The comparison of daily closing prices of the Shares and the Offer Price is illustrated as follows:



Source: the Stock Exchange

Notes:

1. Publication of the Group’s interim results for the six months ended 30 September 2021 on 24 November 2021.
2. Publication of the Group’s annual results for the financial year ended 31 March 2022 on 24 June 2022.
3. Publication of the Group’s interim results for the six months ended 30 September 2022 on 21 November 2022.
4. The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 24 November 2022 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 1 December 2022.

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As illustrated from the chart above, the closing prices of the Shares have fluctuated between a range from HK\$0.125 per Share to HK\$0.730 per Share recorded with an average closing price of the Share of approximately HK\$0.426 per Share during the Review Period (the “**Average Closing Price**”). The Offer Price represents a discount of approximately 34.27% to the Average Closing Price.

We noted that the daily closing prices of the Shares have been on a decreasing trend from the end of November 2021 to the early January 2022 and has then been in an upward trend up to May 2022. Since then, the closing prices of the Shares have been fluctuating. We have discussed with the Company regarding the increasing trend of the Share price and were advised that they are not aware of any particular reason that led to the increase in the price of the Shares. Upon the release of the Joint Announcement on 30 November 2022 and the resumption of trading of the Shares on 1 December 2022, the closing prices of the Shares spiked to HK\$0.730, possibly as a result of the Offer. Since then and up to the Latest Practicable Date, the closing prices of the Shares have sustained between HK\$0.500 to HK\$0.730 and continued to be substantially higher than the Offer Price.

Given the circumstances, should the Shares continue to trade above the Offer Price, the Offer Shareholders may dispose of their Shares in the open market at a higher price than the Offer Price instead of accepting the Offer. The Offer Shareholders should consider the overall perspective of the various factors contained in different sections of this letter before making their decision on the acceptance of the Offer.

Having considered that (i) the Offer Price has been set at discount as compared to the market closing prices of the Shares during a majority of the Review Period; (ii) the Offer Price also represents a discount of approximately 34.27% to the Average Closing Price; (iii) the closing price of the Shares has remained to be substantially higher than the Offer Price upon the release of the Joint Announcement up to the Latest Practicable Date; and (iv) should the Shares continue to trade above the Offer Price, the Offer Shareholders may dispose of their Shares in the open market at a higher price than the Offer Price instead of accepting the Offer, we are of the view that the Offer Price is not fair or reasonable so far as the Offer Shareholders are concerned.

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Historical trading liquidity of the Shares

Apart from the daily closing price of the Shares, we have also performed a review on the average daily trading volume per month (the “**Average Daily Volume**”) of the Shares in the Review Period, which is commonly used for analysis purpose to illustrate the liquidity of the Shares.

Month/Period	Number of trading days <i>(days)</i>	Average daily trading volume of Shares <i>(note 1)</i> <i>(Shares)</i>	Average daily trading volume during the period as a percentage of the total number of Shares in issue <i>(note 2)</i> <i>(%)</i>	Average daily trading volume during the period as a percentage of the Shares held by public Shareholders <i>(note 3)</i> <i>(%)</i>
2021				
23 November to 30 November	6	443,333	0.055	0.108
December	22	1,703,636	0.213	0.415
2022				
January	21	3,700,000	0.463	0.900
February	17	1,020,588	0.123	0.248
March	23	825,652	0.100	0.201
April	18	830,000	0.087	0.202
May	20	8,460,000	0.882	2.059
June	21	678,095	0.071	0.165
July	20	714,000	0.074	0.174
August	23	400,000	0.042	0.097
September	21	512,381	0.053	0.125
October	20	277,000	0.029	0.067
November and up to the Last Trading Day	17	247,059	0.026	0.060
December and up to the Latest Practicable Date	13	1,721,538	0.179	0.419

Source: the Stock Exchange

Notes:

1. *The calculation is based on the total trading volume for month/period divided by the number of trading days during the month.*
2. *The calculation is based on the Average Daily Volume divided by the total issued Shares at the end of each month or each period.*
3. *The calculation is based on the Average Daily Volume divided by the total issued Shares held by the public (i.e. Shareholders other than the Offeror and the concert parties) at the end of each month or each period.*

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As illustrated in the table above, the Average Daily Volume of Shares during the Review Period ranged from approximately 247,059 Shares in November 2022 and up to the Last Trading Day to approximately 8,460,000 Shares in May 2022, representing approximately 0.026% to approximately 0.882% of the total number of Shares in issue as at the end of the respective month, and also representing approximately 0.060% to approximately 2.059% of the total issued Shares held by the public as at the end of the respective month. The average daily trading volume of the Shares for the Review Period was 1,598,931 Shares, representing approximately 0.167% of the total number of Shares in issue as at the Latest Practicable Date.

Given the low historical trading volume of the Shares as stated above, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Offer Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares. Accordingly, the market trading prices of the Shares may not necessarily reflect the proceeds that the Offer Shareholders can receive by the disposal of their Shares in the open market. On one hand, as discussed in the previous section headed “Historical price performance of the Shares”, the Offer Price has been set at a substantial discount to the closing price of the Shares upon the release of the Joint Announcement and up to the Latest Practicable Date. Should the Shares continue to trade above the Offer Price, the Offer Shareholders may dispose of their Shares in the open market at a higher price than the Offer Price instead of accepting the Offer. On the other hand, the Offer may represent an assured opportunity for the Offer Shareholders, particular for those who hold a large number of the Shares, to dispose of some or all of them at the Offer Price if they so wish, without creating a significant downside pressure on the trading price of the Shares. The Offer Shareholders should consider the overall perspective of the various factors contained in different sections of this letter before making their decision on the acceptance of the Offer.

Shareholders should note that the information set out above is not an indicator of the future performance of the Shares, and that the closing price of the Shares may increase or decrease from its closing price as at the Latest Practicable Date.

Comparable analysis

Given that the Group was loss-making for the financial year ended 31 March 2022, the price-to-earnings ratio analysis is not applicable. To further assess the fairness and reasonableness of the Offer Price, we have performed a price-to-book ratio (the “PBR”) analysis, being a commonly used benchmarks for valuation of companies, to compare the Offer Price against the market valuation of other comparable companies. According to the interim report of the Company for the six months ended 30 September 2022, although the Company is principally engaged in Building Construction Works Service, it had plenty of contract assets on the book which accounted for approximately 53.29% of the Group’s net asset value. As discussed with the Management, contract assets in the financial statements of the Company arises when the Company has completed a provision of service but has not received the underlying service fee until the relevant work has been certified by a relevant qualified expert. As such, contract assets are in essence delayed cash inflows to the Company which is similar to receivables. Furthermore, we consider that the level of net assets of the Company would have impact on the number and size of projects that the Company

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can take up and hence the operation and the financial performance of the Company would be affected. Therefore, we consider our PBR analysis to be the most appropriate parameter of the fair values of the comparable companies as compare to other alternatives such as the price-to earnings and price-to-sales analysis. While it should be noted that all the subject companies involved in the comparable analysis may have different market capitalisation, financial performance and positions, capital structure and geographical operations as compared with those of the Company, the following comparable analysis is meant to cover a list of similar companies listed on the Stock Exchange and form an appropriate sample size to reflect the value of comparable companies in the same industry (i.e. the Company and the comparable companies are likely subject to the same macro-economic factors such as economic outlook and the market demand for the Building Construction Works Service).

For the purpose of our analysis, we have conducted a search of comparables which meet the criteria of (i) being listed on the Stock Exchange on the Last Trading Day and the shares of which are not currently being suspended for over 6 months; (ii) being principally engaged in, and with more than 50% (thus considered as the core revenue contributor for that comparable(s)) of its respective revenue generated from, Building Construction Works Service in Hong Kong (the “**Comparable Business**”), while the revenue from the Building Construction Works Service represents more than 50% of the total revenue of the Company, which is closely comparable with that of the Group; and (iii) having a market capitalization (“**Market Cap**”) comparable with that of the Company (i.e. of not less than HK\$50 million and not more than HK\$1.0 billion, which is similar to the implied market capitalization of the Company of approximately HK\$268.66 million based on the Offer Price) as at the Latest Practicable Date, after taking into account of the effect of the size factors on the valuation of different companies while ensuring that the sample size forms a justifiable comparison. In this regard, we have identified 16 comparable companies (the “**Comparables**”) which are exhaustive based on our research on the website of the Stock Exchange in accordance with the above criteria. Accordingly, we are of the view that the list of the Comparables forms a fair and representative sample and serves as a reference to the fairness and reasonableness of the Offer Price. Details of our analysis are listed below:

No.	Comparables	Principal Business	Market Cap as at the Latest Practicable Date <i>HK\$'(million)</i> <i>(approximately)</i>	% of revenue generated from Building Construction Works Service %	PBR <i>(times)</i> <i>(note)</i>
1.	Able Engineering Holdings Limited (1627)	principally engaged in building construction and RMAA works services.	660.00	100.00%	0.46
2.	Ching Lee Holdings Limited (3728)	principally engaged in providing (i) sub-structure building works services; (ii) superstructure building works services; and (iii) RMAA works services.	121.56	96.21%	1.16

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No.	Comparables	Principal Business	Market Cap as at the Latest Practicable Date <i>HK\$'(million)</i> <i>(approximately)</i>	% of revenue generated from Building Construction Works Service %	PBR <i>(times)</i> <i>(note)</i>
3.	Chinney Alliance Group Limited (385)	principally engaged in the construction business including not limited to provision of out-building construction works, foundation piling works and sub-structure works.	309.35	57.11%	0.15
4.	CR Construction Group Holdings Limited (1582)	principally engaged in contract work as a main contractor or subcontractor, primarily in respect of building construction, RMAA works services.	222.50	100.00%	0.39
5.	Gain Plus Holdings Limited (9900)	principally engaged in subcontracting works providing RMAA works services and building construction services.	409.20	100.00%	1.60
6.	Kwan On Holdings Limited (1559)	principally engaged in construction and maintenance works on civil engineering contracts and building works contracts.	158.88	65.07%	0.37
7.	Milestone Builder Holdings Limited (1667)	principally engaged in the provision of building construction services; alteration, addition, fitting-out works and building services; repair and restoration of historic buildings in Hong Kong.	340.80	99.10%	10.82
8.	New Concepts Holdings Limited (2221)	principally engaged in the construction business including but not limited to general building works and contractual service.	609.41	69.19%	3.19
9.	SFK Construction Holdings Limited (1447)	principally engaged in construction and maintenance projects in Hong Kong.	220.00	76.90%	0.58
10.	Smart City Development Holdings Limited (8268)	principally engaged in construction contract works, as a main contractor, decoration, as well as the provision of electrical and mechanical engineering services.	180.00	98.43%	1.42

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No.	Comparables	Principal Business	Market Cap as at the Latest Practicable Date <i>HKS'(million)</i> <i>(approximately)</i>	% of revenue generated from Building Construction Works Service %	PBR <i>(times)</i> <i>(note)</i>
11.	SOCAM Development Limited (983)	principally engaged in construction and property businesses.	418.44	93.73%	0.14
12.	Standard Development Group Limited (1867)	principally engaged in construction and engineering-related businesses.	307.76	52.24%	2.12
13.	Super Strong Holdings Limited (8262)	principally engaged in the provision of general building works and specialised building works.	135.31	100.00%	1.15
14.	Thelloy Development Group Limited (1546)	principally engaged in building construction services and RMAA works services in Hong Kong.	162.40	89.05%	1.07
15.	Wecon Holdings Limited (1793)	principally engaged in the provision of building construction services and RMAA works services.	128.80	100.00%	0.45
16.	Yau Lee Holdings Limited (406)	principally engaged in contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, and building materials supply.	545.38	58.32%	0.38
		Maximum			10.82
		Minimum			0.14
		Average			1.59
		Median			0.83
	The Company	Building Construction Works Service			1.28

Source: the Stock Exchange

Note:

The PBR of the Comparables are calculated by dividing their respective market capitalization as at the Latest Practicable Date by their respective equity attributable to shareholders of the companies according to their latest available interim/annual reports or results or listing documents.

The PBR of the Company is calculated by dividing its market capitalization as at the Latest Practicable Date based on the Offer Price by its equity attributable to Shareholders as at 30 September 2022.

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As illustrated from the table above that the implied PBR of the Company (the “**Implied PBR**”) of approximately 1.28 times falls within the range of the PBRs of the Comparables (the “**PBR Range**”) from approximately 0.14 times to approximately 10.82 times, and it is higher than the median of the PBRs of the Comparables (the “**PBR Median**”) of approximately 0.83 times but is lower than the average of the PBRs of the Comparables (the “**PBR Average**”) of approximately 1.59 times. Based on the above, although the PBR analysis seems to produce mixed results for the Offer Price assessment purposes, we are of the view that more weight has been put on the analysis of the Share price performance as discussed in the sub-section headed “Historical price performance of the Shares” in this letter over the peers comparison. Accordingly, we consider that the Offer Price is not favourable to the Offer Shareholders and not fair and reasonable so far as the Offer Shareholders are concerned.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons set out in this letter, in particular:

- (i) the construction industry in Hong Kong has seemingly been recovering as demonstrated in the recent increasing growth rates in the annual gross value of the construction works performed by main contractors at construction sites in Hong Kong;
- (ii) the gradual loosening up of policies regarding precautionary measures in Hong Kong and the slowing down of the fed funds rate hikes by the Federal Reserve of the United States are expected to be beneficial to the recovery and development of construction industry in Hong Kong and the Group's Building Construction Works Service;
- (iii) the Hong Kong government's support and emphasis on the increase uses of green energy and technology, including but not limited to, EV transport and EV batteries, combined with expertise and business network of Mr. Kwok and Mr. Zhan, will in turn benefit the Group's Reverse Supply Chain Service and further enhance the Group's income stream;
- (iv) the Offer Price has been set at discount as compared to the market closing prices of the Shares during a majority of the Review Period;

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- (v) the discounts represented by the Offer Price as compared to the recent closing prices of the Shares upon the date of the Joint Announcement up to and including the Latest Practicable Date and the discount of approximately 34.27% represented by the Offer Price to the Average Closing Price; and
- (vi) the Implied PBR falls within the PBR Range, and is higher than the PBR Median and is lower than the PBR Average. Given such mixed results in the PBR analysis, more weight has been put on analysis of the Share price performances over the peers comparison,

on balance, we are of the opinion that the terms of the Offer are not fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we advise the Independent Board Committee to make recommendation to the Offer Shareholders not to accept the Offer.

For those Offer Shareholders who intend to accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Offer.

For those Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

For those Shareholders who consider to retain their Shares, in full or in part, we would remind them that there is no guarantee that the prevailing Share price will sustain during and after the Offer Period.

Yours Faithfully,
for and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Ms. Julisa Fong is a licensed person registered with the SFC and a responsible officer of Veda Capital Limited which is licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity and has over 26 years of experience in corporate finance industry.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in an envelope marked “**Golden Ponder Holdings Limited – Offer**”, as soon as possible, and, in any event no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own and you wish to accept the Offer in full or in part, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked “**Golden Ponder Holdings Limited – Offer**” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company, through the Registrar, and send in an envelope marked “**Golden Ponder Holdings Limited – Offer**” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iv) if your Shares have been lodged with your Investor Participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked “**Golden Ponder Holdings Limited – Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter.

- (c) If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar. The Offeror shall have the absolute discretion to decide whether any Share(s) in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not received your share certificate(s) and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “**Golden Ponder Holdings Limited – Offer**” to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable authority to Somerley and/or the Offeror or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraphs of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (f) No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

References to the Offer in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.

In making their decision, the Shareholders must rely on their own examination of the Group and the terms of the Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Somerley, Get Nice Capital, the Independent Financial Adviser, the Registrar, or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

2. SETTLEMENT

Provided that the Form of Acceptance, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque or a banker's cashier order for the amount due to an Accepting Shareholder less seller's ad valorem stamp duty in respect of the Offer Shares for which the Offer is accepted (and, if applicable, the fees payable to the Registrar in respect of lost or unavailable share certificate) will be despatched to such Shareholder by ordinary post at his/her/its own risks as soon as possible, but in any event within seven (7) Business Days following the date on which the duly completed Form of Acceptance and the relevant documents of title in respect of such acceptance are received by the Registrar to render each such acceptance complete and valid.

Settlement of the consideration to which any Accepting Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty for Offer Shares tendered for acceptance and, if applicable, the fees payable to the Registrar in respect of lost or unavailable certificate) set out in this Composite Document (including this Appendix) and the relevant accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Accepting Shareholder.

No fractions of a cent will be payable and the amount of cash consideration payable to an Accepting Shareholder will be rounded up to the nearest cent.

Shareholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer have previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by the Registrar by 4:00 p.m. (Hong Kong time) on the Closing Date in accordance with the instructions printed on the Form of Acceptance.

If the Offer is extended, the announcement of such extension will state the next closing date or a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Offer Shareholders before the Offer is closed. If, in the course of the Offer, the Offeror revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer will be kept open for at least 14 days thereafter.

If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. ANNOUNCEMENT

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer have been revised, extended or closed.

The announcement will state, among other things, the following:

- (i) the total number of Offer Shares and rights over Offer Shares for which acceptances of the Offer have been received;
- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror, its ultimate beneficial owner and parties acting in concert with any of them before the Offer Period;
- (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror, its ultimate beneficial owner and parties acting in concert with any of them;
- (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeover Code) in which any member of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and
- (v) the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfil the acceptance conditions set out in this Appendix, which have been received by the Registrar (for Offer) no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

5. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s), whose investments are registered in the names of nominees to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

6. RIGHT OF WITHDRAWAL

Acceptance of the Offer tendered by Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph.

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with the requirements of making announcement relating to the Offer set out in paragraph headed “4. ANNOUNCEMENT” in this Appendix, the Executive may require that Accepting Shareholders be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met. In such case, when any Offer Shareholder(s) withdraw their acceptance(s), the Offeror shall, at the own risk of the respective Offer Shareholder(s), as soon as possible but in any event within 10 days thereof, return by ordinary post the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) or evidence of title (and/or satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Offer Shareholders.

7. EFFECT OF ACCEPTANCE OF THE OFFER

Under the terms of the Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date of despatch of the Composite Document.

8. HONG KONG STAMP DUTY

In Hong Kong, seller’s ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Offer Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Offer Shareholder on acceptance of the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of relevant Offer Shareholders accepting the Offer and will pay the buyer’s ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

9. TAXATION ADVICE

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them, the Company, Somerley, Get Nice Capital, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer is in a position to advise the Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

10. OVERSEAS SHAREHOLDERS

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such overseas jurisdictions).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that such Overseas Shareholder has observed and is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and that such person has obtained all requisite governmental, exchange control or other consents in compliance with all necessary formalities and regulatory or legal requirements and has paid all issue, transfer or other taxes or duties or other required payments due from such accepting Overseas Shareholder in connection with such acceptance in any territory, and that such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Overseas Shareholders should consult their professional advisers if in doubt.

11. GENERAL

- a. All communications, notices, the Forms of Acceptance, share certificates, transfer receipts, other documents or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from Shareholders will be delivered by or sent to or from them, or their designated agents, through post at their own risk, and none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them, the Company, Somerley, Get Nice Capital, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- b. Under the terms of the Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date of despatch of the Composite Document.

- c. Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Offer Shares held by such nominee for such beneficial owners who accept the Offer.
- d. The provisions set out in the Forms of Acceptance form part of the terms of the Offer.
- e. Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, Somerley and/or the Registrar (or any of their respective ultimate beneficial owners, directors, officers, agents or associates) to complete, and execute any document on behalf of the Accepting Shareholder and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Offer Shares in respect of which such person has accepted the Offer.
- f. The accidental omission to despatch this Composite Document and/or the Forms of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.
- g. The Offer and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong.
- h. Any Offer Shareholders accepting the Offer will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- i. In making their decision, Offer Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Somerley, Get Nice Capital, the Independent Financial Adviser. Shareholders should consult their own professional advisers for professional advice.
- j. The English text of this Composite Document and of the accompanying Form of Acceptance shall prevail over the Chinese text in case of inconsistency.

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The issued shares of the Company have been listed on the main board of the Stock Exchange since 22 August 2018.

Set out below is a summary of the audited financial information of the Group for each of the three financial years ended 31 March 2020, 2021 and 2022 as extracted from the relevant annual reports of the Company and the unaudited financial information of the Group for the six months ended 30 September 2022 as extracted from the interim report of the Company:

Condensed Consolidated Statement of Comprehensive Income

	For the year ended 31 March			For the six months ended 30 September
	2020 <i>HK\$'000</i> (audited)	2021 <i>HK\$'000</i> (audited)	2022 <i>HK\$'000</i> (audited)	2022 <i>HK\$'000</i> (unaudited)
Revenue	283,148	210,660	591,900	265,875
Cost of services	<u>(263,067)</u>	<u>(207,513)</u>	<u>(565,058)</u>	<u>(250,258)</u>
Gross Profit	20,086	3,147	26,842	15,617
Other income, gains and losses	1,755	3,403	342	1,557
(Provision)/reversal of loss allowance of trade receivables and contract assets, net	(3,000)	38	(1,045)	(671)
Fair value loss on derivative financial liability	–	–	(19,080)	4,050
Share of losses of associates	–	–	–	(1,286)
Administrative and other expenses	(19,627)	(20,622)	(25,864)	(23,886)
Finance costs	<u>(149)</u>	<u>(30)</u>	<u>(36)</u>	<u>(576)</u>
Loss before income tax (expense)/credit	(935)	(14,064)	(18,841)	(5,195)
Income tax (expense)/credit	<u>(1,116)</u>	<u>1,750</u>	<u>(550)</u>	<u>–</u>
Loss and total comprehensive expense for the year/period attributable to				
– Owners of the Company	(2,051)	(12,314)	(19,391)	(5,165)
– Non-controlling interests	–	–	–	(30)
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share, attributable to owners of the Company				
– Basic and diluted	<u>(0.26)</u>	<u>(1.54)</u>	<u>(2.42)</u>	<u>(0.55)</u>

Condensed Consolidated Statement of Financial Position

	As at 31 March		As at 30 September	
	2020 HK\$'000 (audited)	2021 HK\$'000 (audited)	2022 HK\$'000 (audited)	2022 HK\$'000 (unaudited)
Non-current assets				
Property, plant and equipment	1,661	1,294	8,340	27,908
Right-of-use assets	1,641	483	636	17,027
Goodwill	–	–	–	74,691
Intangible asset	–	–	1,125	4,670
Interests in associates	–	–	–	3,794
Equity instruments at fair value through other comprehensive income	–	–	–	17,130
Deposits	9,304	17,899	–	2,312
Deferred tax assets	–	1,725	1,175	1,175
	<u>12,606</u>	<u>21,401</u>	<u>11,276</u>	<u>148,707</u>
Current assets				
Inventories	–	–	–	66
Trade receivables	44,584	10,126	49,170	33,306
Deposits, prepayments and other receivables	40,795	27,644	70,816	78,328
Contract assets	75,247	84,597	142,108	112,187
Tax recoverable	2,729	1,425	–	–
Cash and cash equivalents	108,991	88,960	87,200	65,532
	<u>272,346</u>	<u>212,752</u>	<u>349,294</u>	<u>289,419</u>
Current liabilities				
Trade and retention money payables	84,377	52,117	169,853	113,212
Accruals and other payables	10,523	13,557	15,053	49,461
Contract liabilities	30	–	–	–
Derivative financial liability	–	–	19,080	–
Promissory note payables	–	–	–	41,903
Bank borrowings	–	–	–	3,826
Lease liabilities	1,230	522	654	6,571
	<u>96,160</u>	<u>66,196</u>	<u>204,640</u>	<u>214,973</u>

	As at 31 March			As at 30 September
	2020	2021	2022	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)
Net-current assets	<u>176,186</u>	<u>146,556</u>	<u>144,654</u>	<u>74,446</u>
Total assets less current liabilities	<u>188,792</u>	<u>167,957</u>	<u>155,930</u>	<u>223,153</u>
Non-current liabilities				
Provision for reinstatement costs	–	–	–	4,000
Lease liabilities	521	–	34	8,049
Deferred tax liabilities	–	–	–	693
NET ASSETS	<u><u>188,271</u></u>	<u><u>167,957</u></u>	<u><u>155,896</u></u>	<u><u>210,411</u></u>
Capital and reserves				
Share capital	8,000	8,000	8,275	9,595
Reserves	<u>180,271</u>	<u>159,957</u>	<u>147,621</u>	<u>200,927</u>
Equity attributable to owners of the Company	188,271	169,957	155,896	210,522
Non-controlling interests	–	–	–	(111)
TOTAL EQUITY	<u><u>188,271</u></u>	<u><u>169,957</u></u>	<u><u>155,896</u></u>	<u><u>210,411</u></u>

The Board recommended the payment of a final dividend of HK1.0 cent per share for the year ended 31 March 2020 to the shareholders whose names appeared on the Company's register of members at the close of business on 27 August 2020. An ordinary resolution was passed in the annual general meeting of the Company held on 18 August 2020 to declare the such dividend and the such dividend was paid on 18 September 2020.

Save as disclosed, no dividend was paid or proposed by the Company during each of the three (3) years ended 31 March 2020, 2021 and 2022 and for the six (6) months ended 30 September 2022.

BDO Limited, the auditors of the Group during each of the three (3) years ended 31 March 2020, 2021 and 2022, did not issue any modified opinion nor any emphasis of matter or material uncertainty related to going concern contained in the auditors' report of the Group for any of the three financial years ended 31 March 2020, 2021 and 2022.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the years ended 31 March 2020 (the “**2020 Financial Statements**”), 31 March 2021 (the “**2021 Financial Statements**”) and 31 March 2022 (the “**2022 Financial Statements**”) and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2022 (the “**2022/23 Interim Financial Statements**”), together with the significant accounting policies and the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2020 Financial Statements are set out from pages 81 to 145 in the annual report of the Company for the year ended 31 March 2020 (the “**Annual Report 2020**”), which was published on 16 July 2020. The Annual Report 2020 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.headfame.com.hk/>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0716/2020071600518.pdf>

The 2021 Financial Statements are set out from pages 82 to 137 in the annual report of the Company for the year ended 31 March 2021 (the “**Annual Report 2021**”), which was published on 15 July 2021. The Annual Report 2021 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.headfame.com.hk/>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0715/2021071500474.pdf>

The 2022 Financial Statements are set out from pages 81 to 141 in the annual report of the Company for the year ended 31 March 2022 (the “**Annual Report 2022**”), which was published on 15 July 2022. The Annual Report 2022 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.headfame.com.hk/>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0715/2022071500007.pdf>

The 2022/23 Interim Financial Statements are set out from pages 9 to 35 in the interim report of the Company for the six months ended 30 September 2022 (the “**Interim Report 2022/23** ”), which was published on 12 December 2022. The Interim Report 2022/23 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.headfame.com.hk/>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1212/2022121201113.pdf>

The 2022 Financial Statements, 2021 Financial Statements, the 2020 Financial Statements (but not any other parts of the Annual Report 2022, the Annual Report 2021 and the Annual Report 2020 in which they respectively appear) and the 2022/23 Interim Financial Statements are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this Composite Document, the total indebtedness of the Group amounted to approximately HK\$60.3 million, which comprised of bank borrowings of approximately HK\$3.8 million, promissory note payables of approximately HK\$41.9 million and lease liabilities in respect of various offices, factories and motor vehicles of approximately HK\$14.6 million. The bank borrowings are unsecured, guaranteed by HKMC Insurance Limited under SME Financing Guarantee Scheme and personal guarantee given by Ms. Kwok Ho Yee, a sole director of a wholly-owned subsidiary of the Group, and interest bearing at 2.75% per annum, the promissory note payables are unsecured, unguaranteed and interest bearing at 5% per annum and the lease liabilities are unsecured and unguaranteed.

Save as disclosed above and apart from intra-group liabilities within the Group and normal trade and other payables in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptances credits, debentures, mortgages, charges, other recognised lease liabilities or lease commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 30 September 2022.

The Directors confirmed that the Group do not have any plans for material external debt financing and there have been no material changes in the indebtedness and contingent liabilities of the Group since 30 September 2022 up to and including the Latest Practicable Date.

4. MATERIAL CHANGE

The Directors confirm that save and except for the following, there was no material change in the financial or trading position or outlook of the Group subsequent to 31 March 2022, 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:

- (i) on 25 February 2022, the Company entered into a sale and purchase agreement with the Offeror to acquire 40% equity interest of CHUN YANG INTERNATIONAL (HK) COMPANY LIMITED at a consideration of approximately HK\$25.29 million, details of which were stated in the Company's announcement published on 25 February 2022 and completion of which took place on 29 April 2022;
- (ii) on 25 February 2022, the Company entered into a sale and purchase agreement with Mr. Li Man Keung Edwin to acquire 95% equity interest of Cornerstone Energy Limited at the consideration of approximately HK\$11.80 million, details of which were stated in the Company's announcement published on 25 February 2022 and completion of which took place on 29 April 2022;
- (iii) on 27 June 2022, the Company entered into a subscription agreement with Cornerstone Technologies Holdings Limited in respect of the subscription of an aggregate of 32,320,000 subscription shares of Cornerstone Technologies Holdings Limited at the consideration of approximately HK\$20.04 million, details of which were stated in the Company's announcement published on 27 June 2022; and
- (iv) on 15 July 2022, the Company entered into a sale and purchase agreement with the Offeror to acquire 60% equity interest of CHUN YANG INTERNATIONAL (HK) COMPANY LIMITED at a consideration of approximately HK\$41.46 million, details of which were stated in the Company's announcement published on 15 July 2022 and completion of which took place on 8 August 2022.

1. RESPONSIBILITY STATEMENTS

At as the Latest Practicable Date, the Board comprised Mr. Chan Kam Tong, Mr. Kwok Chun Sing, Mr. Chan Kam Ming and Mr. Tang Chi Kin as executive Directors, and Mr. Hau Wing Shing Vincent, Mr. Wan Simon, Mr. Zhang Jue as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the sole director of the Offeror) in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date:

	Number of Shares	Amount
Authorised share capital:		
Ordinary Shares of HK\$0.01 each	1,500,000,000	HK\$15,000,000
Issued and fully paid:		
Ordinary Shares of HK\$0.01 each	959,487,500	HK\$9,594,875

All issued Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital.

Since 31 March 2022, being the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, the Company did not issue any Shares except for the following:

- a) the Company allotted and issued 42,000,000 consideration shares under general mandate at issue price of HK\$0.281 per share on 29 April 2022 pursuant to an agreement of which details are disclosed in the announcement of the Company dated 25 February 2022 in relation to the acquisition of 95% of Cornerstone Energy Limited; and
- b) the Company allotted and issued 90,000,000 consideration shares under general mandate at issue price of HK\$0.281 per share on 29 April 2022 pursuant to an agreement of which details are disclosed in the announcement of the Company dated 25 February 2022 and 3 March 2022 in relation to the acquisition of 40% of Chun Yang.

Other than the Shares in issue, the Company had no other outstanding shares options, warrants, derivative or other securities that are convertible into or exchangeable for Shares or other types of equity interest in issue as at the Latest Practicable Date.

3. MARKET PRICES

The table below sets out the closing price of the Shares on the Stock Exchange on (1) the last business day of each of the calendar months during the Relevant Period, (2) the Last Trading Day, and (3) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
31 May 2022	0.5300
30 June 2022	0.5200
29 July 2022	0.4450
31 August 2022	0.4300
30 September 2022	0.5800
31 October 2022	0.5100
23 November 2022 (being the Last Trading Day)	0.5000
30 November 2022 <i>(note)</i>	N/A
19 December 2022 (being the Latest Practicable Date)	0.6300

Note: Trading in the Shares on the Stock Exchange was halted from 24 November 2022 to 30 November 2022 pending the release of the Joint Announcement.

During the Relevant Period, the highest and the lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.7300 per Share on 2 December 2022 and HK\$0.4000 per Share on 17 August 2022, respectively.

4. DISCLOSURE OF INTERESTS

(a) Directors and chief executives' interests in securities

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were 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 under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; or (iv) which were required to be disclosed under the Takeovers Code, save as disclosed below:

Name of Directors and Chief Executive	Nature of interest	Number of Shares or underlying Shares <i>(Note 1)</i>	Approximate percentage of issued share capital
Mr. Chan Kam Tong	Interested in a controlled corporation	47,000,000 <i>(Note 2)</i>	4.90%
Mr. Chan Kam Ming	Interested in a controlled corporation	47,000,000 <i>(Note 2)</i>	4.90%
Mr. Kwok Chun Sing	Beneficial owner Interested in a controlled corporation	90,000,000 361,000,000 <i>(Note 3)</i>	9.38% 37.62%
Mr. Tang Chi Kin	Beneficial owner	43,600,000	4.54%

Notes:

- All interests stated are long positions.
- These Shares are held by the Vendor, which is beneficially owned as to 50% by Mr. Chan Kam Tong and 50% by Mr. Chan Kam Ming. On 26 May 2017, Mr. Chan Kam Tong and Mr. Chan Kam Ming entered into a deed of confirmation to acknowledge and confirm, among other things, that they are the parties acting in concert and shall continue to act in the same manner in the Company upon the listing of the Shares on the Main Board of the Stock Exchange on 22 August 2018. By virtue of the SFO, Mr. Chan Kam Tong and Mr. Chan Kam Ming are deemed to be interested in all the Shares held by Vendor.
- These Shares are held by the Offeror, which is beneficially wholly-owned by Mr. Kwok. Accordingly, Mr. Kwok is deemed to be interested in all the Shares held by the Offeror under Part XV of the SFO.

(b) Substantial Shareholders

As at the Latest Practicable Date, the interests and short positions of Shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code were as follows:

Name of Shareholders	Nature of interest	Number of Shares or underlying Shares (Note 1)	Approximate percentage of interests in the Company
The Vendor	Beneficial owner (Note 2)	47,000,000	4.90%
Mr. Chan Kam Ming	Interest in controlled corporation (Note 2)	47,000,000	4.90%
Mr. Chan Kam Tong	Interest in controlled corporation (Note 2)	47,000,000	4.90%
Ms. Shu Ah Ping	Interest of spouse (Note 3)	47,000,000	4.90%
Ms. Ng Wing Mui	Interest of spouse (Note 4)	47,000,000	4.90%
Mr. Kwok Chun Sing	Beneficial owner	90,000,000	9.38%
	Interested in a controlled corporation (Note 5)	361,000,000	37.62%
Mr. Ng. Chun Keung	Beneficial owner	57,230,000	5.96%
Mr. Li Man Keung Edwin	Beneficial owner	52,097,500	5.43%

Notes:

- All interests stated are long positions.
- The Vendor is the direct Shareholder, which is beneficially owned as to 50% by Mr. Chan Kam Tong and 50% by Mr. Chan Kam Ming. On 26 May 2017, Mr. Chan Kam Tong and Mr. Chan Kam Ming entered into a deed of confirmation to acknowledge and confirm, among other things, that they are the parties acting in concert and shall continue to act in the same manner in the Company upon the listing of the Shares on the Main Board of the Stock Exchange on 22 August 2018. By virtue of the SFO, Mr. Chan Kam Tong and Mr. Chan Kam Ming are deemed to be interested in all the Shares held by Vendor.
- Ms. Shu Ah Ping is the spouse of Mr. Chan Kam Tong. Accordingly, Ms. Shu Ah Ping is deemed or taken to be interested in the Shares held by Mr. Chan Kam Tong under the SFO.
- Ms. Ng Wing Mui is the spouse of Mr. Chan Kam Ming. Accordingly, Ms. Ng Wing Mui is deemed or taken to be interested in the Shares held by Mr. Chan Kam Ming under the SFO.
- These Shares are held by the Offeror, which is beneficially wholly-owned by Mr. Kwok. Accordingly, Mr. Kwok is deemed to be interested in all the Shares held by the Offeror under Part XV of the SFO.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which were notified to the Company and Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code.

(c) Additional disclosure of interests

During the Relevant Period, save for the Acquisition, where Mr. Chan Kam Tong and Mr. Chan Kam Ming are the executive Directors and controlling shareholders and directors of the Vendor, and Mr. Kwok, an executive Director and the sole director and sole beneficial owner of the Offeror, none of the Directors have dealt for value in any Shares or any warrants, options, convertible securities or derivatives in respect of any Shares.

As at the Latest Practicable Date:

1. save as disclosed in the paragraph headed “4. DISCLOSURE OF INTERESTS” in this Appendix, none of the Directors was interested within the meaning of Part XV of the SFO in the Shares or any warrants, options, convertible securities or derivatives in respect of any Shares during the Relevant Period;
2. none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code but excluding any exempt principal trader and exempt fund managers, owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Offer Period;
3. save for the SPA, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Offer Period;
4. no fund manager (other than exempt fund managers) connected with the Company had managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis, and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Offer Period;

5. Pursuant to the Vendor's Irrevocable Undertaking, Mr. Chan Kam Tong and Chan Kam Ming have irrevocably committed not to accept the Offer in respect of the Remaining Shares. Mr. Tang Chi Kin has indicated his intention not to accept the Offer. Save for Mr. Chan Kam Tong, Mr. Chan Kam Ming and Mr. Tang Chi Kin, none of the Directors have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offer;
6. none of the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares;
7. no benefit (save for statutory compensation required under applicable laws) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
8. save for the SPA, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
9. save for the SPA, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

As at the Latest Practicable Date, save for the SPA, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2) the Company, its subsidiaries or associated companies.

5. DISCLOSURE OF INTERESTS AND DEALINGS IN THE SECURITIES OF THE OFFEROR BY THE COMPANY

During the Relevant Period and up to the Latest Practicable Date:

- (a) the Company did not deal for value in or own any shares, convertible securities, warrants, options, or derivatives in respect of any shares in the Offeror; and
- (b) save for Mr. Kwok, who is an executive Director and the sole director and sole beneficial owner of the Offeror, none of the Directors had dealt for value in or had any interest within the meaning of Part XV of the SFO in the shares, convertible securities, warrants, options, or derivatives in respect of any shares in the Offeror.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, the Group was a defendant in four (4) claims, lawsuits and potential claims relating to employee's compensation cases and personal injury claims. The Group is in the course of defending, negotiating or settling the claims, and one of the claims had reached settlement stage at the sum of approximately HK\$259,000. According to the assessment of the Directors, the other claims are still in preliminary stage and the possible claims would not have a material impact on the Group. In the opinion of the Directors, the possibility of any outflow of resources in settling these claims is remote and accordingly no provision for liabilities in respect of these litigation is necessary.

Save as disclosed above, as at the Latest Practicable Date, none of the Company or any of its subsidiaries or any of its associates was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

The following material contracts have been entered into by the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group) during the period within the two years before the commencement of the Offer Period and up to the Latest Practicable Date:

(a) Tower Cranes Purchase Agreement (9 February 2022)

A purchase of tower cranes agreement was entered on 9 February 2022 between the Company and Soar Equipment Rental Company Limited. Pursuant to this agreement, the Company agreed to purchase, and Soar Equipment Rental Company Limited agreed to sell, all its right, title and interest in and in each one of the seven sets of tower crane at the consideration in the sum of HK\$6,597,000. Further details on this agreement are available in the Company's announcement dated 9 February 2022. Pursuant to the Company's announcement dated 25 February 2022, completion of this agreement took place on 25 February 2022.

(b) Sale and Purchase Agreement – 40% of the issued share capital of Chun Yang (25 February 2022)

A sale and purchase agreement was entered on 25 February 2022 (after trading hours) between the Company and the Offeror. Pursuant to this agreement, the Company agreed to acquire, and the Offeror agreed to sell, 4,000 issued shares representing 40% of the issued share capital of Chun Yang at the consideration of HK\$25,290,000. Further details on this agreement are available in the Company's announcement dated 25 February 2022. Pursuant to the Company's announcement dated 29 April 2022, completion of this agreement took place on 29 April 2022.

(c) Sale and Purchase Agreement – 95% of the issued shares capital of Cornerstone Energy Limited (25 February 2022)

A sale and purchase agreement was entered on 25 February 2022 (after trading hours) between the Company and Mr. Li Man Keung Edwin. Pursuant to this agreement, the Company agreed to acquire, and Mr. Li Man Keung Edwin agreed to sell, 9,500 issued shares, representing 95% of the issued share capital of Cornerstone Energy Limited at the consideration of HK\$11,802,000. Further details on this agreement are available in the Company's announcement dated 25 February 2022.

Pursuant to the Company's announcement dated 29 April 2022, completion of this agreement took place on 29 April 2022. Upon completion, Cornerstone Energy Limited became a non-wholly owned subsidiary of the Company and the financial results of the Cornerstone Energy Limited will be consolidated into the Group's financial statements.

(d) Subscription Agreement (27 June 2022)

A subscription agreement was entered on 27 June 2022 (after trading hours) between the Company and Cornerstone Technologies Holdings Limited in respect of the subscription of 32,320,000 ordinary shares of Cornerstone Technologies Holdings Limited (stock code: 8391) by the Company at the subscription price of HK\$0.62 per subscription share. Further details on this agreement are available in the Company's announcement dated 27 June 2022.

Pursuant to the Company's announcement dated 13 July 2022, completion of this agreement took place on 13 July 2022. Upon completion, 32,320,000 new shares were allotted and issued to the Company, which represents approximately 4.4% of the issued share capital of Cornerstone Technologies Holdings Limited as enlarged.

(e) Sale and Purchase Agreement – 60% of the issued share capital of Chun Yang (15 July 2022)

A sale and purchase agreement was entered on 15 July 2022 (after trading hours) between the Company and the Offeror. Pursuant to this agreement, the Company agreed to acquire 6,000 issued shares representing 60% of the entire issued share capital of Chun Yang from the Offeror for a consideration of HK\$41,460,000. Further details on this agreement are available in the Company's announcement dated 15 July 2022.

Pursuant to the Company's announcement dated 8 August 2022, completion of this agreement took place on 8 August 2022. Upon completion, the Company holds the entire issued capital of Chun Yang, and the financial results of the Target Company will therefore be consolidated into the financials of the Company.

8. EXPERT AND CONSENT

The following is the qualifications of the expert which has given opinions or advices contained or referred to in this Composite Document:

Veda Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFC, being the Independent Financial Adviser to the Independent Board Committee in respect of the Offer.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which it appears herein.

9. DIRECTORS' SERVICE CONTRACTS

Mr. Tang Chi Kin, as executive Director has entered into a service agreement with the Company for a term of three years with effect from 24 January 2022 to 23 January 2025, and shall continue subject to early termination in accordance with the terms of the service agreement. Mr. Tang receives nil remuneration for his position as executive Director.

Mr. Kwok Chun Sing, as an executive Director, entered into a service agreement with the Company for a term of three years with effect from 12 August 2022 to 11 August 2025 subject to early termination in accordance with the terms of the Service Agreement. Mr. Kwok is entitled to an annual remuneration of HK\$1,560,000.

The term of service of the above Directors are also subject to retirement by rotation of Directors as set out in the Articles and the Listing Rules.

None of the service contracts of the Directors described above contained any provision of variance pay.

Save as disclosed above, as at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

10. MISCELLANEOUS

- (a) As at the Latest Practicable Date, the registered office of the Company was situated at 71 Fort Street, P.O. Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands and its principal place of business in Hong Kong was situated at Room 2901 & 09-10, 29/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong Offices.
- (b) As at the Latest Practicable Date, the registered office of the Independent Financial Adviser, Veda Capital Limited, was situated at Suite 1001, 10/F, 299 QRC, 299 Queen's Road Central, Hong Kong.
- (c) The English text of this Composite Document shall prevail over their respective Chinese text in case of inconsistency.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the SFC (<http://www.sfc.hk>) and the Company (<https://www.headfame.com.hk/>) from the date of this Composite Document up to and including the Closing Date:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 March 2020, 2021 and 2022, and the interim report of the Company for the six months ended 30 September 2022;
- (c) the “Letter from the Board”, the text of which is set out in this Composite Document;
- (d) the “Letter from the Independent Board Committee”, the text of which is set out in this Composite Document;
- (e) the “Letter from the Independent Financial Adviser”, the text of which is set out in this Composite Document;
- (f) the material contracts referred to in the paragraph headed “7. MATERIAL CONTRACTS” in this Appendix;
- (g) the written consents referred to in the paragraph headed “8. EXPERT AND CONSENT” in this Appendix; and
- (h) each service contract referred to in the paragraph headed “9. DIRECTORS’ SERVICE CONTRACTS” in this Appendix.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS OF THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company owned or controlled by the Offeror and parties acting in concert with it were as follows:

Name	Nature of interest ⁽¹⁾	Number of Shares or underlying Shares	Approximate percentage of issued share capital
The Offeror	Beneficial owner	361,000,000 ⁽²⁾	37.62%
Mr. Kwok	Beneficial owner	90,000,000	9.38%
	Interest of controlled corporation	361,000,000 ⁽²⁾	37.62%
Mr. Zhan	Beneficial owner	6,950,000	0.72%
The Vendor ⁽³⁾	Beneficial owner	47,000,000	4.90%
Mr. Chan Kam Tong ⁽³⁾⁽⁴⁾	Interest of controlled corporation	47,000,000	4.90%
Mr. Chan Kam Ming ⁽³⁾⁽⁴⁾	Interest of controlled corporation	47,000,000	4.90%
Mr. Tang Chi Kin ⁽⁴⁾	Beneficial owner	43,600,000	4.54%

Note:

- All interests stated are long positions.
- These Shares are held by the Offeror, which is beneficially wholly-owned by Mr. Kwok. Accordingly, Mr. Kwok is deemed to be interested in all the Shares held by the Offeror under Part XV of the SFO.
- The Vendor is the direct Shareholder, which is beneficially owned as to 50% by Mr. Chan Kam Tong and 50% by Mr. Chan Kam Ming. On 26 May 2017, Mr. Chan Kam Tong and Mr. Chan Kam Ming entered into a deed of confirmation to acknowledge and confirm, among other things, that they are the parties acting in concert and shall continue to act in the same manner in the Company upon the listing of the Shares on the Main Board of the Stock Exchange on 22 August 2018.
- The Directors are presumed to be acting in concert with the Offeror (by virtue of its sole beneficial owner, Mr. Kwok, being an executive Director) by virtue of class (6) of the definition of acting in concert. Under class (6) of the definition of “acting in concert” of the Takeovers Code, directors of a company (together with their close relatives, related trusts and companies controlled by such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent are presumed to be acting in concert with others in the same class unless the contrary is established. As such, Mr. Chan Kam Tong, Mr. Chan Kam Ming and Mr. Tang Chi Kin are presumed to be acting in concert with the Offeror (by virtue of its sole beneficial owner, Mr. Kwok, being an executive Director) under class (6) presumptions under the definition of “acting in concert” in the Takeovers Code until the close of the Offer.

As at the Latest Practicable Date, save as disclosed above, none of the Offeror and parties acting in concert with it owned, controlled or had direction over any Shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror confirms that, as at the Latest Practicable Date:

- a. save as disclosed in the paragraph headed “2. DISCLOSURE OF INTERESTS OF THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT” in this Appendix, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them or person who had any arrangement of the kind referred to in Note 8 to Rule 22 with the Offeror or any parties acting in concert with it owns, holds or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company, and there is no outstanding derivative in respect of the securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- b. save for the Vendor’s Irrevocable Undertaking and Mr. Zhan’s Irrevocable Undertaking, the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept or reject the Offer;
- c. save for the Acquisition, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them (including Mr. Zhan, the Vendor, Mr. Chan Kam Tong, Mr. Chan Kam Ming, and Mr. Tang Chi Kin, and Get Nice Securities) had not dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company during the Relevant Period;
- d. save for the SPA, the Vendor’s Irrevocable Undertaking, and the standby facility granted by Get Nice Securities, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror or the parties acting concert with it on one hand, and any other persons on the other;
- e. other than the consideration payable to the Vendor under the SPA of HK\$101,080,000, there is no other consideration, compensation or benefits in whatever form provided or to be provided by the Offeror, its ultimate beneficial owner or their respective concert parties to the Vendor, its ultimate beneficial owners or their respective concert parties in connection with the SPA;
- f. save for the SPA, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner or any parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- g. there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent;

- h. save for the SPA and the escrow arrangement for the consideration thereunder, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between: (a) the Offeror, its ultimate beneficial owner or their respective concert parties on one hand; and (b) any Shareholder on the other hand;
- i. save for the SPA and the escrow arrangement for the consideration thereunder, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) the Offeror, its ultimate beneficial owner or their respective concert parties on one hand; and (b) the Vendor, its ultimate beneficial owners or their respective concert parties on the other hand; and
- j. save for the charge of (i) 90,000,000 Shares held by Mr. Kwok; (ii) the Sale Shares held by the Offeror; and (iii) the Shares to be acquired by the Offeror under the Offer, in favour of Get Nice Securities, as security to the standby facility granted by Get Nice Securities to the Offeror for its obligation to make the Offer, there is no understanding, arrangement or agreement under which securities to be acquired pursuant to the Offer will be transferred, charged, pledged to any other persons. Save for the above, Get Nice Securities does not hold any other shares or securities in the Company.

4. GENERAL

- 1) As at the Latest Practicable Date, the voting rights of the Shares subject to the aforementioned share charges would not be transferred to Get Nice Securities unless it has elected to enforce the security thereunder upon the occurrence and continuation of any event of default under such share charges and the standby facility, including but not limited to, the Offeror defaults in performing its payment obligation under the standby facility, or the chargor and the Offeror have breached any representations and warranties or default in performing its obligation under the respective share charges and the standby facility. The payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the standby facility granted by Get Nice Securities will not depend to any significant extent on the business of the Group.
- 2) As at the Latest Practicable Date, there was no arrangement whereby benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer.
- 3) As at the Latest Practicable Date, save for the SPA, there was no agreement, arrangement, or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer.

5. MARKET PRICE

The table below sets out the closing price of the Shares on the Stock Exchange on: (a) the last Business Day of each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
31 May 2022	0.5300
30 June 2022	0.5200
29 July 2022	0.4450
31 August 2022	0.4300
30 September 2022	0.5800
31 October 2022	0.5100
23 November 2022 (being the Last Trading Day)	0.5000
30 November 2022 <i>(note)</i>	N/A
19 December 2022 (being the Latest Practicable Date)	0.6300

Note: Trading in the Shares on the Stock Exchange was halted from 24 November 2022 to 30 November 2022 pending the release of the Joint Announcement.

During the Relevant Period, the highest and the lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.7300 per Share on 2 December 2022 and HK\$0.4000 per Share on 17 August 2022, respectively.

6. EXPERT AND CONSENT

The following is the qualifications of the professional adviser whose letter is contained or referred to in this Composite Document:

Somerley, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFC, being one of the Joint Financial Advisers.

Get Nice Capital, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFC, being one of the Joint Financial Advisers.

Each of Somerley and Get Nice Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its respective advice and/or letter and the references to its name in the form and context in which it appears herein.

7. MISCELLANEOUS

The name of the director of the principal members of the Offeror and parties acting in concert with it is:

Principal member of Offeror and parties acting in concert with it	Director of that member
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The Offeror	Mr. Kwok
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For information of other parties acting in concert with or presumed to be acting in concert with the Offeror, please refer to the section headed “Letter from the Board – 4. SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER COMPLETION”.

- (1) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands. The correspondence address of the Offeror is Room A, 11/F, Winner Commercial Building, No. 401-403 Lockhart Road, Hong Kong. The address of Mr. Kwok is Room A, 11/F, Winner Commercial Building, No. 401-403 Lockhart Road, Hong Kong;
- (2) Get Nice Capital is one of the Joint Financial Advisers, and its registered office is G/F-3/F, Cosco Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong;
- (3) Somerley is one of the Joint Financial Advisers and is making the Offer for and on behalf of the Offeror, and its registered office is at 20th Floor, China Building, 29 Queen’s Road Central, Hong Kong; and
- (4) The English text of this Composite Document shall prevail over their respective Chinese text in case of inconsistency.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the Company at www.headfame.com.hk and the website of the SFC at <http://www.sfc.hk> from the date of this Composite Document up to and including the Closing Date:

- (1) the memorandum and articles of association of the Offeror;
- (2) the “Letter from Somerley”, the text of which is set out in this Composite Document;
- (3) the written consent referred to in the paragraph headed “6. EXPERT AND CONSENT” in this Appendix;
- (4) the SPA;
- (5) the Vendor’s Irrevocable Undertaking; and
- (6) Mr. Zhan’s Irrevocable Undertaking.