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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbrokers, licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in Golden Ponder Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbrokers, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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

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## GOLDEN PONDER HOLDINGS LIMITED

金倫控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1783)**

### **(1) CONNECTED TRANSACTION IN RELATION TO THE DEBT CAPITALISATION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE; AND (2) NOTICE OF EGM**

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

**VEDA | CAPITAL**  
智略資本

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Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 4 to 15 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 37 of this circular.

A notice convening the EGM to be held at 21/F., Grand Millennium Plaza, 181 Queen’s Road Central, Sheung Wan, Hong Kong on Tuesday, 9 May 2023 at 3:00 p.m. is set out on pages 42 to 43 of this circular. A form of proxy for the EGM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the EGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not later than 48 hours before the time designated for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

Hong Kong, 14 April 2023

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## DEFINITIONS

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

“Board”	the board of Directors
“BVI”	British Virgin Islands
“Capitalisation Price”	HK\$0.40 per Capitalisation Share
“Capitalisation Shares”	an aggregate of 103,650,000 new Shares to be subscribed by Chun Yip pursuant to the Subscription and Debt Capitalisation Agreement, each a Capitalisation Share
“Chun Yip”	Chun Yip International Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Kwok, a substantial shareholder of the Company
“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)
“Debt Capitalisation”	the capitalisation of the Indebtedness by issuing and allotting to Chun Yip the Capitalisation Shares subject to the terms and conditions of the Subscription and Debt Capitalisation Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate to allot and issue the Capitalisation Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Indebtedness”	the sum payable pursuant to the Promissory Notes and the Subscription and Debt Capitalisation Agreement, being HK\$41,460,000

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“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 to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholder(s) other than those who are required under the Listing Rules to abstain from voting on the resolution to be proposed at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“Last Trading Day”	20 March 2023, being the last full trading day in the Shares prior to the date of the Subscription and Debt Capitalisation Agreement
“Latest Practicable Date”	11 April 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date upon the expiry of three (3) months from the date of the Subscription and Debt Capitalisation Agreement, or such other date as the parties may agree in writing
“Mr. Kwok”	Mr. Kwok Chun Sing, the chairman of the Board, an executive Director and the sole beneficial owner of Chun Yip
“Promissory Notes”	the promissory notes in the principal amount of HK\$41,460,000 dated 15 July 2022 between the Company as the payer and Chun Yip as the beneficiary
“SFO”	the Securities and Future 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

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Board for the allotment and issue of the Capitalisation Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription and Debt Capitalisation Agreement”	the subscription and debt capitalisation agreement dated 21 March 2023 entered into between the Company and Chun Yip for the Debt Capitalisation
“%”	per cent

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## LETTER FROM THE BOARD

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### 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. Kwok Chun Sing  
Mr. Tang Chi Kin  
Mr. Zhan Zhi Hao

*Independent non-executive Directors:*

Mr. Hau Wing Shing Vincent  
Mr. Wan Simon  
Mr. Zhang Jue

*Registered Office:*

71 Fort Street,  
P.O. Box 500,  
George Town,  
Grand Cayman KY1-1106,  
Cayman Islands

*Principal place of business:*

Room 2901 & 09-10,  
29/F., China Resources Building,  
26 Harbour Road, Wanchai  
Hong Kong

14 April 2023

*To Shareholders*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO  
THE DEBT CAPITALISATION INVOLVING ISSUE OF  
NEW SHARES UNDER SPECIFIC MANDATE; AND  
(2) NOTICE OF EGM**

#### INTRODUCTION

Reference is made to the announcement of the Company dated 21 March 2023 in relation to, among others, the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder. The purpose of this circular is to provide you with, among other things:

- (i) further information on the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder;
- (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder;

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## LETTER FROM THE BOARD

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- (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder; and
- (iv) the notice of the EGM.

### THE SUBSCRIPTION AND DEBT CAPITALISATION AGREEMENT

On 21 March 2023 (after the Stock Exchange trading hours), the Company and Chun Yip entered into the Subscription and Debt Capitalisation Agreement pursuant to which the parties conditionally agreed that Chun Yip shall subscribe for, and the Company shall allot and issue, 103,650,000 Capitalisation Shares at the Capitalisation Price.

Pursuant to the Promissory Notes in the principal amount of HK\$41,460,000 dated 15 July 2022, the Company has promised to pay to Chun Yip the principal amount of HK\$41,460,000 bearing simple interest at the rate of 5.0% per annum payable annually in arrears. As at the date and pursuant to the terms of the Subscription and Debt Capitalisation Agreement, the Indebtedness under the Promissory Notes was HK\$41,460,000. The aggregate Capitalisation Price of all Capitalisation Shares of HK\$41,460,000 payable by Chun Yip shall be settled by way of capitalisation of the Indebtedness under the Promissory Notes upon completion of the Debt Capitalisation.

The principal terms of the Subscription and Debt Capitalisation Agreement are as follows:

#### **Date**

21 March 2023 (after the Stock Exchange trading hours)

#### **Parties**

- (i) the Company (as the issuer); and
- (ii) Chun Yip (as the holder of the Promissory Notes and the subscriber)

#### **Number of Capitalisation Shares**

The Capitalisation Shares represent:

- (i) approximately 10.32% of the total number of issued Shares as at the Latest Practicable Date; and
- (ii) approximately 9.35% of the total number of issued Shares as enlarged by the allotment and issue of the Capitalisation Shares,

assuming that there will be no changes in the total number of issued Shares between the Latest Practicable Date and the allotment and issue of the Capitalisation Shares.

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## LETTER FROM THE BOARD

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The aggregate nominal value of the Capitalisation Shares is HK\$1,036,500 and the market value of the Capitalisation Shares is HK\$48,715,500, based on the closing price of HK\$0.47 per Share on the date of the Subscription and Debt Capitalisation Agreement.

The Capitalisation Shares will be allotted and issued under the Specific Mandate.

### **Capitalisation Price**

The Capitalisation Price is HK\$0.40 per Capitalisation Share, and the aggregate Capitalisation Price of all Capitalisation Shares of HK\$41,460,000 payable by Chun Yip shall be settled by way of capitalisation of the Indebtedness under the Promissory Notes upon completion of the Debt Capitalisation.

The Capitalisation Price represents:

- (i) a discount of approximately 14.89% to the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on 21 March 2023, the date of the Subscription and Debt Capitalisation Agreement;
- (ii) a discount of approximately 17.86% to the average closing price of HK\$0.487 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 27.27% to the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a premium of approximately 90.84% over the unaudited consolidated equity attributable to the Shareholders per Share of approximately HK\$0.2096 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 1,004,487,500 Shares in issue as at the Latest Practicable Date.

The net Capitalisation Price (after deduction of all professional fees and related expenses), is estimated to be approximately HK\$0.40 per Capitalisation Share.



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## LETTER FROM THE BOARD

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The Capitalisation Price, which is the same as the subscription price (the “**Subscription Price**”) of HK\$0.40 per subscription Share offered to the independent subscribers under the subscription agreements entered into by the Company on 21 March 2023, being the same date as the Subscription and Debt Capitalisation Agreement, was arrived at after arm’s length negotiations between the Company and Chun Yip with reference to, among other things, the prevailing market price of the Shares and the market conditions, and the funding needs and financial position of the Group. Such Subscription Price was arrived at after arm’s length negotiations between the Company and the subscribers. Having considered that (i) the Capitalisation Price is equivalent to the Subscription Price; (ii) significant discounts shall be given to the subscribers in order to attract their interests in the share subscription in view of the recent global banking crisis fears and the rising interest rate environment; and (iii) the financing needs for the Group’s business development and the reducing cash level of the Group as set out in section headed “Reasons for and benefits of the Debt Capitalisation and the use of proceeds” below, the Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser, but save for Mr. Kwok who has a material interest in the Debt Capitalisation) consider that the Capitalisation Price, which is equivalent to Subscription Price, is fair and reasonable.

### **Ranking of the Capitalisation Shares**

The Capitalisation Shares when allotted and issued, shall rank *pari passu* in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Capitalisation Shares including all dividends declared or payable or distribution made or proposed on or after the date of completion of the Debt Capitalisation.

### **Conditions Precedent**

Completion of the Debt Capitalisation is conditional upon the following conditions being fulfilled on or before the Long Stop Date:

- (A) the Board having passed and approved the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder;
- (B) the Independent Shareholders having approved and passed at the EGM, of the necessary resolution to approve the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate for the allotment and issuance of the Capitalisation Shares);
- (C) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Capitalisation Shares and such approval and permission having not subsequently been revoked or withdrawn prior to the commencement of dealings in the Capitalisation Shares on the Stock Exchange;

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## LETTER FROM THE BOARD

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- (D) the allotment, issue and subscription of the Capitalisation Shares not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Subscription and Debt Capitalisation Agreement by any legislative, executive or regulatory body or authority (including the Stock Exchange and the Securities and Futures Commission of Hong Kong) which is applicable to the Company;
- (E) the representations and warranties given by the parties under the Subscription and Debt Capitalisation Agreement being true and accurate and not misleading when made and remaining true and accurate and not misleading until the date of completion; and
- (F) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder having been obtained.

None of the conditions set out above may be waived by the Company or Chun Yip. If the conditions set out above are not fulfilled on or before the Long Stop Date, the Subscription and Debt Capitalisation Agreement shall terminate and neither of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of such Subscription and Debt Capitalisation Agreement.

As at the Latest Practicable Date, except condition (A) which has been fulfilled, none of the other conditions set out above has been fulfilled. In terms of condition (C), application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares.

Upon completion of the Debt Capitalisation, all the payment obligation on the part of the Company under the Promissory Notes shall be discharged and the repayment of any interest accrued under the Promissory Notes will be waived by Chun Yip.

### **Lock-up Period**

Chun Yip agrees that Chun Yip shall not, and shall procure that none of its nominees, permitted assigns or any person acting on its behalf shall, without the prior written consent of the Company, (i) offer, sell, lend, contract to sell, pledge, grant any option over or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by Chun Yip), directly or indirectly, any of the Capitalisation Shares, (ii) enter into any swap, hedging or similar agreement that transfers to another, in whole or in part, the economic risks or consequences of ownership of any of the Capitalisation Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of any Capitalisation Share or such other securities, in cash or otherwise, or (iii) announce an intention to effect any such transaction described in (i) or (ii) above, for a period beginning on the date of completion of the Debt Capitalisation and ending on the date being the expiry of 12 months after completion of the Debt Capitalisation (both days inclusive).

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## LETTER FROM THE BOARD

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### **Establishment of the Independent Board Committee and appointment of the Independent Financial Adviser**

The Independent Board Committee comprising all the independent non-executive Directors has been established to give a recommendation to the Independent Shareholders as to whether the terms of the Subscription and Debt Capitalisation Agreement are on normal commercial terms or better and fair and reasonable, whether the Debt Capitalisation is in the interests of the Company and its shareholders as a whole and as to how to vote at the EGM. Veda Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **SPECIFIC MANDATE AND APPLICATION FOR LISTING**

The Capitalisation Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Capitalisation Shares.

### **INFORMATION ON THE PARTIES**

#### **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 (“RMAA”) work service as a main contractor in Hong Kong and provision of reverse supply chain management and environmental-related service.

#### **Information on Chun Yip**

Chun Yip is an investment holding company incorporated in the BVI with limited liability. Chun Yip is wholly-owned by Mr. Kwok, who is the chairman of the Board and an executive Director.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DEBT CAPITALISATION AND THE USE OF PROCEEDS

The Group is principally engaged in the provision of superstructure building and RMAA works service as a main contractor in Hong Kong. It is also engaged in the business of reverse supply chain management and environmental-related service.

In November 2022, the Group has been awarded a construction project valued at HK\$421.8 million which is located at 33 Hung To Road, Kwun Tong, Hong Kong. In addition, as part of its RMAA works, the Group is engaged in the construction and installation of Electric Vehicle (EV) charging facilities for existing structures and plans to actively participate in tenders relating to EV-charging station infrastructure projects for the carpark of private residential buildings under Hong Kong Government's "EV-charging at Home Subsidy Scheme".

However, due to the Group's net losses over the years, its cash level had been reducing from approximately HK\$109 million as at 31 March 2020 to approximately HK\$66 million as at 30 September 2022. On 15 July 2022, the Company issued the Promissory Notes to Chun Yip for its acquisition of 60% equity interest in Chun Yang International (HK) Company Limited, details of which have been set out in the announcement of the Company dated 15 July 2022. The Promissory Notes in the principal amount of HK\$41,460,000 shall be due for payment on 14 July 2023. As at the date of the Subscription and Debt Capitalisation Agreement, no repayment has been made by the Company.

In view of the Group's current cash level and financing needs for future business development, the management of the Group is considering both equity and debt financing. On 21 March 2023, the Company was able to solicit investors for the new share subscription raising a net proceeds of HK\$17.7 million and at the same time reach an agreement with Chun Yip to conduct the Debt Capitalisation to preserve its cash outlay. The interest accrued under the Promissory Notes will be waived upon completion of the Debt Capitalisation. Having considered (i) the interest waiver of the Promissory Notes upon completion of the Debt Capitalisation; (ii) it is uncertain as to the interest rate to be agreed upon by the parties when the Promissory Notes mature, in particular, under the current rising interest rate environment; and (iii) the Debt Capitalisation helps ease the interest burden of the Group and thus improve its profitability, the management of the Group considers that it is more appropriate for the Company to proceed with the Debt Capitalisation than extending the maturity of the Promissory Notes which will be subject to renegotiation of terms by the parties concerned. Through the Debt Capitalisation, not only does the Group can avoid a cash outflow of an amount equivalent to the principal amount of the Promissory Notes of HK\$41.46 million but also save the related accrued interests which is estimated to be approximately HK\$1.7 million (on the assumption that completion of the Debt Capitalisation will take place in early May 2023). The Group has been in discussion with local banks for loan and credit facilities to support its working capital needs but they are not yet finalised.

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## LETTER FROM THE BOARD

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Given the net proceeds raised from the recent share subscription is insufficient to satisfy the Promissory Notes and the Group needs to maintain sufficient working capital for its existing and potential projects, the Company has also considered various alternative financing methods apart from the Debt Capitalisation before entering into the Subscription and Debt Capitalisation Agreement, including but not limited to debt financing and other ways of equity financing, namely rights issue, open offer or placement of new Shares to independent investors. However, the Company considers that (i) in respect of debt financing, the Company may not be able to obtain favourable refinancing rates under the existing tightened financing environment, which would possibly adversely affect its financial performance, financial position and debt to total equity ratio; (ii) in respect of rights issue or open offer, the subscription price would have to be set at a deep discount to the prevailing market price of the Shares so as to attract subscription by potential investors or existing Shareholders. In addition, rights issue or open offer of new Shares may also subject to underwriting uncertainty and market risks. They also tend to need relatively lengthy documentation work and higher transaction costs such as underwriting commission and associated documentation and other professional fees; and (iii) for placing of new Shares to independent investors, it is difficult for a placing agent to seek independent third-party investors to subscribe for new Shares without imposing a relatively larger discount as compared with the Capitalisation Price. Accordingly, the Directors consider that the Debt Capitalisation is an appropriate financing option for the Group as compared with other financing alternatives.

For the reasons stated above, the Directors (other than (i) those on the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee of this circular; and (ii) Mr. Kwok who has a material interest in the Debt Capitalisation) consider that the terms of the Subscription and Debt Capitalisation Agreement are on normal commercial terms, fair and reasonable and the entering into of the Subscription and Debt Capitalisation Agreement is in the interests of the Company and its shareholders as a whole.

As the Capitalisation Shares will be issued to settle the Indebtedness, no cash proceeds will be generated through the issue.

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## LETTER FROM THE BOARD

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### CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Debt Capitalisation, assuming that there are no changes in the total number of issued Shares between the Latest Practicable Date and the allotment and issue of the Capitalisation Shares, for illustration purposes only:

	As at the Latest Practicable Date		Immediately after completion of the Debt Capitalisation	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
<b>Shareholders</b>				
Mr. Kwok <sup>(1)(2)</sup>	531,860,000	52.95%	635,510,000	57.35%
Mr. Tang Chi Kin <sup>(2)</sup>	40,320,000	4.01%	40,320,000	3.64%
Mr. Zhan Zhi Hao <sup>(2)</sup>	6,950,000	0.69%	6,950,000	0.63%
Public Shareholders	<u>425,357,500</u>	<u>42.35%</u>	<u>425,357,500</u>	<u>38.38%</u>
<b>Total</b>	<b><u><u>1,004,487,500</u></u></b>	<b><u><u>100.00%</u></u></b>	<b><u><u>1,108,137,500</u></u></b>	<b><u><u>100.00%</u></u></b>

*Notes:*

- Mr. Kwok directly owns 90,000,000 Shares. Mr. Kwok is also interested through Chun Yip in 441,860,000 Shares as at the Latest Practicable Date and 545,510,000 after completion of the Debt Capitalisation.
- Each of Mr. Kwok, Mr. Tang Chi Kin and Mr. Zhan Zhi Hao is an executive Director.

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## LETTER FROM THE BOARD

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### FUND RAISING BY THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcements	Fund raising activities	Net proceeds	Proposed use of the net proceeds	Net proceeds utilised as at the Latest Practicable Date
21 March 2023, 23 March 2023 and 11 April 2023	Issue of an aggregate of 45,000,000 new Shares under general mandate of the Company	Approximately HK\$17.7 million	As working capital to the Company's RMAA works, in particular for the EV-charging station infrastructure projects	Nil

Save as disclosed above, the Company has not conducted any fund-raising activities involving the issue of its equity securities in the 12 months immediately preceding the Latest Practicable Date.

### LISTING RULES IMPLICATION

As at the Latest Practicable Date, Chun Yip is wholly-owned by Mr. Kwok, the chairman of the Board and an executive Director. Mr. Kwok directly owns, and is through Chun Yip interested in, 90,000,000 Shares and 441,860,000 Shares respectively, collectively representing approximately 52.95% of the total number of issued Shares as at the Latest Practicable Date. Chun Yip is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Debt Capitalisation will constitute a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

As Chun Yip is wholly-owned by Mr. Kwok, Mr. Kwok is considered to have a material interest in the Debt Capitalisation and has abstained from voting on the Board resolutions of the Company to approve the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder.

In accordance with Rule 14A.36 of the Listing Rules, Chun Yip and its associate, Mr. Kwok, will be required to abstain from voting on the resolution to approve the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate, at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, other than Chun Yip and Mr. Kwok, no other Shareholder or Director (as the case may be) has a material interest in the transactions contemplated under the Subscription and Debt Capitalisation Agreement and will be required to abstain from voting on the resolution to approve the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder at the EGM.

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## LETTER FROM THE BOARD

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### EGM

The EGM will be convened and held at 3:00 p.m. on Tuesday, 9 May 2023 at 21/F., Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong for the purpose of considering and, if thought fit, approving the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Capitalisation Shares.

### VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolution proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### FORM OF PROXY

A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company ([www.headfame.com.hk](http://www.headfame.com.hk)). Whether or not Shareholders are able to attend the EGM in person, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the list of shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 4 May 2023 to Tuesday, 9 May 2023. No transfer of shares of the Company will be registered during these days. In order to qualify to attend and vote at the EGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 3 May 2023.

### RECOMMENDATION

The Directors (other than (i) those on the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee of this circular; and (ii) Mr. Kwok who has a material interest in the Debt Capitalisation) consider that the terms of the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole so far as the Independent Shareholders are concerned, and recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.



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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Shareholders' attention is also drawn to (i) the letter from the Independent Board Committee as set out on pages 16 to 17 containing its recommendation to the Independent Shareholders; (ii) the letter from the Independent Financial Adviser as set out on pages 18 to 37 containing its advice to the Independent Board Committee and the Independent Shareholders together with the principal factors and reasons considered by it in concluding its advice; and (iii) the Appendix to this circular which sets out the general information of the Company.

**Completion of the Debt Capitalisation is subject to the satisfaction of the conditions precedent in the Subscription and Debt Capitalisation Agreement, and the Debt Capitalisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

Yours faithfully,  
By order of the Board  
**Golden Ponder Holdings Limited**  
**KWOK Chun Sing**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders in respect of the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).*

**GOLDEN PONDER HOLDINGS LIMITED**  
**金 倫 控 股 有 限 公 司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1783)**

14 April 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO  
THE DEBT CAPITALISATION INVOLVING ISSUE OF  
NEW SHARES UNDER SPECIFIC MANDATE**

We refer to the circular dated 14 April 2023 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole so far as the Independent Shareholders are concerned, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of the Independent Financial Adviser.

We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages 18 to 37 of the Circular.

Having considered the terms of the Subscription and Debt Capitalisation Agreement and the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider that although the Debt Capitalisation is not in the ordinary and usual course of business of the Group, the terms of the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the EGM.

Yours faithfully,  
for and on behalf of the  
Independent Board Committee

**Mr. Hau Wing Shing Vincent**

*Independent non-executive  
Director*

**Mr. Wan Simon**

*Independent non-executive  
Director*

**Mr. Zhang Jue**

*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from Veda Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Debt Capitalisation which has been prepared for the purpose of inclusion in the circular.*

**VEDA | CAPITAL**  
**智 略 資 本**

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

14 April 2023

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

Dear Sirs,

### **CONNECTED TRANSACTION IN RELATION TO THE DEBT CAPITALISATION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Subscription and Debt Capitalisation Agreement, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 14 April 2023 (the “**Circular**”) 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 Circular unless the context otherwise requires.

As set out in the Board Letter, on 21 March 2023 (after the Stock Exchange trading hours), the Company and Chun Yip entered into the Subscription and Debt Capitalisation Agreement pursuant to which the parties conditionally agreed that Chun Yip shall subscribe for, and the Company shall allot and issue, 103,650,000 Capitalisation Shares at the Capitalisation Price. The aggregate Capitalisation Price of all the Capitalisation Shares of HK\$41,460,000 payable by Chun Yip shall be settled by way of capitalisation of the Indebtedness under the Promissory Notes upon completion of the Debt Capitalisation.

Chun Yip is wholly-owned by Mr. Kwok, the chairman of the Board and an executive Director. Mr. Kwok directly owns, and is through Chun Yip interested in, 90,000,000 Shares and 441,860,000 Shares respectively, collectively representing approximately 52.95% of the total number of issued Shares as at the Latest Practicable Date. Chun Yip is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Debt Capitalisation will constitute a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As Chun Yip is wholly-owned by Mr. Kwok, Mr. Kwok is considered to have a material interest in the Debt Capitalisation and had abstained from voting on the Board resolution(s) of the Company to approve the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder.

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 to give a recommendation to the Independent Shareholders as to whether the terms of the Debt Capitalisation are on normal commercial terms or better and fair and reasonable, whether the Debt Capitalisation is in the interests of the Company and its Shareholders as a whole and as how to vote at the EGM. We, Veda Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Save for the appointment as the independent financial adviser in respect of the mandatory unconditional cash offer dated 21 December 2022 and this appointment as the Independent Financial Adviser in respect of the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder, there were no other engagements between us and the Group 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 13.84 of the Listing Rules to act as the Independent Financial Adviser to give independent advices in respect of the Debt Capitalisation.

### BASIS OF OUR OPINION

In formulating our opinions and advices, we have relied upon the accuracy of the information and representations contained in the Circular 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 Circular 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 date of this letter. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the date of this letter and up to and including the date of the EGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, 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 Circular, we have researched, analyzed and relied on (i) information in relation to 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; (ii) information provided by the Company; (iii) the Announcement and the Circular; and (iv) market information obtained from the website of the Stock Exchange. 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, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the Management.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent 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. 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 principal activities of the Group are the (i) provision of superstructure building and repair, maintenance, alternation and addition works service (“**RMAA**”), as a main contractor, in Hong Kong (the “**Building Construction Works Service**”); and (ii) provision of reverse supply chain management and environmental-related service (the “**Reverse Supply Chain Service**”).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *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:

	<b>For the six months ended</b>		
	<b>30 September</b>		
	<b>2022</b>	<b>2021</b>	<b>changes</b>
	<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 ( <i>note</i> )	7,836	–	–
Loss attributable to the Shareholders	(5,165)	(331)	1,460.42
	<b>As at 30 September</b>		
	<b>2022</b>	<b>2021</b>	<b>changes</b>
	<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 2021 in the table above was expressed as the previous 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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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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		changes %
	2022 HK\$'000	2021 HK\$'000	
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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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	As at 31 March		changes %
	2022 HK\$'000	2021 HK\$'000	
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 trading 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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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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 year ended		
	31 March		changes %
	2021 HK\$'000	2020 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 HK\$'000	2020 HK\$'000	changes %
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) the construction schedule of three projects for superstructure building works had been affected and delayed to cope with governmental policies under Covid-19 pandemic and those projects did not contribute 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 the Group's construction projects as a result of Covid-19 pandemic and the increase in administrative and other expenses.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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.

### **2. Principal terms of the Debt Capitalisation under the Subscription and Debt Capitalisation Agreement**

The principal terms of the Debt Capitalisation under the Subscription and Debt Capitalisation Agreement are as follows:

#### ***Date***

21 March 2023 (after the Stock Exchange trading hours)

#### ***Parties***

- (i) the Company (as the issuer); and
- (ii) Chun Yip (as the holder of the Promissory Notes and the subscriber)

#### ***Number of Capitalisation Shares***

The Capitalisation Shares represent (i) approximately 10.32% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 9.35% of the total number of issued Shares as enlarged by the allotment and issue of the Capitalisation Shares, assuming that there will be no changes in the total number of issued Shares between the Latest Practicable Date and the allotment and issue of the Capitalisation Shares. The aggregate nominal value of the Capitalisation Shares is HK\$1,036,500 and the market value of the Capitalisation Shares is HK\$48,715,500, based on the closing price of HK\$0.47 per Share on the date of the Subscription and Debt Capitalisation Agreement.

The Capitalisation Shares will be allotted and issued under the Specific Mandate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Capitalisation Price*

The Capitalisation Price is HK\$0.40 per Capitalisation Share, and the aggregate Capitalisation Price of all the Capitalisation Shares of HK\$41,460,000 payable by Chun Yip shall be settled by way of capitalisation of the Indebtedness under the Promissory Notes upon completion of the Debt Capitalisation.

The Capitalisation Price represents:

- (i) a discount of approximately 14.89% to the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on 21 March 2023, the date of the Subscription and Debt Capitalisation Agreement;
- (ii) a discount of approximately 17.86% to the average closing price of HK\$0.487 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 27.27% to the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a premium of approximately 90.84% over the unaudited consolidated equity attributable to the Shareholders per Share of approximately HK\$0.2096 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 1,004,487,500 Shares in issue as at the Latest Practicable Date.

The net Capitalisation Price (after deduction of all professional fees and related expenses), is estimated to be approximately HK\$0.40 per Capitalisation Share.

The Capitalisation Price, which is the same as the Subscription Price of HK\$0.40 per subscription Share offered to the independent subscribers under the subscription agreements entered into by the Company on 21 March 2023, being the same date as the Subscription and Debt Capitalisation Agreement, was arrived at after arm's length negotiations between the Company and Chun Yip with reference to, among other things, the prevailing market price of the Shares and the market conditions, and the funding needs and financial position of the Group. Such Subscription Price was arrived at after arm's length negotiations between the Company and the subscribers. Having considered that (i) the Capitalisation Price is equivalent to the Subscription Price; (ii) significant discounts shall be given to the subscribers in order to attract their interests in the share subscription in view of the recent global banking crisis fears and the rising interest rate environment; and (iii) the financing needs for the Group's business development and the reducing cash level of the Group as set out in section headed "Reasons for and benefits of the Debt Capitalisation and the use of proceeds" in the Board Letter, the Directors (save for Mr. Kwok who has a material interest in the Debt Capitalisation) consider that the Capitalisation Price, which is equivalent to Subscription Price, is fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Lock-up Period*

Chun Yip agrees that Chun Yip shall not, and shall procure that none of its nominees, permitted assigns or any person acting on its behalf shall, without the prior written consent of the Company, (i) offer, sell, lend, contract to sell, pledge, grant any option over or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by Chun Yip), directly or indirectly, any of the Capitalisation Shares, (ii) enter into any swap, hedging or similar agreement that transfers to another, in whole or in part, the economic risks or consequences of ownership of any of the Capitalisation Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of any Capitalisation Share or such other securities, in cash or otherwise, or (iii) announce an intention to effect any such transaction described in (i) or (ii) above, for a period beginning on the date of completion of the Debt Capitalisation and ending on the date being the expiry of 12 months (the “**Lock-up Period**”) after completion of the Debt Capitalisation (both days inclusive).

### **3. Information of the Chun Yip and the Indebtedness**

#### *Chun Yip*

Chun Yip is an investment holding company incorporated in the BVI with limited liability. Chun Yip is wholly-owned by Mr. Kwok, who is the chairman of the Board and an executive Director.

#### *Indebtedness*

Pursuant to the Promissory Notes in the principal amount of HK\$41,460,000 dated 15 July 2022, the Company has promised to pay to Chun Yip the principal amount of HK\$41,460,000 bearing simple interest at the rate of 5.0% per annum payable annually in arrears. As at the date and pursuant to the terms of the Subscription and Debt Capitalisation Agreement, the Indebtedness under the Promissory Notes is HK\$41,460,000. The aggregate Capitalisation Price of all the Capitalisation Shares of HK\$41,460,000 payable by Chun Yip shall be settled by way of capitalisation of the Indebtedness under the Promissory Notes upon completion of the Debt Capitalisation. As at the date of the Subscription and Debt Capitalisation Agreement, no repayment has been made by the Company.

### **4. Reasons for and benefits of the Debt Capitalisation**

The Group is principally engaged in the Building Construction Works Service and Reverse Supply Chain Service. Reverse Supply Chain Service, as a supplemental business for the Building Construction Works Services, which was extended by the Group 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the interim report of the Company for the six months ended 30 September 2022, the Directors are optimistic about (i) the recovery of the construction industry; and (ii) the potential development of the green technology industry, due to the recovery of the Hong Kong's economy from the COVID-19 pandemic and underlying macro-environment and the growing awareness of and emphasis in global environmental protection. At the same time, the Company aims to focus on developing and continuing to tender more potential construction projects and has been actively exploring potential business to the Reverse Supply Chain Service business. The revenue of the Group was mainly generated by the development of projects under the Building Construction Works Service and the Reverse Supply Chain Service.

As stated in the Board Letter, in November 2022, the Group has been awarded a construction project valued at HK\$421.8 million. In addition, as part of its RMAA works, the Group is engaged in the construction and installation of Electric Vehicle (EV) charging facilities for existing structures and plans to actively participate in tenders relating to EV-charging station infrastructure projects for the carpark of private residential buildings under Hong Kong Government's "EV-charging at Home Subsidy Scheme". As advised by the Company, we were given to understand that the new project is at the beginning stage, therefore, the Company expects to devote more financial resources and capital into the development of this project. Moreover, we understood from the Company that it wishes to maintain sufficient cash position to remain competitive when participating in potential tendering projects when the right opportunities arise to increase the income of the Group as the macroeconomy recovers.

We also noted the Group recorded net losses over the years, and as at 30 September 2022, the Group's cash and cash equivalents in the amount of approximately HK\$65.53 million which had been reducing from approximately HK\$108.99 million as at 31 March 2020. Given that the Promissory Notes held by Chun Yip shall be due for payment on 14 July 2023, in the absence of the Debt Capitalisation and if the Group were to settle the Indebtedness in the amount of approximately HK\$41.46 million by cash, the Group's cash position would have been further reduced, which is counterproductive to the Group's objective to expand or develop its existing projects and business or capture potential business opportunities. On the other hand, the Promissory Notes and the interest accrued under the Promissory Notes will be waived upon completion of the Debt Capitalisation, which represents a better deal for the Company as compared to the original repayment arrangement of the Promissory Notes where the interest accrued thereunder is not waived.

Having considered that (i) the Company has been focused on developing and exploring potential business opportunities; (ii) the Company expects to maintain its existing cash position to develop its existing projects and new projects; (iii) in the absence of the Debt Capitalisation, the Group's cash level will be further reduced, which may interfere the Group's expansion and development; and (iv) the Promissory Notes and the interest accrued under the Promissory Notes will be waived upon completion of the Debt Capitalisation, which represents a better deal for the Company as compared to the original repayment arrangement of the Promissory Notes where the interest accrued thereunder is not waived, we concur with the Directors' view that the Debt Capitalisation can ease the repayment pressure of the Group without imposing any substantial cash outflow, thereby putting the Group in a better cash position to develop its business and identify suitable investment or growth opportunities with the view to generate positive cash flow and further strengthen its financial position in the longer run.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Alternative fund-raising methods considered*

Having discussed with the Management, given that the net proceeds raised from the recent share subscription is insufficient to satisfy the Promissory Notes and the Group needs to maintain sufficient working capital for its existing and potential projects, the Company had explored other fund-raising alternatives available to the Group for the repayment of the indebtedness such as debt financing, rights issue, open offer and Share placement, the details of which have been set out in the section headed “REASONS FOR AND BENEFITS OF THE DEBT CAPITALISATION AND THE USE OF PROCEEDS” in the Board Letter.

On 21 March 2023, the Company was able to solicit investors for the new share subscription raising net proceeds of HK\$17.7 million and at the same time reach an agreement with Chun Yip to conduct the Debt Capitalisation to preserve its cash outlay. On top of the above, after discussing with the Directors, we are given to understand that the Board had resolved to Debt Capitalisation through subscription of new shares in meeting its funding needs as disclosed in the reasons as follows:

(i) *Debt financing*

As discussed with the Directors, we understood that the Board has considered additional debt financing from banks or financial institutions, but given the loss position of the Company for the recent years, there would be potential additional interest burden for the Company and would need assets pledge for debt financing. Moreover, we noted that the Directors considered that the debt financing, taking into account the increasing interest rate, would potentially increase the Company’s finance cost in the long run, adding to the increasing trend in the Company’s gearing ratio, which has been increased from 0% as at 31 March 2022 to 21.7% as at 30 September 2022. As stated in the Board Letter, the Group has been in discussion with local banks for loan and credit facilities to support its working capital needs but they are not yet finalised. Furthermore, based on our discussions with the Directors, we understood and agreed that further debt financing would only alleviate the Company’s repayment pressure in a short-term. Accordingly, having considered the Company’s business expansion plan to look for additional green and construction projects and maintaining a lower gearing ratio facilitates the Group to accomplish its aforementioned business plan, we concur with the Directors’ view that debt financing and its respective finance cost would generally be undesirable in the long-run, especially under the current rising interest rate environment.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(ii) Rights issue, open offer and Share placement*

As discussed with the Directors, we understood the option of rights issue, open offer and Share placement had also been considered in the form of other fund-raising alternatives. We understood that rights issue or open offer of new Shares may also be subject to underwriting uncertainty and market risks whilst any arm's length underwriting arrangement is normally subject to standard force majeure clause in favour of the underwriter. Also, as compared to the Debt Capitalisation, such equity financing solutions may potentially incur higher transaction and document preparation costs as more professional parties and relevant corresponding documents are required and involved and would normally require a commission fee (subject to negotiations) to the placing agents and/or the underwriters. Although the existing Shareholders would be able to maintain their prorata shareholding in the Company, rights issue or open offer would need a relatively longer timeframe to complete in comparison to the subscription of the Capitalisation Shares, as they not only the preparation and despatch of relevant documents to Shareholders that may take one to two months in general but also commercial negotiations with securities house(s) that the time required is uncertain. In the course of preparing the relevant documents for rights issue/open offer, parties involved include professional advisers, underwriters, share registrar and thus more expenses, such as underwriting commission, documentation and other professional fees, would be incurred.

As compared to the above fund-raising methods, the Management considers that the Debt Capitalisation would be a better financing alternative available to the Company.

*(iii) Other alternatives*

In respect of the possibility of the extending the maturity of the Promissory Note, we are in the view that as (i) such extension would only alleviate the Company's repayment pressure in a short-term; and (ii) the Promissory Note with extended maturity would continue to incur interest expenses to the Group as opposed to the interest waiver under the arrangement of the Debt Capitalisation, it is not beneficiary to the Company and the Shareholders as compared to the Debt Capitalisation.

Having considered (i) the Group is optimistic of the expansion and development of its business; (ii) the Debt Capitalisation will allow the Company to settle the Indebtedness without imposing any substantial cash outflow so as to maintain the cash position of the Company for further development to generate more income; (iii) the Debt Capitalisation is an appropriate financing option for the Group as compared with other financing alternatives; and (iv) the terms of the Subscription and Debt Capitalisation Agreement are generally in line with recent market practice as discussed in the subsection headed "Market comparable analysis" below, we are of the view that the Debt Capitalisation is a suitable and viable option to settle the Promissory Notes which would reduce its level of liabilities in the long-run and in turn, would be in the interests of the Company and the Shareholders as a whole, although it is not conducted in the ordinary and usual course of business of the Group.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. Evaluation of the Capitalisation Price

In order to further assess the fairness and reasonableness of terms of the Subscription and Debt Capitalisation Agreement, we have considered the following factors:

#### *The Capitalisation Price*

As discussed with the Company, the Capitalisation Price is the same as the subscription price (the “**Subscription Price**”) of HK\$0.40 per subscription Share offered to the independent subscribers under the subscription agreements entered by the Company on 21 March 2023, being the same date as the Subscription and Debt Capitalisation Agreement. The Capitalisation Price is not more favourable than the Subscription Price offered to independent investors. Furthermore, as stated in the above section, as the interest accrued under the Promissory Notes will be waived upon completion of the Debt Capitalisation, the Capitalisation Price shall be adjusted to approximately HK\$0.416 per Capitalisation Share (the “**Effective Price**”) after taking into account of the aforementioned interests waiver (calculated by dividing the total outstanding amount of the Promissory Note (principal amount + accrued interest) by the total Capitalisation Shares (i.e. 103,650,000 Capitalisation Shares)). The Effective Price of approximately HK\$0.416 per Capitalisation Share represents a premium of approximately 4.00% over the Subscription Price.

We also noticed that a general offer of the Shares was triggered previously in November 2022 and the then offer price of the Shares to the public Shareholders was set at HK\$0.28 per Share (the “**Offer Price**”). The Effective Price therefore represents a premium of approximately 48.57% over the Offer Price.

Moreover, we understand that with the Lock-up Period contained in the terms of the Subscription and Debt Capitalisation Agreement, Chun Yip as the controlling Shareholder, is willing to keep the Capitalisation Shares rather than cash or other liquid assets of the Company in settling the Indebtedness has demonstrated its confidence and support towards the Company’s business development for at least the next 12 months after the completion of the Debt Capitalisation (both days inclusive).

#### *Historical trading liquidity of the Shares*

Apart from the above, we have also performed a review on the average daily trading volume per month (the “**Average Daily Volume**”) of the Shares during the twelve-month period from 21 March 2022, up to and including 21 March 2023, being the date of the Subscription and Debt Capitalisation Agreement (the “**Review Period**”), which is commonly used for analysis purpose to illustrate the liquidity of the Shares and is considered sufficient and appropriate for our assessment of the historical trading liquidity of the Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Month/Period	Number of trading days (days)	Average daily trading volume of Shares (Shares)	Number of issued Shares as at end of the period/month (Shares)	Average daily trading volume during the period as a percentage of the total number of Shares Approximately (%)
<b>2022</b>				
21 March to 31 March	9	1,571,111	827,487,500	0.190
April	18	830,000	959,487,500	0.087
May	20	8,460,000	959,487,500	0.882
June	21	678,095	959,487,500	0.071
July	20	714,000	959,487,500	0.074
August	23	400,000	959,487,500	0.042
September	21	512,381	959,487,500	0.053
October	20	277,000	959,487,500	0.029
November	17	247,059	959,487,500	0.026
December	20	1,379,500	959,487,500	0.144
<b>2023</b>				
January	18	515,556	959,487,500	0.054
February	20	513,000	959,487,500	0.053
1 March to 21 March	15	572,667	959,487,500	0.060
<b>Average daily trading volume for the Review Period</b>		1,290,165		0.134

*Source: the Stock Exchange*

As illustrated in the table above, the Average Daily Volume during the Review Period ranged from approximately 247,059 Shares in November 2022 to approximately 8,460,000 Shares in May 2022, representing approximately 0.026% to approximately 0.882% of the total number of issued Shares as at end of the respective period/month. The average daily trading volume of the Shares for the Review Period was 1,290,165 Shares, representing approximately 0.134% of the total number of issued Shares as at the date of the Subscription and Debt Capitalisation Agreement.

The trading liquidity of the Shares had been rather thin during the Review Period, where the percentage of the average daily trading volume as a percentage of the then total number of issued Shares were below 0.2%. We are aware that such low and relatively thin trading liquidity may hinder independent placing agent(s) or underwriter(s) to participate when the Company try to pursue fund-raising exercise by way of placement, rights issue or open offer of new Shares and/or require a deeper discount to the issue price as compared to the discounts of the Effective Price or even the Capitalisation Price to attract other investors to subscribe the Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered that (i) the Debt Capitalisation will allow the Company to settle the Indebtedness without imposing any substantial cash outflow and improve the financial position of the Group; (ii) the Effective Price represents premiums to the Subscription Price and the Offer Price, which implies that the Effective Price is not more favourable to Chun Yip than other independent investors; (iii) Chun Yip, the controlling Shareholder, is willing to settle the Indebtedness with the Capitalisation Shares which demonstrated its confidences and supports towards the Company's business development; and (iv) the relatively thin trading and low liquidity of the Shares may impose deeper discounts to the issue the Company's securities should the Company proceeds with alternative equity fund-raising methods to attract other investors to subscribe the Shares, we are of the view that the Capitalisation Price (including the Effective Price) are on normal commercial terms and, with the above reasons listed in this paragraph, the discounts of the Effective Price to the market price of the Shares are considered as fair and reasonable so far as the Independent Shareholders are concerned.

### *Market comparable analysis*

To further assess the fairness and reasonableness of the Capitalisation Price, we have conducted independent research, using our best endeavours, of recent debt/loan capitalisation involving issuance of shares to both connected persons and independent third parties under both specific mandate and general mandate initially announced by companies listed on the Stock Exchange (the “**Comparables**”). The selection criteria of the Comparables were based on the followings: (i) the debt/loan capitalisation or settlement transactions conducted during the period from 21 March 2021 to 21 March 2023, covering two years prior to the date of the Subscription and Capitalisation Debt Agreement; (ii) companies listed on the Stock Exchange; (iii) companies not subject to prolonged suspension of trading over three months; and (iv) the issue prices of such transactions represent nil or discounts to their respective market closing price to the last trading day or announcement date and last five consecutive average closing price to attract potential investors in the subscription of shares, which we considered similar and comparable to the Debt Capitalisation. Based on our best endeavour and as far as we are aware, we have identified a total of 10 Comparables, which met the said criteria, to provide a general reference for and to compare with the market practices in relation to the debt/loan capitalisation or settlement transactions.

To the best of our knowledge, effort and endeavour and based on our search conducted according to the aforesaid criteria, the Comparables are an exhaustive list of issues of share(s) meeting the aforesaid criteria. Shareholders should note that the size, business nature, scale of operations and prospects of the Company are not exactly the same as the Comparables and we have not conducted any in-depth investigation into the size, business nature, scale of operations and prospects of the Comparables. Nevertheless, given that this analysis is aiming at taking a general reference to the market practice in relation to similar type of transactions, we consider that our comparable analysis on the terms of the Debt Capitalisation without limiting to companies that are with similar size, business nature and scale of operations as that of the Group is fair and reasonable and useful for the Independent Shareholders' reference.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We set out our findings in the table below:

No.	Date of announcement	Company name (Stock Code)	Discount of subscription price to/over the closing price on the last trading day/the date of corresponding agreement Approximately (%)	Discount of subscription price to/over the average closing price per share for the last five consecutive trading days up to and including the last trading day/the date of the corresponding agreement Approximately (%)
1.	20/1/2023	Da Sen Holdings Group Limited (1580)	(11.76)	(12.54)
2.	18/1/2023	Gome Retail Holdings Limited (493)	(7.26)	(7.85)
3.	2/1/2023	Gome Retail Holdings Limited (493)	(7.00)	(18.16)
4.	29/8/2022	Echo International Holdings Group Limited (8218)	(3.23)	(4.58)
5.	22/8/2022	China Environmental Technology and Bioenergy Holdings Limited (1237)	(2.78)	0.00
6.	25/3/2022	Echo International Holdings Group Limited (8218)	0.00	(1.07)
7.	30/12/2021	Cornerstone Technologies Holdings Limited (8391)	(24.40)	(22.10)
8.	29/12/2021	CA Cultural Technology Group Limited (1566)	(19.00)	(14.01)
9.	10/9/2021	Crown International Corporation Limited (727)	(9.84)	(14.73)
10.	7/6/2021	China First Capital Group Limited (1269)	(13.46)	(15.73)
		<b>Minimum discount</b>	<b>0.00</b>	<b>0.00</b>
		<b>Maximum discount</b>	<b>(24.40)</b>	<b>(22.10)</b>
		<b>Average discount</b>	<b>(9.87)</b>	<b>(11.08)</b>
		The Company	(11.49)	(14.58)
			<i>(Note)</i>	<i>(Note)</i>

*Source: the Stock Exchange*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Note:*

According to the terms of the Debt Capitalisation, the interest accrued under the Promissory Notes will be waived upon completion of the Debt Capitalisation. The calculation of these figures was made based on the comparison between the Effective Price and the market closing prices of the Shares.

Based on the above table, we noted that:

- (i) the discounts of the issue prices to the closing price per share on the last trading day or on the date of the corresponding agreement of the Comparables ranged from nil to approximately 24.40%, with an average of approximately 9.87%. The discount of the Effective Price to the closing price per Share on the date of the Subscription and Debt Capitalisation Agreement of approximately 11.49% is within the range of the Comparables; and
- (ii) the discounts of the issue prices to the average closing price per share for the last five consecutive trading days up to and including the last trading day or the date of the corresponding agreement of the Comparables ranged from nil to approximately 22.10%, with an average of approximately 11.08%. The discount of the Effective Price to the average closing price per Share for the five consecutive trading days up to and including to the Last Trading Day of approximately 14.58% is within the range of the Comparables.

In light of the results of the Comparables as set out above, we have further confirmed our view that the Effective Price is fair and reasonable so far as the Independent Shareholders are concerned, and that the terms of the Subscription and Debt Capitalisation Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

### **6. Potential dilution effects of the Debt Capitalisation**

As at the Latest Practicable Date, the Company had a total of 1,004,487,500 Shares in issue. Set out below is the shareholding structure of the Company: (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Debt Capitalisation, assuming that there are no changes in the total number of issued Shares between the Latest Practicable Date and the allotment and issue of the Capitalisation Shares:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	As at the Latest Practicable Date		Immediately after completion of the Debt Capitalisation	
	<i>Number of Shares</i>	<i>Approximately % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximately % of issued Shares</i>
<b>Shareholders</b>				
Mr. Kwok	531,860,000	52.95	635,510,000	57.35
Mr. Tang Chi Kin	40,320,000	4.01	40,320,000	3.64
Mr. Zhan Zhi Hao	6,950,000	0.69	6,950,000	0.63
Public Shareholders	425,357,500	42.35	425,357,500	38.38
<b>Total</b>	1,004,487,500	100.00	1,108,137,500	100.00

As shown in the above table, we noted that the shareholding in the Company held by the public Shareholders would be diluted from approximately 42.35% as at the Latest Practicable Date to approximately 38.38% immediately after the completion of the Debt Capitalisation. We are aware of the Debt Capitalisation will incur a dilution effect on the shareholding of the exiting public Shareholders. Nonetheless, having considered that (i) the Debt Capitalisation can relieve part of the Group's existing indebtedness without depleting its existing financial resources; (ii) the existing financial resources of the Group may be applied to the development of the businesses and projects of the Group to generate more revenue and profit; (iii) the result of the Debt Capitalisation can improve the financial position of the Group; and (iv) the terms of the Subscription and Debt Capitalisation Agreement being fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the potential dilution effect on the shareholding interests of the public Shareholders to be acceptable.

### 7. Financial effects of the Debt Capitalisation

Upon the completion of the Debt Capitalisation, the Capitalisation Shares will be recognised entirely as equity of the Company which in turn will enlarge the capital base and enhance the net asset position of the Company.

#### *(i) Effects on net assets*

It is expected that upon completion of the Debt Capitalisation, the principal amount balance of the Promissory Notes in the amount of approximately HK\$41.46 million will be set off by the issuance of the Capitalisation Shares, hence the liabilities of the Group will be reduced by approximately HK\$43.16 million and the financial position of the Group will be considerably enhanced.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(ii) Effects on liquidity and working capital*

It is expected that upon completion of the Debt Capitalisation, the Debt Capitalisation will help to avoid substantial cash outflow of the Group in the amount of approximately HK\$41.46 million when the Promissory Notes falls due. As such, the working capital position and the cash position of the Group will be improved.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Debt Capitalisation.

### RECOMMENDATION

Having taken into consideration the factors and reasons stated above, we are of the opinion that although the Debt Capitalisation is not in the ordinary and usual course of business of the Company, the terms of the Debt Capitalisation under the Subscription and Debt Capitalisation Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote for the resolution(s) to be proposed at the EGM to approve the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder and the granting of the Specific Mandate at the EGM.

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. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTEREST

### (a) Interests of Directors

As at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware of, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) 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 the director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) to be notified to the Company and the Stock Exchange set out in Appendix 14 of the Listing Rules were as follows:

Name of Shareholder	Nature	Number of ordinary Shares held	Approximate % of shareholding
Mr. Kwok ( <i>Note</i> )	Beneficial owner	90,000,000	8.96%
	Interested in a controlled corporation	441,860,000	43.99%
Mr. Tang Chi Kin	Beneficial owner	40,320,000	4.01%
Mr. Zhan Zhi Hao	Beneficial owner	6,950,000	0.69%

*Note:* Chun Yip is wholly-owned by Mr. Kwok. Mr. Kwok directly owns, and is through Chun Yip interested in, 90,000,000 Shares and 441,860,000 Shares respectively, collectively representing approximately 52.95% of the total number of issued Shares as at the Latest Practicable Date.



Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive of the Company or their respective associates had 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) that 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware of, persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

<b>Name of Shareholder</b>	<b>Nature</b>	<b>Number of ordinary Shares held</b>	<b>Approximate % of shareholding</b>
Mr. Kwok <i>(Note)</i>	Beneficial owner	90,000,000	8.96%
	Interested in a controlled corporation	441,860,000	43.99%
Chun Yip <i>(Note)</i>	Beneficial owner	441,860,000	43.99%
Mr. Ng Chun Keung	Beneficial owner	57,230,000	5.70%

*Note:* Chun Yip is wholly-owned by Mr. Kwok. Mr. Kwok directly owns, and is through Chun Yip interested in, 90,000,000 Shares and 441,860,000 Shares respectively, collectively representing approximately 52.95% of the total number of issued Shares in issue as at the Latest Practicable Date.

Save as disclosed above, the Company has not been notified of any other interest representing 5% or more of the Share and recorded in the register required to be kept under Section 336 of the SFO as at the Latest Practicable Date.

**3. DIRECTORS' OTHER INTERESTS**

As at the Latest Practicable Date, no Director was interested in any business (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which were considered to compete or were likely to compete, whether directly or indirectly, with the businesses of the Group.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Save for the Subscription and Debt Capitalisation Agreement and the Promissory Notes, there is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and significant to the business of the Group.

**4. DIRECTORS' SERVICE CONTRACT**

As at the Latest Practicable Date, none of the Directors has entered into or has proposed to enter into any service contracts with the Company or any of its subsidiaries which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

**5. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

**6. EXPERT AND CONSENT**

The following is the qualification of the expert who has given its opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Veda Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 March 2022 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

## **7. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the Company's website ([www.headfame.com.hk](http://www.headfame.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) from the date of this circular up to and including the date of the EGM (being not less than 14 days):

- (a) the Subscription and Debt Capitalisation Agreement;
- (b) the letter from the Independent Financial Adviser, the text of which is set out in this circular; and
- (c) the written consent of the expert referred to in the paragraph headed "Expert and consent" in this appendix.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### GOLDEN PONDER HOLDINGS LIMITED

### 金 倫 控 股 有 限 公 司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1783)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of shareholders of Golden Ponder Holdings Limited (the “Company”) will be held 21/F., Grand Millennium Plaza, 181 Queen’s Road Central, Sheung Wan, Hong Kong on Tuesday, 9 May 2023 at 3:00 p.m., to consider and, if thought fit, to pass with or without amendments, the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT:**

1. (a) the agreement dated 21 March 2023 (the “**Subscription and Debt Capitalisation Agreement**”) entered into between the Company and Chun Yip (a copy of which has been tabled at the meeting marked “A” and signed by the chairman of the meeting for identification purpose) and all transactions contemplated thereunder, be and are hereby approved, ratified and confirmed;
- (b) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in, the Capitalisation Shares (the “**Capitalisation Shares**”) (as defined in the circular of the Company dated 14 April 2023 (the “**Circular**”)), the directors (the “**Directors**”) of the Company be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue the Capitalisation Shares subject to the terms of the Subscription and Debt Capitalisation Agreement, with such Specific Mandate being in addition to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and
- (c) any one Director (if execution under the common seal of the Company is required, any two Directors) be and is (are) hereby authorised for and on behalf of the Company to sign and execute, and when required, to affix the common seal of the Company, to deliver any documents, instruments or agreements and to do all such acts and things and to take all such steps which, in the opinion of such Director, may be necessary, desirable or expedient to implement and/or give effect to the Subscription and Debt Capitalisation Agreement and the transactions contemplated thereunder and to agree to such variations, amendments, additions or waivers of matters relating thereto as such Director deems appropriate.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### CLOSURE OF SHAREHOLDERS' REGISTER

For the purpose of determining the list of shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 4 May 2023 to Tuesday, 9 May 2023. No transfer of shares of the Company will be registered during these days. In order to qualify to attend and vote at the EGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 3 May 2023.

By order of the Board  
**Golden Ponder Holdings Limited**  
**KWOK Chun Sing**  
*Chairman*

Hong Kong, 14 April 2023

*Notes:*

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised on its behalf.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the Meeting (or any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In order to be qualified to attend and vote at the Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 3 May 2023. The register of members of the Company will be closed from Thursday, 4 May 2023 to Tuesday, 9 May 2023 (both days inclusive), during which period no transfer of shares will be effected.
7. A form of proxy for use by shareholders at the Meeting is enclosed.

*As at the date of this notice, the Board comprises three executive Directors, namely Mr. Kwok Chun Sing, Mr. Tang Chi Kin and Mr. Zhan Zhi Hao, and three independent non-executive Directors, namely Mr. Hau Wing Shing Vincent, Mr. Wan Simon and Mr. Zhang Jue.*