

GOLDEN PONDER HOLDINGS LIMITED

金 倫 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1783)

Executive Directors:

Mr. Chan Kam Tong (*Chairman*)
Mr. Kwok Chun Sing (*Vice-Chairman*)
Mr. Chan Kam Ming
Mr. Tang Chi Kin

Registered Office:

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

Independent Non-executive Directors:

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

Principal Place of Business in Hong Kong:

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

To the Offer Shareholders

21 December 2022

Dear Sir or Madam,

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

1. INTRODUCTION

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

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

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

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

2. THE OFFER

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

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

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

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

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

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

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

3. INFORMATION ON THE GROUP

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

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

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

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

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

4. SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER COMPLETION

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

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

Notes:

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

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

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

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

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

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

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

6. MAINTAINING THE LISTING STATUS OF THE COMPANY

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

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

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

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

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

7. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

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

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

8. RECOMMENDATION


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

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

9. ADDITIONAL INFORMATION

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

Yours faithfully,
by Order of the Board
Golden Ponder Holdings Limited


Chan Kam Tong
Chairman and Executive Director