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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)

DISCLOSEABLE TRANSACTION PROPOSED ACQUISITION OF 40% EQUITY INTEREST IN A TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Financial adviser to the Company



**建泉融資有限公司
VBG Capital Limited**

THE ACQUISITION

The Board hereby announces that on 25 February 2022 (after trading hours), the Company entered into the Agreement with the Vendor in respect of the Acquisition. Pursuant to the Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 40% of the issued share capital of the Target Company, at the Consideration of HK\$25,290,000 which will be settled by the allotment and issue of 90,000,000 Consideration Shares by the Company to the Vendor (or its nominee(s)) upon Completion.

Completion of the Acquisition is subject to a number of conditions as set out in the paragraph headed “**Conditions Precedent**” in the section headed “**THE ACQUISITION**”.

The aggregate of 90,000,000 Consideration Shares represents (i) approximately 10.88% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.81% of the issued share capital of the Company as enlarged by the allotment and issue of all Consideration Shares.

The Consideration Shares will be issued and allotted under the General Mandate and are not subject to the approval of the Shareholders. An 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 Consideration Shares. The Consideration Shares, when allotted and issued, shall rank *pari passu* with the Shares in issue.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

WARNING

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment (or waiver, if applicable) of the conditions precedent of the Agreement, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 25 February 2022 (after trading hours), the Company entered into the Agreement with the Vendor in respect of the Acquisition. Pursuant to the Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 40% of the issued share capital of the Target Company, at the Consideration of HK\$25,290,000 which will be settled by the allotment and issue of 90,000,000 Consideration Shares by the Company to the Vendor (or his nominee) upon Completion.

THE ACQUISITION

The principal terms of the Agreement are set out as follows:

Date

25 February 2022 (after trading hours)

Parties to the Agreement

- (i) the Purchaser: the Company; and
- (ii) the Vendor: Chun Yip.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor, the Target Company and their ultimate beneficial owner is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 40% of the issued share capital of the Target Company.

Consideration

The Consideration of HK\$25,290,000 shall be satisfied by the allotment and issue of 90,000,000 Consideration Shares by the Company to the Vendor (or its nominee(s)) under the General Mandate at the issue price of HK\$0.281 per Consideration Share upon Completion.

Basis of consideration

The Consideration was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms after taking into account (i) the historical financial performance of the Target Company for the year ended 31 March 2021; (ii) the business overview and prospect of the Target Company; and (iii) valuation of the 40% issued share capital of the Target Company of approximately HK\$25,500,000 as assessed by an independent professional valuer.

In order to assess the fairness and reasonableness of the Consideration, the Company engaged AP Appraisal Limited, an independent professional valuer, to conduct the valuation on the fair value of the 40% of the issued share capital of the Target Company using income approach as at 31 December 2021.

Issue of Consideration Shares

The 90,000,000 Consideration Shares represent: (i) approximately 10.88% of the number of issued Shares as at the date of this announcement; and (ii) approximately 9.81% of the number of issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion other than the issue of the Consideration Shares by the Company).

The Consideration Shares will be allotted and issued pursuant to the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 20% of the total number of the issued Shares. The maximum number of Shares that can be issued under the General Mandate is 160,000,000 Shares. As at the date of this announcement, 27,487,500 Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Consideration Shares. As such, the Acquisition and Allotment is not subject to any Shareholders' approval. The General Mandate will be utilised as to 73.43% upon the allotment and issue of all the Consideration Shares.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares will rank *pari passu* in all respects with each other and with the Shares in issue at the time of the Consideration Shares.

Issue Price

The issue price of HK\$0.281 per Consideration Share was determined after arm's length negotiation between the Company and the Vendor with reference to, among other things, the recent trading prices of the Shares, which represents:

- i. a discount of approximately 19.71% to the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on the date of the Agreement;
- ii. a discount of approximately 18.79% to the average closing price of HK\$0.346 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Agreement; and
- iii. a discount of approximately 16.37% to the average closing price of HK\$0.336 per Share as quoted on the Stock Exchange for the ten consecutive trading days of the Shares immediately prior to the date of the Agreement.

Conditions Precedent

Completion shall be subject to the fulfilment (or waiver, if applicable) of the following conditions precedent:

- (a) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares;
- (b) the Company is satisfied with the Due Diligence Review on the Target Company;
- (c) the issue of a valuation report on the Target Company prepared by an independent professional valuer stating that the value of 40% of the issued share capital of the Target Company and that the Purchaser is satisfied with the assumption and basis of the valuation adopted by the valuer for the valuation;
- (d) all the amounts due from the Vendor to the Target Company being repaid and settled in full prior to Completion;
- (e) the warranties given by the Vendor under this Agreement remaining true and accurate and not misleading in all material respects from the date of this Agreement up to the Completion Date; and
- (f) all necessary consents, approvals, authorisations and licences in relation to the transactions contemplated under the Agreement having been obtained.

The Company may waive any of the above conditions precedent in Clauses (b), (c), (d) and (e) by giving notice in writing to the Vendor.

The parties to the Agreement shall use (to the extent they are able) their respective best endeavours to procure the fulfilment of the conditions precedent on or before 30 April 2022 or such later date as the parties may agree in writing but in any event not later than the Long Stop Date. If any of the conditions precedent shall not have been fulfilled (or waived, where applicable) in all respects prior to the Long Stop Date, the Agreement shall be terminated automatically and of no further effect and all liabilities and obligations of the parties to the Agreement shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the parties to the Agreement which shall have accrued prior to such termination.

Completion

The Completion shall take place within 10 Business Days from the fulfillment or waiver (as the case may be) of all conditions precedent, or such other date as the parties to the Agreement may mutually agree in writing.

Upon Completion, the Target Company will not become a subsidiary of the Company and the financial results of the Target Company will not be consolidated into the financial statements of the Group. The Target Company shall be accounted for as equity investments in the consolidated financial statements of the Group.

INFORMATION ON THE PARTIES

The Company

The Company is a company incorporated in the Cayman Islands with limited liability. The Group principally provides superstructure building and RMAA works service as a main contractor in Hong Kong.

The Vendor

The Vendor is a company incorporated in the BVI with limited liability and is an investment holding company.

Target Company

The Target Company is a company incorporated in Hong Kong with limited liability. Leveraging international trade and the one-stop recycling network platform, the Target Company has established itself as one of the few leading global scientific and technological renewable resource enterprises in the industry integrating “Technology, Platform, Channels, Processing and Products” through online recycling and localization. In 2019, the Target Company officially passed the accreditations of ISO 9001, ISO 14001 and ISO 45001, and was awarded the qualifications such as the disposal license for

REE (i.e. regulated electrical equipment, including washing machines, televisions, computers, printers, scanners and monitors), the Chemical Waste disposal License for waste printed circuit boards and the chemical waste transportation and export license by the Environmental Protection department of Hong Kong, making it one of the few companies in Hong Kong that can provide one-stop waste management.

Set out below is the audited financial information of the Target Company based on its audited financial statements prepared in accordance with the Hong Kong accounting standards for the year ended 31 March 2020 and 31 March 2021:

	Year ended 31 March 2021	Year ended 31 March 2020
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	61,929	100,442
Loss before taxation	14,968	1,246
Loss after taxation	14,968	1,246

As at 31 March 2021, the Target Company had audited net assets of approximately HK\$18.9 million.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Vendor, the Target Company and their ultimate beneficial owner is an Independent Third Party.

PROFIT FORECAST UNDER THE VALUATION REPORT

According to the Valuation Report, in preparing the valuation of the Target Company, the Valuer applied the discounted cash flow method under the income approach based on certain assumptions to appraise the value of the Target Company, which constitutes a profit forecast under Rule 14.61 of the Listing Rules and the requirements of Rule 14.60A and 14.62 of the Listing Rules are therefore applicable.

Major assumptions

The following are the principal assumptions, including commercial assumptions, upon which the Valuation Report is based:

- (i) There would be no significant change in the political, economic and social conditions of the countries and regions where the Target Company is located;
- (ii) The information provided and the representations made by the Target Company with regard to the financial and business affairs are accurate and reliable;
- (iii) The inflation rate will be in line with the historical trend;

- (iv) There would be no significant change, other than those as known to the public, in the basis and rates of taxation and policy levies in relation to the Target Company;
- (v) There will be no uncontrollable external events such as wars, military dispute, plague or natural disasters that affect the operations of the Target Company;
- (vi) The Target Company would continue to operate as a going concern;
- (vii) Key management, competent personnel, and technical staff will all be retained to support ongoing operations of the Target Company;
- (viii) All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated;
- (ix) There would be no significant change in the business scope and business model of the Target Company; and
- (x) The Target Company would comply with relevant laws and regulations, and there would be no material non-compliance matters that might affect the Company's development and revenue realization.

Experts and consents

The following are the qualifications of the experts who have given their opinion and advice included in this announcement.

Name	Qualification
AP Appraisal Limited	Professional Valuer
D & Partners CPA Limited	Certified Public Accountants

As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of AP Appraisal Limited and D & Partners CPA Limited does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. AP Appraisal Limited and D & Partners CPA Limited are Independent Third Parties.

Each of AP Appraisal Limited and D & Partners CPA Limited has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter or opinion and all reference to its name in the form and context in which it appears.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of superstructure building and repair, maintenance, alteration and addition (“RMAA”) works service as a main contractor in Hong Kong. As disclosed in the Company’s interim report for the six months ended 30 September 2021, the Board foresees the Group’s profit and profit margin will continue to be under pressure due to the increasing competitive environment. The Board is also of the view that the prolonged COVID-19 situation in Hong Kong will affect the profitability of the Group.

Taking into account of the above, the Group is therefore exploring new business opportunities, including expansion of existing business, in order to diversify its source of income and attain growth in the long term. After careful consideration, the Board considers that the environmental protection business in Hong Kong is a suitable long-term business opportunity for the Company.

The Target Company is the first recycler in Hong Kong to obtain the license to dispose of chemical waste which covers the dispose of waste EV batteries (including NiMH batteries & Li-ion batteries). Further, the Target Company is now strengthening the research and development in renewable energy industry, including transformation of plastic to diesel and electric vehicle battery cascade processing technology, and other scientific research projects. According to the Hong Kong’s Climate Action Plan 2050, in order to achieve carbon neutrality by 2050 and improve air quality at the same time, the Environment Bureau of Hong Kong will make every effort to achieve net-zero electricity generation, zero vehicular emissions and zero carbon emissions in the transport sector before 2050. As a result, the Board is seeing an increase in prevalence of EVs in Hong Kong and thus the increasing number of waste EV batteries. This is expected to bring in potential business opportunities to the Group upon Completion of the Acquisition.

In addition, the Board believed that the Acquisition is in line with the expansion plan of the Group and can create synergies with the other acquisition of the Group as disclosed in the announcement of the Company dated 25 February 2022, which involves the acquisition of equity interest in a company engaged in project management of energy solution. Upon the completions of both acquisitions, the Group and its associates will be able to provide one-stop services of EV batteries recycling and seize further opportunities in the renewable energy market.

In the view of uncertainty in the market, the Group will actively identify other business opportunities which are beneficial to the long-term development of the Group to create more value for Shareholders. The Directors consider that the terms of the Agreement are on normal commercial terms following arm’s length negotiations between the Company and the Vendor and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

Set out below is a summary of the shareholding in the Target Company as at the date of this announcement and, for illustrative purposes only, upon Completion, assuming there being no other changes in the Target Company's issued share capital and shareholdings after the date of this announcement.

Name of Shareholder	As at the date of this announcement	Immediately after Completion
The Vendor	100.00%	60%
The Company	—	40%
	<u>100.00%</u>	<u>100.00%</u>

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon Completion (assuming that there are no other changes in the issued share capital of the Company prior to the Completion) are set out as follows:

	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares</i>	<i>Approx.% of shareholding</i>	<i>Number of Shares</i>	<i>Approx.% of shareholding</i>
Shiny Golden Limited (<i>Note i</i>)	408,000,000	49.31%	408,000,000	44.47%
Public Shareholders				
The Vendor	—	—	90,000,000	9.81%
Other public Shareholders	<u>419,487,500</u>	<u>50.69%</u>	<u>419,487,500</u>	<u>45.72%</u>
Total	<u><u>827,487,500</u></u>	<u><u>100.00%</u></u>	<u><u>917,487,500</u></u>	<u><u>100.00%</u></u>

Notes:

- (i) Mr. Chan Kam Ming (“**Mr. KM Chan**”) and Mr. Chan Kam Tong (“**Mr. KT Chan**”) directly owned 50% equity interests respectively in Shiny Golden Limited. Mr. KM Chan, Mr. KT Chan and Shiny Golden Limited are parties acting in concert. Mr. KM Chan and Ms. Ng Wing Mui are spouses to each other, each of them is deemed to be interested in the Shares in which his/her spouse is interested under the SFO. Mr. KT Chan and Ms. Shu Ah Ping are spouses to each other, each of them is deemed to be interested in the Shares in which his/her spouse is interested under the SFO.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

WARNING

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment (or waiver, if applicable) of the conditions precedent of the Agreement, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Allotment”	the issue and allotment of the Consideration Shares by the Company to the Vendor or its nominee(s) pursuant to the terms and conditions of the Agreement
“Acquisition”	the acquisition of the Sale Shares by the Company from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 25 February 2022 and entered into between the Company and the Vendor in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI”	British Virgin Islands
“Chun Yip”	the Vendor
“Company”	Golden Ponder Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange (Stock Code: 1783)

“Completion”	the completion of the Acquisition
“Completion Date”	the date of the Completion, being the date falling on the 10 Business Days after the fulfilment or waiver (where applicable) of the conditions precedent, or such later date as agreed between the Vendor and the Company
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Consideration”	the total consideration in the sum of HK\$25,290,000 for the Acquisition which will be satisfied by the issue and allotment of the Consideration Shares to the Vendor pursuant to terms and conditions of the Agreement
“Consideration Share(s)”	90,000,000 Consideration Shares to be allotted and issued to the Vendor (or its nominee(s)) at the Issue Price for the Acquisition pursuant to the terms and conditions of the Agreement
“Director(s)”	director(s) of the Company
“EV(s)”	electric vehicle(s)
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting (the “AGM”) of the Company on 18 August 2021 to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons
“Issue Price”	the issue price of HK\$0.281 per each Consideration Share
“Listing Committee”	The Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Long Stop Date”	31 May 2022
“Sale Shares”	Four thousand (4,000) issued shares representing 40% of the entire issued share capital of the Target Company on Completion
“SFO”	Securities and Futures Ordinance, Cap 571 of the Laws of Hong Kong

“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	CHUN YANG INTERNATIONAL (HK) COMPANY LIMITED 晉揚國際(香港)有限公司, a company incorporated under the laws of Hong Kong with limited liability and the entire issued share capital of which is wholly and beneficially owned by the Vendor as at the date of this announcement
“Valuation Report”	the valuation report prepared by the Valuer for the valuation of the Target Company as at 31 December 2021 under the income approach using the discounted cash flow method
“Valuer”	AP Appraisal Limited, an independent professional valuer
“Vendor”	Chun Yip International Investment Limited, a company incorporated under the laws of the BVI with limited liability
“Vendor’s Warranties”	the warranties provided by the Vendor under the Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board of
Golden Ponder Holdings Limited
Chan Kam Tong
Chairman and executive Director

Hong Kong, 25 February 2022

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Chan Kam Tong, Mr. Chan Kam Ming and Mr. Tang Chi Kin and three independent non-executive directors, namely, Mr. Hau Wing Shing Vincent, Mr. Wan Simon and Mr. Zhang Jue.

APPENDIX I – LETTER FROM THE REPORTING ACCOUNTANTS



INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE 40% EQUITY INTEREST IN CHUN YANG INTERNATIONAL (HK) COMPANY LIMITED

TO THE DIRECTORS OF GOLDEN PONDER HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by AP Appraisal Limited dated 25 February 2022, of the 40% equity interest in Chun Yang International (HK) Company Limited as at 31 December 2021 (the “**Valuation**”) is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in an announcement to be issued by Golden Ponder Holdings Limited (the “**Company**”) in connection with the acquisition of 40% equity interest in Chun Yang International (HK) Company Limited by the Company (the “**Announcement**”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the 40% equity interest in Chun Yang International (HK) Company Limited.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

D & PARTNERS CPA LIMITED

Certified Public Accountants

Hong Kong

25 February 2022

APPENDIX II – LETTER FROM THE FINANCIAL ADVISER



建泉融資有限公司
VBG Capital Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

25 February 2022

Golden Ponder Holdings Limited

Offices F & G, Floor 23, Maxgrand Plaza.

No.3 Tai Yau Street

San Po Kong

Kowloon, Hong Kong

Attention: The Board of Directors

Dear Sirs,

We refer to the Valuation prepared by AP Appraisal Limited, an independent valuer (the “**Valuer**”), set out in the valuation report dated 25 February 2022 as referred to in the announcement of the Company dated 25 February 2022 (the “**Announcement**”) in relation to the valuation of the Target Company as at 31 December 2021. Terms used in this letter shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

The Valuation, which has been arrived at using the discounted cash flow method, is based on the discounted future estimated cash flow forecasts (the “**Forecasts**”). The Forecasts are regarded as a profit forecast under Rule 14.61 of the Listing Rules. Rule 14.62 of the Listing Rules is hence applicable and we have been engaged for the purpose of reporting to you.

The assessment, review and discussion carried out by us as described in this letter are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as of the date of this letter and that we have, in arriving at our views, relied on information and materials supplied to us by the Valuer and the Group and opinions expressed by, and representations of, the employees and/or management of the Valuer and the Group. We have assumed that all information, materials, opinions and/or representations so supplied, including all information, materials, opinions and/or representations referred to or contained in the Announcement, for which the Directors are solely responsible, were true, accurate, complete and not misleading at the time they were supplied or made and continued to be so up to the date of this letter and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if

known to us at the time of this letter, would have altered our assessment and review. In addition, the qualifications, bases and assumptions adopted by the Valuer are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Valuer and the Group.

We have reviewed the Forecasts, for which you as the Directors are solely responsible for, and have discussed with you and the Valuer the basis and assumptions adopted for the Forecasts. While we are not reporting on the arithmetical calculations of the Forecasts or the Valuation, nor the adoption of accounting policies thereof (if applicable), we have also considered the letter issued by D & Partners CPA Limited, the Reporting Accountants, dated 25 February 2022 as set out in Appendix I to the Announcement regarding the calculations upon which the Forecasts have been made.

On the basis of foregoing, we are satisfied that the Forecasts including the bases and assumptions of the Forecasts adopted by the Valuer, for which you as the Directors are solely responsible for, have been made after due and careful enquiry. However, we express no opinions on the reasonableness of the valuation methods or whether the actual cash flows would eventually be achieved in correspondence with the Forecasts. We accept no responsibilities to any other person in respect of, arising out of or in connection with our work. Our work in connection with the Forecasts has been undertaken solely in connection with Rules 14.61 and 14.62 of the Listing Rules and for no other purposes.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Hui Ringo Wing Kun
Executive Director