

GOLDEN PONDER HOLDINGS LTD:
PERHAPS A CHANGE AT THE TOP IS IN ORDER ?

For a company that has been in business in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) for the past 33 years, it is difficult to understand as to the reason that its net profits, to put it bluntly, continue to be anaemic.

Golden Ponder Holdings Ltd () (Code: 1783, Main Board, The Stock Exchange of Hongkong Ltd) is the company to which **TARGET** () is referring.

The Company issued and disseminated its Share Offer Prospectus on August 7, 2018.

It Offered 200 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 45 cents to a high of 55 cents.

HKSAR Investors were Offered the opportunity to subscribe to 20 million Shares and Institutional Investors – Professionals, Qualified Corporate Entities and Qualified Well-Heeled Individuals – were Offered 180 million Shares via select Share Placements.

On the assumption that the Offer Price Per Share was struck at the midpoint of the Indicative Offer Price Per Share, being 50 cents, Management of the Company estimated that it would net about \$HK69.20 million, according to Page 237 of the Share Offer Prospectus.

However, on August 21, 2018, Management announced that the Offer Price Per Share had been struck at 55 cents and that the Company, anticipated netting about \$HK78.50 million from the **Initial Public Offering** (IPO).

According to the ‘*Announcement Of (the) Offer Price and Allotment Results*’, the net proceeds from the Company’s listing on the premier equity market of the HKSAR was anticipated to be utilised as follows:

- Approximately, \$HK54.10 million, that is about 68.90 of the net proceeds, ‘*will be used to take out surety bonds for contracts we have secured or plan to secure*’;
- Approximately, \$HK9.40 million, that is about 12.00 percent, ‘*will be used to finance our upfront cost and working capital requirements at the early stage of one Superstructure building project awarded to us*’;
- Approximately, \$HK4.80 million, that is about 6.10 percent, ‘*will be used to expand our workforce and strengthen our manpower resources*’; and,
- Approximately, \$HK10.20 million, that is about 13.00 percent, ‘*will be used a focus to repay bank borrowings.*’

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In respect of the last-mentioned item – the utilisation of 13 percent, derived from the net proceeds of this IPO, amounting to \$HK10.20 million – at Page 227 of the Share Offer Prospectus, it was stated that, as at June 30, 2018, the Company was indebted to its bankers in the amount of about \$HK11.90 million.

Also, at Appendix I-4 of the Share Offer Prospectus, under the heading, '*Consolidated Statements of Financial Position*', the Company had cash and cash equivalents, as at March 31, 2018, amounting to \$HK24,696,000.

Ergo: This Company does not appear to be short of money and, thus, the last-mentioned utilisation of \$HK10.20 million of the net proceeds from the IPO makes little sense ... unless, of course, there is something else to '*ponder*'?

The Business Of Golden Ponder Holdings Ltd

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