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PALINDA GROUP HOLDINGS LIMITED

百利達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) EXISTING SHARES HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

Financial adviser to the Company



中毅資本有限公司

Grand Moore Capital Limited

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date on a non-underwritten basis, at the Subscription Price of HK\$0.1 per Rights Share, to raise gross proceeds of up to approximately HK\$71.7 million before deducting the costs and expenses by way of issuing up to 716,534,250 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares).

Assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date other than the allotment and issue of the Rights Shares, the maximum number of 716,534,250 Rights Shares to be issued and allotted pursuant to the Rights Issue (i) represent 50.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

IRREVOCABLE UNDERTAKING

On 4 October 2024, Ms. Huang, a substantial shareholder of the Company, has given the Irrevocable Undertaking in favour of the Company to subscribe or procure her controlled corporation to subscribe for 99,506,400 Rights Shares, which will be provisionally allotted to her under the Rights Issue.

QUALIFYING SHAREHOLDERS

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders on the Record Date. The Company will make available the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, make available the Prospectus (without the PAL or the EAF) to the Non-Qualifying Shareholders (if any) for their information only.

To qualify for the Rights Issue, a Shareholder (i) must be registered as a member of the Company on the Record Date; and (ii) is not an Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer documents (with the relevant share certificates) with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration by 4:30 p.m. on Wednesday, 30 October 2024.

The last day of dealings in the Shares on a cum-rights basis is Monday, 28 October 2024. The Shares will be dealt with on an ex-rights basis from Tuesday, 29 October 2024.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Thursday, 31 October 2024 to Wednesday, 6 November 2024 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed Rights Issue; or (ii) prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers) and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not conditional upon approval by the Shareholders. The Rights Issue will be carried out in compliance with Rule 10.31(1) of the GEM Listing Rules.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue are approximately HK\$0.115 per Share, HK\$0.123 per Share and approximately 6.23%, respectively. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue including the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents setting out details of the Rights Issue will be made available to the Qualifying Shareholders on or about Thursday, 7 November 2024. To the extent reasonably practicable, the Prospectus will be made available to the Non-Qualifying Shareholder(s) (if any) for information only.

A copy of the Prospectus will also be made available on the websites of the Company (www.palinda.com) and the Stock Exchange (www.hkexnews.hk). Shareholders and potential investors should exercise caution in dealing in the Shares.

WARNING ON THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, amongst other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Shareholders and potential investors of the Company contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are advised to exercise caution and recommended to consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date on a non-underwritten basis, at the Subscription Price of HK\$0.1 per Rights Share, to raise gross proceeds of up to approximately HK\$71.7 million before deducting the costs and expenses by way of issuing up to 716,534,250 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares).

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.1 per Rights Share
Number of Shares in issue as at the date of this announcement	:	1,433,068,501 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 716,534,250 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares)
Aggregate nominal value of the Rights Shares	:	Up to HK\$71,653,425 (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares)
Number of Shares in issue immediately upon completion of the Rights Issue	:	Up to 2,149,602,751 Shares (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares)
Amount to be raised by the Rights Issue before expenses	:	Up to HK\$71,653,425 (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares)
Net proceeds to be raised by the Rights Issue after expenses (the “ Net Proceeds ”)	:	Up to approximately HK\$71.3 million (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares)
Right of excess applications	:	Qualifying Shareholders are entitled to apply for the Rights Shares in excess of their provisional allotment

Assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date other than the allotment and issue of the Rights Shares, the maximum number of 716,534,250 Rights Shares to be issued and allotted pursuant to the Rights Issue (i) represent 50.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price of HK\$0.1 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- a) a discount of approximately 18.70% to the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on the Last Trading Day;
- b) a discount of approximately 9.42% to the average closing price of approximately HK\$0.110 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- c) a discount of approximately 9.83% to the average closing price of approximately HK\$0.111 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- d) a discount of approximately 13.29% to the theoretical ex-rights price of approximately HK\$0.115 per Share based on the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on the Last Trading Day;
- e) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 6.23%, represented by the theoretical diluted price of approximately HK\$0.115 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of approximately HK\$0.123 per Share, taking into account the closing price on the Last Trading Day of HK\$0.123 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement of approximately HK\$0.109 per Share;
- f) a discount of approximately 60.86% to the consolidated net asset value per Share of approximately HK\$0.256 based on the latest published audited net asset value attributable to owners of the Company of approximately HK\$366.2 million as disclosed in the annual report of the Company for the year ended 31 December 2023 and 1,433,068,501 Shares in issue as at the date of this announcement); and
- g) a discount of approximately 66.10% to the consolidated net asset value per Share of approximately HK\$0.295 based on the latest published unaudited net asset value attributable to owners of the Company of approximately HK\$422.8 million as disclosed in the interim report of the Company for the six (6) months ended 30 June 2024 and 1,433,068,501 Shares in issue as at the date of this announcement).

The Subscription Price of HK\$0.1 was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions and the Shares' recent trading volume; (ii) the financial position of the Group; and (iii) the reasons as discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" in this announcement.

With respect to the Subscription Price, the Directors are of the view that the Subscription Price is set at a level slightly lower than that of the price of the Shares as at the date of this announcement, which enhances the attractiveness of the Rights Issue, and in turn encourages the Qualifying Shareholders to participate in the Rights Issue and subscribe for the Rights Shares in proportion to such Qualifying Shareholders' existing shareholding in the Company.

Therefore, with respect to the above factors, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares is estimated to be approximately HK\$0.099 (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares).

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

In the event that there is an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. Saved for the amount to be raised for such Rights Shares undertaken to be subscribed by Ms. Huang under the Irrevocable Undertaking, there is no minimum amount to be raised under the Rights Issue, and there are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) or applies for excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code.

Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue under the PAL or for excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares in their fully-paid form.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholder as at the close of business on the Record Date.

The PAL relating to the Rights Shares will be made available with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by duly completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the section headed "Fractional entitlements to the Rights Shares" below.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders on the Record Date. The Company will make available the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, make available the Prospectus (without the PAL or the EAF) to the Non-Qualifying Shareholders (if any) for their information only.

To qualify for the Rights Issue, a Shareholder (i) must be registered as a member of the Company on the Record Date; and (ii) is not an Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer documents (with the relevant share certificates) with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by 4:30 p.m. on Wednesday, 30 October 2024.

The last day of dealings in the Shares on a cum-rights basis is Monday, 28 October 2024. The Shares will be dealt with on an ex-rights basis from Tuesday, 29 October 2024.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company.

Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under the name of the beneficial owner(s) prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company on the Record Date, they must lodge the relevant transfer documents (with the relevant share certificates) with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 30 October 2024.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be accordingly diluted.

Rights of Overseas Shareholders (if any)

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholder(s). In such circumstances, the Company will make available the Prospectus and a letter, if any, explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only but will not send the PAL and/or EAF(s) to them. The results of the enquiries and basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue, will be set out in the Prospectus.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, above HK\$100 will be distributed by the Company to the relevant Non-Qualifying Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold nil-paid Rights Shares of the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept applications for any fractions of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the dealings in nil-paid Rights Shares end, for the benefit of the Company if a premium in excess of all expenses of sale can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders as described in the section headed “Application for Excess Rights Shares” below.

Application for Excess Rights Shares

The Company shall make the excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAF, and the excess Rights Shares represent:

- a) any entitlements of the Non-Qualifying Shareholders provisionally allotted to a nominee of the Company which are left unsold;
- b) any Rights Share(s) (in nil-paid form) provisionally allotted but not accepted by any of the Qualifying Shareholders prior to the Latest Time for Acceptance; and
- c) any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker’s cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong by not later than 4:00 p.m. on Thursday, 21 November 2024 (Hong Kong time).

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to Rights Shares subscribed through applications by PAL(s) or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PAL(s) is greater than the aggregate number of excess Rights Shares applied for through EAF(s), the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAF(s).

In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for. No preference will be given to topping up odd lots to whole board lots.

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares is expected to be at 4:00 p.m. on Thursday, 21 November 2024 (Hong Kong time).

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions:

- a) the GEM Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- b) the electronic delivery to the Stock exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance by no later than the Prospectus Posting Date; and
- c) the Prospectus Documents have been made available to the Qualifying Shareholders (and where applicable, the Prospectus and a letter in the agreed form having been made available to the Non-Qualifying Shareholders, if any, for information purposes only explaining the circumstances in which they are not permitted to participate in the Rights Issue) by the Prospectus Posting Date.

None of the above conditions can be waived. As at the date of this announcement, none of the conditions has been satisfied. If any of the conditions precedent are not satisfied by 4:00 p.m. on Wednesday, 27 November 2024 (or where time is specified, such condition(s) precedent is not satisfied at or prior to such time stipulated therein), the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, such Rights Issue may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the existing board lots of 12,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of (i) stamp duty; (ii) the Stock Exchange trading fee; (iii) SFC transaction levy; (iv) AFRC transaction levy and (v) any other applicable fees and charges in Hong Kong.

Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out in the sub-section headed “Conditions of the Rights Issue” in this announcement, share certificates for all fully-paid Rights Shares are expected to be posted on Friday, 29 November 2024 by ordinary post to the allottees (i.e. those who have validly accepted and paid for the Rights Shares and those successful applicants for the excess Rights Shares), at their own risk, to their registered addresses.

If the Rights Issue does not become unconditional, refund cheques will be posted on Friday, 29 November 2024 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) will be despatched on Friday, 29 November 2024 by ordinary post to the addresses as aforesaid at the respective Shareholders’ own risks.

IRREVOCABLE UNDERTAKING

On 4 October 2024, Ms. Huang, a substantial shareholder of the Company, has given the Irrevocable Undertaking in favour of the Company to subscribe or procure her controlled corporation to subscribe for 99,506,400 Rights Shares, which will be provisionally allotted to her under the Rights Issue.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in (i) wine trading; and (ii) production and sales of food products in Hong Kong.

The Company is seeking to conduct the Rights Issue to raise funds to (i) repay some of its outstanding borrowings and (ii) replenish the future working capital of the Group so as to reduce finance costs and improve the Group’s profitability and cash flow.

The Net Proceeds are up to approximately HK\$71.3 million. Assuming full subscription under the Rights Issue, the Company intends to use the Net Proceeds as follows:

- 1) Approximately HK\$61.3 million to repay the outstanding loans which will be due on or before February 2025; and
- 2) The remaining approximately HK\$10.0 million will be applied as general working capital of the Group.

In the event of an undersubscription of the Rights Issue, the net proceeds will be utilised on a pro-rata basis as set out above.

Alternative financing options

Apart from the Rights Issue, the Directors have also explored other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that the credit lines provided by bank borrowings is very limited and requires collateral. If available, the expected size of bank borrowing required by the Group likely carry additional interest costs and create further pressure to the liquidity and profitability of the Group, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the Nil-Paid Rights Shares in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

Having considered the above alternatives, the Directors are of the view that the Rights Issue, is in the best interests of the Company and the Shareholders as a whole and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

EQUITY FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The following are fund-raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

Date of announcements	Fund-raising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
18 June 2024	Subscription of new Shares under general mandate	HK\$23.62 million	General working capital purposes and repayment of borrowings	Fully utilised as intended
13 November 2023 and 16 November 2023	Subscription of new Shares under general mandate	HK\$19.86 million	General working capital purposes and repayment of other borrowing	Fully utilised as intended

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS OF THE RIGHTS ISSUE ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares from the date of this announcement up to and including the date of completion of the Rights Issue, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, for illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (iii) Immediately after the Rights Issue (assuming NO public shareholders take up their entitled Rights Shares other than Ms. Huang pursuant to the Irrevocable Undertaking):

	As at date of this announcement		Immediately upon completion of the Rights Issue (assuming full acceptance of the Rights Shares by the existing Shareholders)		Immediately after the Rights Issue (assuming NO public shareholders take up their entitled Rights Shares other than Ms. Huang pursuant to the Irrevocable Undertaking)	
	<i>Number of Shares</i>	<i>Approx. Percentage</i>	<i>Number of Shares</i>	<i>Approx. Percentage</i>	<i>Number of Shares</i>	<i>Approx. Percentage</i>
Substantial Shareholders						
Ms. Huang	199,012,800	13.89%	298,519,200	13.89%	298,519,200	19.48%
Sub-total	199,012,800	13.89%	298,519,200	13.89%	298,519,200	19.48%
Others						
Other public shareholders	1,234,055,701	86.11%	1,851,083,551	86.11%	1,234,055,701	80.52%
Sub-total	1,234,055,701	86.11%	1,851,083,551	86.11%	1,234,055,701	80.52%
Total	1,433,068,501	100.00%	2,149,602,751	100.00%	1,532,574,901	100.00%

Notes:

- Ms. Huang, a substantial shareholder of the Company, has given the Irrevocable Undertaking in favour of the Company to subscribe or procure her controlled corporation to subscribe for 99,506,400 Rights Shares, which will be provisionally allotted to her under the Rights Issue.
- The public float requirements under the GEM Listing Rules shall be maintained by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float shall be at all times in compliance with the GEM Listing Rules.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

Publication of this Rights Issue announcement	Friday, 4 October 2024
Last day of dealing in the Shares on a cum-rights basis	Monday, 28 October 2024
First day of dealing in the Shares on an ex-rights basis.	Tuesday, 29 October 2024
Latest time for lodging transfers of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Wednesday, 30 October 2024
Register of members closes (both dates inclusive).	Thursday, 31 October 2024 to Wednesday, 6 November 2024
Record Date for determining entitlements under the Rights Issue	Wednesday, 6 November 2024
Register of members reopens	Thursday, 7 November 2024
The Prospectus Documents made available to the Qualifying Shareholders (in the case of Non-Qualifying Shareholders, the Prospectus only)	Thursday, 7 November 2024
First day of dealing in nil-paid Rights Shares	Monday, 11 November 2024
Latest time for splitting the PALs	4:00 p.m. on Wednesday, 13 November 2024
Last day of dealing in nil-paid Rights Shares	Monday, 18 November 2024
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares.	4:00 p.m. on Thursday, 21 November 2024
Latest time for the Rights Issue to become unconditional.	4:00 p.m. on Wednesday, 27 November 2024
Announcement of the results of the Rights Issue.	Thursday, 28 November 2024
Certificates for fully-paid Rights Shares and refund cheques (if any) expected to be despatched	Friday, 29 November 2024
First day of dealings in the fully-paid Rights Shares.	9:00 a.m. on Monday, 2 December 2024

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the GEM Listing Rules.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above or “extreme conditions” announced by the Government of Hong Kong in force in Hong Kong on Thursday, 21 November 2024, being the date of the Latest Time of Acceptance:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 21 November 2024. The latest time for acceptance of and payment for the Rights Shares will instead be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 21 November 2024. The latest time for acceptance of and payment for the Rights Shares will instead be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place by 4:00 p.m. on Thursday, 21 November 2024, the dates mentioned in the “EXPECTED TIMETABLE FOR THE RIGHTS ISSUE” above may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Thursday, 31 October 2024 to Wednesday, 6 November 2024 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed Rights Issue; or (ii) prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers) and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not conditional upon approval by the Shareholders. The Rights Issue will be carried out in compliance with Rule 10.31(1) of the GEM Listing Rules.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue are approximately HK\$0.115 per Share, HK\$0.123 per Share and approximately 6.23%, respectively. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue including the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents setting out details of the Rights Issue will be made available to the Qualifying Shareholders on or about Thursday, 7 November 2024. To the extent reasonably practicable, the Prospectus will be made available to the Non-Qualifying Shareholder(s) (if any) for information only.

A copy of the Prospectus will also be made available on the websites of the Company (www.palinda.com) and the Stock Exchange (www.hkexnews.hk). Shareholders and potential investors should exercise caution in dealing in the Shares.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, amongst other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Shareholders and potential investors of the Company contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are advised to exercise caution and recommended to consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“associates”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	Board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which “extreme conditions” is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon or on which a “black” rainstorm warning is in effect or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Palinda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (Stock Code: 8179)
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess of their entitlements under the Rights Issue
“GEM Listing Committee”	the GEM listing committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates (as defined under the GEM Listing Rules)
“Irrevocable Undertaking”	irrevocable undertaking given by Ms. Huang in favour of the Company to subscribe for 99,506,400 Rights Shares under the Rights Issue
“Last Trading Day”	4 October 2024, being the last full trading day for the Shares prior to the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 21 November 2024, being the latest time for acceptance of the offer of and payment for the Rights Shares and application and payment for Excess Rights Shares, or such other date as the Company may determine
“Ms. Huang”	Ms. Huang Wei, an executive Director, the Chairlady and a Substantial Shareholder of the Company
“Non-Qualifying Shareholder(s)”	such Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appears on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan

“Prospectus”	the prospectus to be made available to the Shareholders containing, among other things, details of the Rights Issues (or in case of Non-Qualifying Shareholder(s), the Prospectus only)
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Thursday, 7 November 2024 or such other date as the Company may determine, being the date on which the Prospectus Documents to be made available and/or sent (as the case may be) to the Qualifying Shareholders (or in the case of the Non-Qualifying Shareholders, the Prospectus only)
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company as at the Record Date
“Record Date”	Wednesday, 6 November 2024 or such other date as the Company may determine, being the date by reference to which the Shareholders’ entitlements to the Rights Shares pursuant to the Rights Issue are to be determined
“Registrar”	Union Registrars Limited, the Hong Kong share registrar and transfer office of the Company, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the prospectus to the Prospectus Documents
“Rights Share(s)”	up to 716,534,250 new Shares (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares) to be allotted and issued under the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary shares in the issued share capital of the Company, with a par value of HK\$0.1 each
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.1 per Subscription Share
“substantial shareholder”	has the meaning ascribed thereto in the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC
“trading day”	means a day on which the Exchange is open for the trading of securities
“%”	per cent

By order of the Board
Palinda Group Holdings Limited
Huang Wei
Chairlady and executive Director

Hong Kong, 4 October 2024

As at the date of this announcement, the Board of the Company comprises Ms. Huang Wei and Mr. Dou Sheng as executive Directors, and Mr. Wu Chi King, Mr. So Yat Chuen and Ms. Cheng Wai, Iris, as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the Company’s website at www.palinda.com.