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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 RIGHTS SHARE  
FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE**

**Underwriter of the Right Issue**

**RaffAello**

**Securities (HK) Ltd**

**Raffaello Securities (HK) Limited**

**PROPOSED RIGHTS ISSUE**

The Company proposes to raise approximately HK\$29.3 million, before expenses, by issuing 293,288,167 Rights Shares by way of right issue at the Subscription Price of HK\$0.10 per Rights Share, on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date.

The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$25.9 million. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$18.4 million for repaying certain borrowings and other payables; (ii) approximately HK\$4.0 million as business development expenses to further develop the Group's customer network and strengthen brand awareness; and (iii) the balance of approximately HK\$3.5 million as general working capital of the Group.

The Rights Issue is only available to Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. on Thursday, 2 June 2022.

Ms. Huang, a substantial shareholder of the Company, has given an irrevocable undertaking in favour of the Company to subscribe or procure her controlled corporation to subscribe for 31,917,600 Rights Shares, which will be provisionally allotted to her under the Rights Issue.

Taking into account the Undertaken Shares, the Rights Issue will be fully underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement. Details of the Undertaking Agreement are set out in the paragraph headed “Underwriting arrangement and undertaking – The Underwriting Agreement” below in this announcement.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As the Rights Issue will not increase either the number of issued shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, and the Rights Issue is fully underwritten by the Underwriter who is not a director, chief executive or Substantial Shareholder of the Company (or an associate of any of them), pursuant to Rule 10.29 of the GEM Listing Rules, the Rights Issue is not subject to the approval of the Shareholders.

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

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.**

**Shareholders should note that the Shares are expected to be dealt in on an ex-right basis commencing from Wednesday, 1 June 2022. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 15 June 2022 to Wednesday, 22 June 2022 (both dates inclusive).**

**Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the Shares and any dealings in the Rights Shares in their nil-paid form from Wednesday, 15 June 2022 to Wednesday, 22 June 2022 (both dates inclusive) will accordingly bear the risk that the Right Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.**

## **PROPOSED RIGHTS ISSUE**

The Company proposes to raise approximately HK\$29.3 million, before expenses, by issuing 293,288,167 Rights Shares by way of right issue at the Subscription Price of HK\$0.10 per Rights Share, on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The details of the Rights Issue are set out as follows:

### **Issue statistics**

|   |  |
|---|--|
| Basis of the Rights Issue   | : One (1) Rights Share for every two (2) existing Shares held on the Record Date                                       |
| Subscription Price  | : HK\$0.10 per Rights Share  |
| Number of Shares in issue as at the date of this announcement             | : 586,576,334 Shares   |
| Number of Rights Shares   | : 293,288,167 Rights Shares  |
| Number of Shares in issue immediately upon completion of the Rights Issue | : 879,864,501 Shares, assuming no further issue of new Shares and no repurchase of Shares on or before the Record Date |
| Amount to be raised by the Rights Issue before expenses                   | : Approximately HK\$29.3 million   |
| Right of excess applications  | : Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment                     |
| Underwriter   | : Raffaello Securities (HK) Limited  |

As at the date of this announcement, the Company does not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the 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, the 293,288,167 Rights Shares to be issued and allotted pursuant to the Rights Issue (i) represent 50% of the existing issue share capital of the Company as at the date of the this announcement; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **Subscription Price**

The Subscription Price is HK\$0.10 per Rights Share, payable in full when a Qualifying Shareholder accepts his/he/its provisional allotment under the Rights Issue or application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 39.76% to the closing price of HK\$0.166 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 39.61% to the average closing price of approximately HK\$0.1656 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (c) a discount of approximately 39.94% to the average closing price of approximately HK\$0.1665 per Share for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (d) a discount of approximately 42.89% to the average closing price of approximately HK\$0.1751 per Share for the last thirty consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (e) a discount of approximately 13.25% to the theoretical ex-rights price of approximately HK\$0.144 per Share based on the closing price of HK\$0.166 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (f) a discount of approximately 80.43% to the audited net asset value per Share of approximately HK\$0.511 (based on the latest published audited consolidated net asset value of the Group of approximately HK\$299,934,000 as at 31 December 2021 as disclosed in the annual report of the Company for the year ended 31 December 2021 and 586,576,334 Shares in issue as at the date of this announcement; and
- (g) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 13.25%, represented by the theoretical diluted price of approximately HK\$0.144 per Share to the theoretical benchmarked price of HK\$0.166 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.166 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the date of this announcement of approximately HK\$0.1656 per Share).

The terms of the Rights Issue, including the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price and trading liquidities of the Shares under the prevailing market conditions and the latest business performance and financial position of the Group.

As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements to maintain their shareholdings in the Company, thereby minimizing possible dilution impact.

The Board considers that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares; and (iv) the Qualifying Shareholders are given opportunity to increase their investment in the Company through excess application of the Rights Shares to participate in the future growth of the Company.

The estimated net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.09.

## Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy each of the Prospectus Documents duly signed in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (c) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms, by no later than the first day of their dealings;
- (d) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement not being terminated in accordance with the terms thereof on or before the Latest Time for Termination; and
- (e) the representation, warranties and undertakings of the Company as set out in the Underwriting Agreement remaining true and accurate in all material respects.

The Company shall use all reasonable endeavours to procure the fulfilment or waiver (as the case may be) of all the above conditions precedent by the Latest Time for Termination or such other time and date as the Company and the Underwriter may agree.

The Underwriter may at any time by notice in writing to the Company waive the condition set out in paragraph (e) above. Save and except the condition set out in paragraph (e) above, the other conditions are incapable of being waived. If the conditions precedent set out in paragraphs (a) to (e) above are not fulfilled and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate (save and except the provisions regarding fees, notices and governing law and jurisdiction which shall remain in full force and effect) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

## **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

## **Status of the Rights Shares**

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

## **Closure of register of members**

The register of members of the Company will be closed from Monday, 6 June 2022 to Friday, 10 June 2022, both dates inclusive, to determine entitlements of the Qualifying Shareholders to participate in the Rights Issue. No transfer of Shares will be registered during this period.

## **Qualifying Shareholders**

The Rights Issue will only be available to the Qualifying Shareholders. Subject to 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 despatched to the Qualifying Shareholders on the Prospectus Posting Date.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be a Non-Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.



**In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together 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 Thursday, 2 June 2022.**

The last day for dealing in the Shares on a cum-rights basis is Tuesday, 31 May 2022. The Shares will be dealt with on an ex-rights basis from Wednesday, 1 June 2022.

The latest time for acceptance of, and payment for the Rights Shares and payment and for application and payment for excess Rights Shares is expected to be at 4:00 p.m. on Monday, 27 June 2022.

### **Non-Qualifying Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the places of their registered addresses or the requirements of the relevant regulatory bodies or stock exchanges in such places, the Rights Issue will not be extended to such Overseas Shareholders. The basis of exclusion of the Non-Qualifying Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus. The Company will not offer the Rights Shares to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be sent to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdictions where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus with the Overseas Letter to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been 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 and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not less than HK\$100. In view of administrative costs, the Company will retain individual amount of less than HK\$100 for its own benefit. Any unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders (if any) would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAFs.



**Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong 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 and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

**The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.**

### **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply, by way of excess application, for any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholder(s) (if any), and for any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares (collectively referred to as “**Untaken Rights**”).

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (a) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (b) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (c) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (d) pursuant to Rule 10.31(3)(b) of the GEM Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any Controlling Shareholder or its associates (the “**Relevant Shareholders**”), whether in their own names or through nominees.

The Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) whose name appears on the register of members of the Company (the "**Registered Nominee**") as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Beneficial owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date.

Investors whose Shares are held by a Registered Nominee and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for completion of the relevant registration by 4:30 p.m. on the Last Day for Transfer. The register of members of the Company will be closed from Monday, 6 June 2022 to Friday, 10 June 2022, both dates inclusive.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar on or before the Latest Time for Acceptance.

### **Fractions of the Rights Shares**

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (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 for the benefit of the Company if a premium (net of expenses) 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 under the EAFs.

## **Share certificates and refund cheques for the Rights Shares**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for and paid for the Rights Shares on or before Wednesday, 6 July 2022 by ordinary post at their own risk. If the Rights Issue is terminated or for unsuccessful application for Rights Issue, refund cheques in respect of the acceptance for Rights Shares are expected to be posted on or before Wednesday, 6 July 2022 by ordinary post to the applicants at their own risk.

## **Application for listing of the Rights Shares**

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

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 requirement 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 commencement dates of dealings in Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange or such other date as may be 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 12,000 Shares per each board lot.

Dealings in the Rights Shares in both their nil-paid and fully paid forms, which are registered in the branch register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy, and any other applicable fees and charges in Hong Kong.

## REASONS FOR THE RIGHTS ISSUE AND 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 repay some of its outstanding borrowings and other payables, for business development costs for the Group's wine trading business, and replenish the future working capital of the Group so as to reduce finance costs and improve the Group's profitability and cash flow.

The gross proceeds from the Rights Issue will be approximately HK\$29.3 million. The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$25.9 million (the "Net Proceeds"). The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$18.4 million for repaying certain borrowings and other payables, representing approximately 71.04% of the Net Proceeds; (ii) approximately HK\$4.0 million as business development expenses to further develop the Group's customer network and strengthen brand awareness, representing approximately 15.45% of the Net Proceeds; and (iii) the balance of approximately HK\$3.5 million as general working capital of the Group, representing approximately 13.51% of the Net Proceeds.

The estimated net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.09.

The Board is of the view that the Rights Issue will enable the Group to strengthen its competitiveness and capital base, and improve its financial position.

Despite the inherent dilutive nature of the Rights Issue in general if the Qualifying Shareholders do not take up their entitlements under the Rights Issue in full, it is the intention of the Company to set the Subscription Price at a discount to the current market price of the Shares in order to encourage the Shareholders to participate in the Rights Issue and reduce the possible dilution of 33.3% to the shareholding of the existing Shareholders in case they decide not to take up their entitlements under the Rights Issue. Furthermore, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding in the Company and participate in the growth and development of the Group. Accordingly, the Directors are of the view that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.**

The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has considered other fundraising alternatives before resolving to the Rights Issue, including but not limited to debt financing and placing. The Board considers debt financing not desirable as it will result in additional interest expenses and higher gearing ratio of the Group, which will have negative impact to the profitability of the Company in the future. On the other hand, placing of new Shares will inevitably dilute the shareholding of current Shareholders. The Board considers that the Rights Issue reduce the finance expenses of the Group by utilising the Net Proceeds for repayment of the part of the existing bank borrowings and would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

In view of the above, the Board considered that raising funds by way of the Rights Issue is beneficial to the Company and its Shareholders as a whole.

## **UNDERWRITING ARRANGEMENT AND UNDERTAKING**

### **Irrevocable Undertaking**

Ms. Huang has given an irrevocable undertaking in favour of the Company to subscribe or procure her controlled corporation to subscribe for 31,917,600 Rights Shares under the Rights Issue.

### **The Underwriting Agreement**

|                               |   |   |
|-------------------------------|---|---|
| Date                          | : | 28 April 2022 (after trading hours)   |
| Issuer                        | : | The Company   |
| Underwriter                   | : | Raffaello Securities (HK) Limited   |
| Number of Underwritten Shares | : | 261,370,567 Rights Shares, representing all the Rights Shares to be issued pursuant to the Rights Issue other than the Undertaken Shares. Accordingly, taking into account the Undertaken Shares, the Rights Issue is fully underwritten. |
| Underwriting Commission       | : | Approximately HK\$2.07 million, representing an underwriting commission at the rate of approximately 7.07% of the total Subscription Price of the Rights Shares   |

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are independent of the Company and its connected persons. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

The said commission rate was determined after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors (including the independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the commission rate) are fair and reasonable so far as the Company and the Shareholders are concerned.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter have pursuant to its appointment under the Underwriting Agreement.

The Underwriter has undertaken to Company that, among other things, other than the transactions contemplated under the Underwriting Agreement and as disclosed (or will be disclosed) in this announcement and/or the Prospectus Documents, save with the prior consent of the Company, the Underwriter or any of its associates will not deal in the Shares or other securities of the Company from the date of the Underwriting Agreement to the completion of the Rights Issue, provided that the Underwriter may, before completion of the Rights Issue, enter into agreement with any other person(s) in respect of (a) the sub-underwriting of the Rights Shares; and/or (b) the subscription of the Underwritten Shares not taken up, so long as such transactions are in compliance with applicable laws and regulations.

### **Conditions of the Underwriting Agreement**

The conditions of the Underwriting Agreement have been set out in the section headed "Proposed Rights Issue – Conditions of the Rights Issue" above.

### **Termination of the Underwriting Agreement**

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, inter alia:

- (a) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (i) the introduction of any law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof); or

- (ii) the occurrence of (1) any local, national or international event or change of a political, military, financial, economic or currency or other nature or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten consecutive business days (other than pending publication of the Announcement or any other document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or
- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (c) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, epidemic, terrorism, armed conflict, strike or lock-out; or
- (d) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing.

The Underwriter shall be entitled by notice in writing, served prior to the Latest Time for Termination, to rescind the Underwriting Agreement if prior to the Latest Time for Termination, inter alia:

- (a) the Company commits any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement or it comes to the knowledge of the Underwriter of such material breach, which will or is likely to have a material and adverse effect on its business, financial or trading prospects of the Group; or



- (b) the Company's application to the GEM Listing Committee for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange; or
- (c) any condition to enable the Rights Shares (in their nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused; or
- (d) any statement contained in the Announcement or any Prospectus Document has been shown to be untrue, inaccurate, incomplete in any material respect or misleading with reference to the date on which such statement was made.

If prior to the Latest Time for Termination, any such notice referred to above is given by the Underwriter, all obligations of each of the parties to the Underwriting Agreement shall cease and no party shall have any claim against any other party for costs, damages, compensation or otherwise in respect of any matter arising out of or in connection with the Underwriting Agreement save for any antecedent breaches.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made if the Underwriting Agreement is terminated by the Underwriter.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after the Rights Issue (assuming all Rights Shares are subscribed for by the Qualifying Shareholders); and (iii) immediately after the Rights Issue (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders, other than the subscription of the Undertaken Shares):

|                      | As at the date of this announcement |               | Immediately after completion of the Rights Issue                             |               |   |               |
|----------------------|-------------------------------------|---------------|--|---------------|---|---------------|
|                      |                                     |               | Assuming all Rights Shares are subscribed for by the Qualifying Shareholders |               | Assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders (other than the subscription of the Undertaken Shares)<br>(Note 1) |               |
|                      | No. of Shares                       | Approximate % | No. of Shares  | Approximate % | No. of Shares   | Approximate % |
| Ms. Huang (Note 2)   | 63,835,200                          | 10.88         | 95,752,800   | 10.88         | 95,752,800  | 10.88         |
| Underwriter (Note 3) | –                                   | –             | –  | –             | 261,370,567   | 29.71         |
| Public Shareholders  | 522,741,134                         | 89.12         | 784,111,701  | 89.12         | 522,741,134   | 59.41         |
| <b>Total</b>         | <b>586,576,334</b>                  | <b>100</b>    | <b>879,864,501</b>   | <b>100</b>    | <b>879,864,501</b>  | <b>100</b>    |

*Notes:*

1. Assuming no excess applications are made by Qualifying Shareholders.
2. Ms. Huang is an executive Director and the chairlady of the Company.
3. In the event that the Underwriting Agreement becoming unconditional and the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares pursuant to the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company that:
  - a. without affecting the Underwriter's obligation to procure underwriting for all the Underwritten shares (whether to underwrite the same by itself or procure sub-underwriting of the same), the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares, which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) with it upon the completion of the Rights Issue;
  - b. the Underwriter shall use all reasonable endeavours to ensure that each of the sub-underwriters or subscribers or purchasers of the Underwritten Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or Substantial Shareholders of the Company or their respective associates (as defined in the GEM Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold such number of Underwritten Shares which will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of such sub-underwriters or subscribers or purchasers and parties acting in concert (within the meaning of the Takeovers Code) with it upon completion of the Rights Issue; and
  - c. the Underwriter shall use all reasonable endeavours to procure that the minimum public float requirement under the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

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

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.**

**Shareholders should note that the Shares are expected to be dealt in on an ex-rights basis commencing from Wednesday, 1 June 2022. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 15 June 2022 to Wednesday, 22 June 2022 (both dates inclusive).**

**Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the Shares and any dealings in the Rights Shares in their nil-paid form from Wednesday, 15 June 2022 to Wednesday, 22 June 2022 (both days inclusive) will accordingly bear the risk that the Right Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.**

## **EXPECTED TIMETABLE**

The expected timetable for the Rights Issue set out below is indicative only and is subject to change. Any such change will be announced in a separate announcement by the Company as and when appropriate. All dates and times specified in this announcement refer to Hong Kong local dates and times.

**2022**

|  |                                   |
|--|-----------------------------------|
| Last day of dealing in the Shares on a cum-rights basis . . . . .                                      | Tuesday, 31 May                   |
| First day of dealing in the Shares on an ex-rights basis. . . . .                                      | Wednesday, 1 June                 |
| Latest time for lodging transfers of Shares in<br>order to be qualified for the Rights Issue . . . . . | 4:30 p.m., Thursday, 2 June       |
| Register of members closes (both dates inclusive) . . . . .  | Monday, 6 June to Friday, 10 June |
| Record Date for determining entitlements under the Rights Issue . . . . .                              | Friday, 10 June                   |
| Register of members reopens . . . . .  | Monday, 13 June                   |
| Prospectus Documents to be posted . . . . .  | Monday, 13 June                   |
| First day of dealing in nil-paid Rights Shares . . . . .   | 9:00 a.m., Wednesday, 15 June     |
| Latest time for splitting nil-paid Rights Shares . . . . .   | 4:30 p.m., Friday, 17 June        |
| Last day of dealing in nil-paid Rights Shares . . . . .  | 4:00 p.m., Wednesday, 22 June     |

|   |                             |
|---|-----------------------------|
| Latest time for acceptance of, and payment for the Rights Shares<br>and payment and for application and payment for<br>excess Rights Shares . . . . .     | 4:00 p.m., Monday, 27 June  |
| Rights Issue expected to become unconditional . . . . .   | 4:00 p.m., Tuesday, 28 June |
| Announcement of results of acceptance of the Rights Issue<br>to be published on the respective websites of<br>the Stock Exchange and the Company. . . . . | Tuesday, 5 July             |
| Refund cheques for wholly and partially unsuccessful<br>excess applications to be posted . . . . .  | Wednesday, 6 July           |
| Certificates for fully-paid Rights Shares and<br>refund cheques (if any) expected to be despatched . . . . .  | Wednesday, 6 July           |
| First day of dealings in the fully-paid Rights Shares. . . . .  | Thursday, 7 July            |

**Effect of bad weather on the Latest Time for Acceptance of and Payment for The Rights Shares and for Application and Payment for Excess Rights Shares**

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place at 4:00 p.m. on Monday, 27 June 2022 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning, if such circumstances is:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place at 4:00 p.m. on the date of the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place on the date of the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the date of the Latest Time for Acceptance, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

## **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As at the date of this announcement, Ms. Huang owns 63,835,200 Shares, representing 10.88% of the issued share capital of the Company and is an executive Director and substantial shareholder of the Company. Therefore, Ms. Huang is a connected person of the Company pursuant to Chapter 20 of the GEM Listing Rules. According to Rule 20.92(1) of the GEM Listing Rules, the issue of the Rights Shares to Ms. Huang as its pro-rata entitlement under the Rights Issue constitutes an exempt connected transaction of the Company.

As the Rights Issue will not increase either the number of issued shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, and the Rights Issue is fully underwritten by the Underwriter who is not director, chief executive or Substantial Shareholder of the Company (or an associate of any of them), pursuant to Rule 10.29 of the GEM Listing Rules, the Rights Issue is not subject to the approval of the Shareholders.

## **DEFINITIONS**

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

|   |  |
|---|--|
| “Board”   | the board of Directors   |
| “associate(s)”  | has the meaning as ascribed thereto under the GEM Listing Rules  |
| “Business Day(s)”   | a day (excluding Saturdays) on which banks are generally open for business in Hong Kong; and for all other purposes, a day on which the Stock Exchange is open for transaction of business |
| “CCASS”   | The Central Clearing and Settlement System established and operated by HKSCC   |
| “Companies (Winding Up and Miscellaneous Provisions) Ordinance” | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time  |

|                              |   |
|------------------------------|---|
| “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  |
| “connected person(s)”        | has the meaning as ascribed thereto under the Listing Rules   |
| “controlled corporation(s)”  | has the meaning as ascribed thereto under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)                                 |
| “controlling Shareholder(s)” | has the meaning as ascribed thereto under the Listing Rules   |
| “Director(s)”                | director(s) of the Company  |
| “EAF(s)”                     | the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue  |
| “GEM”                        | GEM operated by the Stock Exchange  |
| “GEM Listing Committee”      | has the meaning ascribed thereto under the GEM Listing Rules  |
| “GEM Listing Rules”          | the Rules Governing the Listing of Securities on GEM of the Stock Exchange  |
| “Group”                      | the Company and its subsidiaries  |
| “HKSCC”                      | Hong Kong Securities Clearing Company Limited   |
| “HK\$”                       | Hong Kong dollar(s), the lawful currency of Hong Kong   |
| “Hong Kong”                  | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Irrevocable Undertaking”    | irrevocable undertaking given by Ms. Huang in favour of the Company to subscribe for 31,917,600 Rights Shares under the Rights Issue                  |
| “Last Trading Day”           | 27 April 2022, the last day on which the existing Shares were traded on the Stock Exchange immediately preceding the publication of this announcement |

|   |  |
|---|--|
| “Latest Time for Acceptance”                  | 4:00 p.m. on Monday, 27 June 2022 or such other time and date as may be agreed between the Company and the Underwriter, being the latest time for application for, acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares as described in the Prospectus                |
| “Latest Time for Termination”                 | 4:00 p.m. on Tuesday, 28 June 2022 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement  |
| “Ms. Huang”                                   | Ms. Huang Wei, an executive Director, the Chairlady and a Substantial Shareholder of the Company   |
| “Non-Qualifying Shareholder(s)”               | Overseas Shareholder(s), to whom the Directors, based on legal opinion(s) provided by the legal adviser(s) to the Company, consider it necessary or expedient not to offer the Rights Issue on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Overseas Shareholders”                       | Shareholders whose address on the register of members of the Company are outside Hong Kong   |
| “PAL(s)” or “Provisional Allotment Letter(s)” | the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders   |
| “Prospectus”                                  | the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue   |
| “Prospectus Documents”                        | the Prospectus, the PAL and the EAF  |
| “Prospectus Posting Date”                     | Monday, 13 June 2022 (or such later date as may be agreed between the Underwriter and the Company) for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)   |
| “Qualifying Shareholders”                     | Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders   |



|                           |   |
|---------------------------|---|
| “Record Date”             | Friday, 10 June 2022 or such other date as may be agreed between the Company and the Underwriter for determination of the entitlements under the Rights Issue   |
| “Registrar”               | the branch share registrar of the Company in Hong Kong, being Union Registrars Limited of at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong  |
| “Rights Issue”            | the proposed issue of one (1) Rights Share for every two (2) existing Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents |
| “Rights Shares”           | 293,288,167 new Shares proposed to be offered to the Qualifying Shareholders pursuant to the Rights Issue   |
| “Share(s)”                | ordinary share(s) of HK\$0.1 each in the share capital of the Company   |
| “Shareholder(s)”          | holder(s) of the Share(s)   |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited   |
| “Subscription Price”      | HK\$0.10 per Rights Share   |
| “Substantial Shareholder” | has the meaning ascribed thereto under the GEM Listing Rules  |
| “Takeovers Code”          | The Codes on Takeovers and Mergers and Share Buy-backs  |
| “Undertaken Shares”       | 31,917,600 Rights Shares to be provisionally allotted to Ms. Huang under the Rights Issue which she had undertaken to subscribe   |
| “Underwriter”             | Raffaello Securities (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)          |

|                          |   |
|--------------------------|---|
| “Underwriting Agreement” | the underwriting agreement dated 28 April 2022 entered into between the Company and the Underwriter in relation to the underwriting arrangement of the Rights Issue |
| “Underwritten Shares”    | 261,370,567 Rights Shares, being the total number of Shares underwritten by the Underwriter under the Underwriting Agreement  |
| “%”                      | per cent  |

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

Hong Kong, 28 April 2022

*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. Lee Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S., 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 Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting and on the Company’s website at [www.palinda.com](http://www.palinda.com).*