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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)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
THE TARGET COMPANY AND  
INVOLVING THE ISSUE OF  
CONSIDERATION SHARES UNDER GENERAL MANDATE**

**INTRODUCTION**

The Board is pleased to announce that on 25 August 2022 (after trading hours), the Purchaser, the Company and the Vendor entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell the Sale Shares to the Purchaser, and the Purchaser has conditionally agreed to acquire the Sale Shares at the Consideration of HK\$28,000,000, which will be satisfied as to (i) HK\$10.5 million by cash; and (ii) HK\$17.5 million by the issue and allotment of the 117,000,000 Consideration Shares at the Issue Price of HK\$0.15 per Consideration Share.

Upon Completion, the Group will be interested in the entire issued share capital of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Group will be consolidated into the accounts of the Company.

## **GEM LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but all applicable percentage ratios are less than 25% under the GEM Listing Rules, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to reporting announcement requirement under Chapter 19 of the GEM Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 14 July 2022 regarding the MOU.

The Board is pleased to announce that on 25 August 2022 (after trading hours), the Purchaser, the Company and the Vendor entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell the Sale Shares to the Purchaser, and the Purchaser has conditionally agreed to acquire the Sale Shares at the Consideration of HK\$28,000,000, which will be satisfied as to (i) HK\$10.5 million by cash; and (ii) HK\$17.5 million by the issue and allotment of the 117,000,000 Consideration Shares at the Issue Price of HK\$0.15 per Consideration Share.

## **THE AGREEMENT**

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

### **Date**

25 August 2022 (after trading hours)

### **Parties**

- (i) the Purchaser;
- (ii) the Vendor; and
- (iii) the Company. (collectively, the “**Parties**”)

The Vendor is a merchant and experienced in operating vineyard and winery business. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

## Asset to be acquired

The Sale Shares, representing the entire issued share capital of the Target Company.

## Consideration

The Consideration of HK\$28,000,000 shall be paid and satisfied in the following manner:

- (i) HK\$5 million, being the refundable deposit (the “**Deposit**”) and the part payment of the Consideration, shall be paid in cash by the Purchaser to the Vendor upon the signing of the Agreement. The Deposit will be refundable in full to the Purchaser within five (5) Business Days if Completion does not occur for whatever reason;
- (ii) HK\$5.5 million, being the part payment of the Consideration, shall be paid in cash by the Purchaser to the Vendor upon Completion; and
- (iii) the remaining amount of HK\$17.5 million by the issue and allotment of 117,000,000 Consideration Shares at the Issue Price of HK\$0.15 per Consideration Share by the Company to the Vendor upon Completion. and

Further details of the Consideration Shares are set out in the section headed “Consideration Shares” below.

The Consideration was arrived based on normal commercial terms after arm’s length negotiations between the Purchaser and the Vendor and was determined with reference to among others, (i) the preliminary valuation of Rainbow Fountain (as defined below) of AUD5.9 million (equivalent to approximately HK\$32 million) as at 30 June 2022 (the “**Valuation**”) prepared by an independent valuer; and (ii) the reasons for and benefits of the Acquisition as stated under the section headed “Reasons for and benefits of the Acquisition” below.

The Consideration represents a discount of approximately 12.5% to the Valuation.

In view of the above, the Directors consider that the Consideration is fair and reasonable.

## **Conditions Precedent**

Completion shall be, among other things, conditional upon and subject to:

- (a) the completion of the due diligence review and investigation on the Target Group (which includes but not limited to, the legal and financial due diligence review) and the Vineyard conducted by the Purchaser to its reasonable satisfaction;
- (b) the Vendor has proven and given good title to the Vineyard at its own cost on Completion;
- (c) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares;
- (d) all necessary consents, authorisations, approval, licence, permission, order (or, as the case may be, relevant waiver or exemption) in connection with the Agreement and the transactions contemplated thereby having been obtained by the respective Parties (including but not limited to, the necessary consent from the Stock Exchange); and
- (e) the representations, warranties and undertakings provided by the Vendor set out in the Agreement remaining true, accurate and not misleading in any respect at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion.

The Purchaser may waive the conditions precedent (a) at its discretion. If the conditions precedent have not been satisfied (or, as the case may be, waived by Purchaser) on or before 2:00 p.m. on the Long Stop Date, the Purchaser shall not be bound to proceed with the purchase of the Sale Shares and the Agreement (other than the survival clause(s)) shall from the Long Stop Date, become void and of no further effect and, save in respect of any antecedent breaches, all liabilities and obligations of the Parties shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the parties thereto which shall have accrued prior to such termination.

As at the date of this announcement, no condition precedent has been waived.

## **Completion**

Completion shall take place at 2:00 p.m. on the Completion Date after all the conditions of the Agreement have been fulfilled (or waived as the case may be) or such date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Group will be consolidated into the accounts of the Company.

## THE CONSIDERATION SHARES

The Consideration Shares will be allotted and issued at the Issue Price of HK\$0.15 each, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Issue Price represents:

- (f) the closing price per Share of HK\$0.174 as quoted on the Stock Exchange on 25 August 2022, being the date of the Agreement;
- (ii) a discount of approximately 9.09% to the average closing price per Share of HK\$0.165 as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Agreement; and
- (iii) a discount of approximately 0.73% to the average closing price per Share of HK\$0.151 as quoted on the Stock Exchange for the ten consecutive trading days immediately preceding the date of the Agreement.

The Issue Price was arrived at after arm's length negotiations among the Company, the Purchaser and the Vendor with reference to the prevailing market price of the Shares and the current market conditions. The Directors consider the Issue Price is fair and reasonable.

The Consideration Shares represent approximately 13.30% of the number of issued Shares as at the date of this announcement and represent approximately 11.74% of the number of issued Shares as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares will be allotted and issued pursuant to the General Mandate and will be allotted and issued on the date of Completion.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

## **INFORMATION OF THE TARGET GROUP**

The Target Company is a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by the Vendor immediately prior to Completion. The Target Company is an investment holding company and its wholly owned subsidiary is Rainbow Fountain. Rainbow Fountain is principally engaged in supply of self-cultivated grapes for winery business and owns a vineyard located in Margaret River region in Western Australia with gross area of approximately 80 hectare and planted area of approximately 50.4 hectare.

Rainbow Fountain mainly sells the self-cultivated grapes to local wineries in Australia.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in (i) wine trading (the “Wine Business”); and the production of sales of food products in Hong Kong.

It has all along been the intention of the Group to further strengthen its sales capability in Wine Business with an aim to take advantage of the steady growth in the wine trading industry. The Group constantly seek for acquisition opportunities to enhance the operating scale and performance of the Wine Business. The Board believes that the Acquisition allows the Group to have the opportunity to further exploit the quality vineyard in the Margaret River wine region of Western Australia and represents a good opportunity for the upstream vertical integration of the Wine Business by through the Target Group. As such, it would help the Group to achieve comprehensive development of the Wine Business by encompassing multiple activities over the wine supply chain.

In addition, the Directors believe that the Acquisition will enable the Group to capture the advantage of upstream vertical integration by eliminating the price mark-ups by different companies in the supply chain. In this regards, it will enable the Group to better manage the cost of its wine products and thus increase the profit margin.

Furthermore, as part of the Consideration is satisfied through the issue of the Consideration Shares, therefore immediate cashflow burden of the Group will be largely reduced.

In view of the above, the Directors are of the view that the terms and conditions of the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## EFFECT ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares upon Completion:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares upon Completion	
	Number of Shares	Approximately % (Note 1)	Number of Shares	Approximately % (Note 1)
Huang Wei	166,708,800	18.95	166,708,800	16.72%
The Vendor	–	–	117,000,000	11.74%
Public Shareholders	<u>713,155,701</u>	<u>81.05</u>	<u>713,155,701</u>	<u>71.54%</u>
Total	<u><u>879,864,501</u></u>	<u><u>100.00</u></u>	<u><u>996,864,501</u></u>	<u><u>100.00%</u></u>

*Note:*

1. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## GEM LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but all applicable percentage ratios are less than 25% under the GEM Listing Rules, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 19 of the GEM Listing Rules.

## INFORMATION ON THE COMPANY

The Company was incorporated in the Cayman Islands and its Shares are listed on GEM of the Stock Exchange. The Company is an investment holding company.

## DEFINITIONS

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

“Acquisition”	the proposed acquisition of 100% of the issued share capital of the Target Company pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 25 August 2022 entered into among the Purchaser, the Company and the Vendor in relation to the Acquisition
“Applicable Laws”	in respect of any person, any laws, rules, regulations, directives, decrees, treaties, or orders of any authority (including but not limited to the GEM Listing Rules), that are applicable to and binding on such person
“AUD”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday) (not being a Saturday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hoisted in Hong Kong at 10:00 a.m.) on which banks are generally open for general banking business in Hong Kong
“Company”	Palinda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on GEM (stock code: 8179)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the date of Completion, which shall be five (5) Business Days falling the fulfillment (or waiver) of all the conditions set out in the Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration for the Acquisition, being HK\$28,000,000

“Consideration Shares”	117,000,000 new Shares to be issued to the Vendor at the Issue Price of HK\$0.15 per new Share as part of the Consideration
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 May 2022 to allot and issue up to 117,315,267 Shares, being 20% of the total number of Shares in issue as at the date of such annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the GEM Listing Rules)
“Issue Price”	HK\$0.15 per Consideration Share
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Long Stop Date”	30 September 2022 or such later date as the Vendor and the Purchaser may agree in writing
“MOU”	the memorandum of understanding entered into between the Vendor and the Purchaser on 14 July 2022 in relation to the possible acquisition of the Sales Shares
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	Arrow Vision Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company
“Rainbow Fountain”	Rainbow Fountain International Pty Ltd, a company incorporated in Australia and a direct wholly-owned subsidiary of the Target Company
“Sale Shares”	1 ordinary shares of the Target Company, representing 100% of the issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Rainbow Fountain International Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by the Vendor immediately prior to Completion
“Target Group”	the Target Company and Rainbow Fountain
“Vendor”	Ms. Yuen Wai Ching Loretta, an individual who to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is an Independent Third Party
“Vineyard”	a vineyard located in Margaret River region in Western Australia with gross area of approximately 80 hectare and planted area of approximately 50.4 hectare
“%”	per cent.

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

Hong Kong, 25 August, 2022

*As at the date of this report, 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 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 for at least seven days from the date of its posting and on the Company’s website at <http://www.palinda.com>.*