
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your stockbroker, other licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee. The Prospectus Documents should not, however, be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "14. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission, the Stock Exchange and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of these documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

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 their respective commencement dates of dealings in the Rights Shares 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.



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

Capitalised terms used in this cover pages shall have the same meanings as defined in this Prospectus.

The Rights Issue will proceed on a non-underwritten basis.

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.

The Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in the "Letter from the Board" of this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Wednesday, 27 November 2024).

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.

Dealings in the Rights Shares in the nil-paid form will take place from Monday, 11 November 2024 to Monday, 18 November 2024 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Monday, 11 November 2024 to Monday, 18 November 2024 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest time for acceptance of, and payment for, the Rights Shares and application for and payment for Excess Rights Shares is 4:00 p.m. on Thursday, 21 November 2024. The procedures for acceptance and payment for or transfer of the Rights Shares are set out on pages 19 to 21 of this Prospectus.

7 November 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	5
Letter from the Board	7
Appendix I – Financial Information of the Group	I-1
Appendix II – Unaudited Pro Forma Financial Information of the Group	II-1
Appendix III – General Information	III-1

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“Announcement”	the announcement of the Company dated 4 October 2024 relating to, among other things, the Rights Issue
“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

DEFINITIONS

“GEM Listing Committee”	the GEM listing committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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 the Announcement
“Latest Practicable Date”	Thursday, 31 October 2024, being the latest practicable date prior to printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 21 November 2024, being the latest time for acceptance 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

DEFINITIONS

“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 Prospectus, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	this prospectus 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

DEFINITIONS

“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 pursuant to the Prospectus Documents
“Rights Share(s)”	up to 716,534,250 new Shares proposed 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

EXPECTED TIMETABLE

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

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 specified in this Prospectus refer to Hong Kong local times and dates. Dates stated in this Prospectus for event mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Rights Issue will be announced as and when appropriate in accordance with the GEM Listing Rules.

EXPECTED TIMETABLE

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

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Huang Wei (*Chairlady*)

Mr. Dou Sheng

Independent non-executive Directors:

Mr. Wu Chi King

Mr. So Yat Chuen

Ms. Cheng Wai, Iris

Registered Office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of business in Hong Kong:

Unit 306-A201, 3/F.

Harbour Centre, Tower 1

1 Hok Cheung Street

Hunghom, Kowloon

Hong Kong

7 November 2024

*To the Qualifying Shareholders; and
for information only, the Non-Qualifying Shareholders*

Dear Sir or Madam

**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**

INTRODUCTION

On 4 October 2024, the Board announced that 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

LETTER FROM THE BOARD

million before deducting the costs and expenses by way of issuing up to 716,534,250 Rights Shares. Qualifying Shareholders will be entitled to apply for additional Rights Shares in excess of their respective entitlements under the Rights Issue through excess application. The Rights Issue is not available to the Non-Qualifying Shareholders.

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.

The purpose of this Prospectus is to provide you with, among other things, details of the Rights Issue and the financial information and other general information of the Group.

RIGHTS ISSUE

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 Latest Practicable Date	:	1,433,068,501 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 716,534,250 Rights Shares
Aggregate nominal value of the Rights Shares	:	Up to HK\$71,653,425
Number of Shares in issue immediately upon completion of the Rights Issue (assuming that the Rights Issue is fully subscribed)	:	Up to 2,149,602,751 Shares
Amount to be raised by the Rights Issue before expenses	:	Up to HK\$71,653,425
Net proceeds to be raised by the Rights Issue after expenses (the “ Net Proceeds ”)	:	Up to approximately HK\$71.3 million
Right of excess applications	:	Qualifying Shareholders are entitled to apply for the Rights Shares in excess of their provisional allotment

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company did 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.

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 Latest Practicable Date; 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 8.26% to the closing price of HK\$0.109 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- b) 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;
- c) 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;
- d) 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;
- e) 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;
- f) 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 the Announcement of approximately HK\$0.109 per Share;

LETTER FROM THE BOARD

- g) 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 Latest Practicable Date); and
- h) 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 Latest Practicable Date).

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 historical financial performance of the Group, in particular, the Group has been loss making in 4 financial years within the previous 5 financial years; and (iii) the reasons as discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" in this prospectus.

Under the Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors considers that (i) the discount of the Subscription Price to the current market price will encourage them to participate in the Rights Issue, (ii) setting the Subscription Price close to the Group's latest net assets value per Share, i.e. at a considerable premium to the current Share price, would unlikely attract the Qualifying Shareholders' interest in participating in the Rights Issue; and (iii) Qualifying Shareholders' participation is crucial to the Group as the Rights Issue is conducted on a non-underwritten basis. Accordingly, the Directors are of the view that the discount of the Subscription Price to the latest net assets value per Share is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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 Last Trading Day and the Latest Practicable Date, 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.

LETTER FROM THE BOARD

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.

As disclosed in the sub-section headed “Alternative financing options” under the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS” below, the Company has tried to procure alternative debt and equity financing opportunities and has been unsuccessful. In particular, the Company could not be able to procure an underwriter when contemplating the Rights Issue.

Despite that the Rights Issue is conducted on a non-underwritten basis, Ms. Huang, being a substantial Shareholder, the Chairlady of the Company and an executive Director, in addition to the Irrevocable Undertaking, has verbally indicated to the Board that she is interested in, subject to the then capital market condition and her personal financial position during the offer period, making excess application for around 200,000,000 excess Rights Shares, at the subscription amount of HK\$20,000,000 (“**Ms. Huang’s Excess Application**”).

LETTER FROM THE BOARD

Please note that Ms. Huang's Excess Application (i) is just an indication of intention and is not an undertaking to the Board/Company; and (ii) is subject to the then capital market condition and her personal financial position during the offer period. Even if Ms. Huang does make the excess application for 200,000,000 Rights Shares, the Directors will allocate any Excess Rights Shares at their discretion on a fair and equitable basis, and Ms. Huang may or may not be able to subscribe for 200,000,000 excess Rights Shares through the excess application.

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) Immediately after the Rights Issue (assuming NO public shareholders take up their entitled Rights Shares other than (i) Ms. Huang pursuant to the Irrevocable Undertaking and (ii) Ms. Huang's Excess Application is fully accepted):

As at the Latest Practicable Date			Immediately after the Rights Issue (assuming NO public shareholders take up their entitled Rights Shares other than (i) Ms. Huang pursuant to the Irrevocable Undertaking and (ii) Ms. Huang's Excess Application is fully accepted)		
Substantial Shareholders	Shares	Percentage	Substantial Shareholders	Shares	Percentage
Ms. Huang	199,012,800	13.89%	Ms. Huang	498,519,200	28.77%
Sub-total	199,012,800	13.89%	Sub-total	498,519,200	28.77%
Others			Others		
Other public shareholders	1,234,055,701	86.11%	Other public shareholders	1,234,055,701	71.23%
Sub-total	1,234,055,701	86.11%	Sub-total	1,234,055,701	71.23%
Total	1,433,068,501	100.00%	Total	1,732,574,901	100.00%

Ms. Huang, being a substantial Shareholder, the Chairlady of the Company and an executive Director, is supportive to the capital needs and business development of the Group.

The Rights Issue with non-underwritten arrangement, although not the most desirable means of addressing the Group's capital need, is the currently only available fundraising method of the Company. To conclude, the Board considers the terms of the Rights Issue are in the interest of the Company and its Shareholders as a whole.

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);

LETTER FROM THE BOARD

- 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 Latest Practicable Date, 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.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

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 of the Rights Shares" below.

LETTER FROM THE BOARD

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.

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.

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.

Non-Qualifying Shareholders

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

Based on the register of members of the Company, as at the Latest Practicable Date, there was one (1) Overseas Shareholder whose registered address is situated in the PRC and who held 720 Shares, representing approximately 0.00005% of the issued share capital of the Company.

In compliance with Rule 17.41(1) of the GEM Listing Rules, the Directors have made enquiries with a legal adviser of the PRC on whether or not under the laws of the PRC, the Rights Issue could be extended to the Overseas Shareholder in the PRC.

Based on the advice of the legal adviser of the PRC, the Directors are of the view that it is necessary and expedient to exclude the Overseas Shareholder in the PRC for the purpose of the Rights Issue and such Overseas Shareholder in the PRC will be regarded as a Non-Qualifying Shareholder as the extension of the Rights Issue to such Non-Qualifying Shareholder would, or might, in the absence of compliance with registration or other exemption requirements or other special formalities or specific requirements, be unlawful or impracticable, and the cost to be incurred and the time required for complying with the registration and/or other relevant requirements would outweigh any possible benefit to the Company and the Non-Qualifying Shareholder. The Company will send a copy of this Prospectus (without the PAL and the EAF) to the Non-Qualifying Shareholder for information only.

LETTER FROM THE BOARD

Accordingly, no person receiving a copy of any of the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements thereof.

Save as disclosed above, the Company have no other Overseas Shareholders based on the shareholders information available from the Registrar as at the Latest Practicable Date. The register of members of the Company is closed from Thursday, 31 October 2024 to Wednesday, 6 November 2024 (both dates inclusive), therefore, the Company will not have additional Overseas Shareholders as at the Record Date.

It is the responsibility of the Qualifying Shareholders outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself before acquiring any rights to subscribe for the Rights Shares as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connected therewith. Any acceptance of or application for Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers.

The Company reserves the right to refuse to accept any application or treat as invalid any acceptance of or applications for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

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 (to be despatched as an actionable corporate communication and a temporary document of title to the Qualifying Shareholder(s) in printed form) 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;

LETTER FROM THE BOARD

- (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 Wednesday, 30 October 2024. The register of members of the Company will be closed from Thursday, 31 October 2024 to Wednesday, 6 November 2024, both dates inclusive.

In the event that the Directors note unusual patterns of Excess Rights Shares applications, the Directors will review those applications and if the Directors have reason to believe that any application may have been made with the intention to abuse the above mechanism, such application(s) for Excess Rights Shares may be rejected at the sole discretion of the Directors.

LETTER FROM THE BOARD

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of 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 no later than 4:00 p.m. on Thursday, 21 November 2024. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to **"PALINDA GROUP HOLDINGS LIMITED – EXCESS APPLICATION ACCOUNT"** and crossed "Account Payee Only".

If no Excess Rights Shares are allotted to a Qualifying Shareholder who has applied for Excess Rights Shares, the remittance tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post at his/her/its own risk by the Registrar on Friday, 29 November 2024. If the number of Excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies is also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to his/her/its registered address at his own risk by the Registrar on Friday, 29 November 2024.

All cheques or banker's cashier orders accompanying completed EAFs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a banker's cashier order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or banker's cashier order is dishonoured on first presentation.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All Prospectus Documents, including refund cheques for wholly or partially unsuccessful applications for Excess Rights Shares, will be made available or sent by ordinary post at the risk of the person(s) entitled thereto to their registered addresses as at the Record Date by the Registrar on the respective despatch dates. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the EAF together with a cheque or banker's cashier order in payment for the Excess Rights Shares applied for will constitute a warranty and representation from such Qualifying

LETTER FROM THE BOARD

Shareholder(s) to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any application thereunder, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for Excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” above is not fulfilled at or before 4:00 p.m. on Wednesday, 27 November 2024, the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of application for Excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Friday, 29 November 2024.

Fractions of 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” above.

Share certificates and refund cheques for the Rights Shares

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 Prospectus, 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.

LETTER FROM THE BOARD

Odd lot arrangement

No odd lot matching services will be provided as the Directors are of the view that, having compared the fees to be charged by a designated securities broker and the market value of the odd lots of Shares, it will not be cost-effective for the Company to appoint such a broker to provide matching services for odd lots of Shares.

Procedures for acceptance and payment and/or transfer

PAL – Acceptance, payment and transfer

The PAL, as an actionable corporate communication and a temporary document of title, will be despatched in printed form to the Qualifying Shareholder(s) and entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to them as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon with the Registrar, together with a remittance for the full amount payable on acceptance, so as to be received by no later than 4:00 p.m. (Hong Kong time) on Thursday, 21 November 2024 (or, under bad weather conditions and/or extreme conditions, such later date as mentioned in the paragraph “Effect of bad weather on the Latest Time for Acceptance of and payment for the Rights Shares and application and payment for Excess Rights Shares” in the section headed “EXPECTED TIMETABLE FOR THE RIGHTS ISSUE” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “**PALINDA GROUP HOLDINGS LIMITED – PROVISIONAL ALLOTMENT ACCOUNT**” and crossed “Account Payee Only”.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. (Hong Kong time) on Thursday, 21 November 2024, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicant at a later stage.

LETTER FROM THE BOARD

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or transfer part of his/her/its rights to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by no later than 4:00 p.m. on Wednesday, 13 November 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for the Rights Shares, and underpaid application will be rejected. In the event of overpaid application, a refund cheque, without interest, will be made out to you if the overpaid amount is HK\$100 or above.

Completion and return of the PAL with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

LETTER FROM THE BOARD

No action has been taken by the Company to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for Rights Shares, unless in the relevant territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself, before subscribing for the provisionally allotted Rights Shares, as to the full observance of the laws and regulations of all relevant territories and jurisdictions, including the obtaining of any governmental or other consents and to pay taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been or will be fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws and regulations of any territory or jurisdiction. No application for Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

If any of the conditions of the Rights Issue is not fulfilled by 4:00 p.m. on Wednesday, 27 November 2024, the monies received in respect of the relevant provisional allotment, without interest, will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Friday, 29 November 2024.

No receipt will be issued in respect of any application monies received.

Application for listing of the Rights Shares

The Company has made an application to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

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.

LETTER FROM THE BOARD

Rights Share 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 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 HKSCC and HKSCC Operational Procedures in effect from time to time.

Dealings in the nil-paid and fully-paid Rights Shares will be in board lot size of 12,000 Shares (i.e. same board lot size as the Shares of 12,000 Shares per each board lot).

Stamp duty and other applicable fees

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

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.

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.

LETTER FROM THE BOARD

EFFECTS OF THE RIGHTS ISSUE ON SHAREHOLDING STRUCTURE OF THE COMPANY

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

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.

LETTER FROM THE BOARD

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 the details of such outstanding loans are as follows:

Nature	Loan amount (approx. HK\$ million)	Identity of the counter party	Maturity date of loan	Expected timeline of usage of Net Proceeds (i.e. date of repayment)
Other borrowings	30.8	Various independent third parties	December 2024	December 2024
Other borrowings	0.5	Independent third party	February 2025	February 2025
Bank facilities	30.0	Shanghai Commercial Bank	February 2025	February 2025
Total	61.3			

; and

- 2) the remaining approximately HK\$10.0 million will be applied as general working capital of the Group, of which approximately HK\$3 million will be applied for employee remuneration expense and the remaining approximately HK\$7 million will be applied for general and administrative expenses. The planned proceeds are expected to be fully utilised by Group within 12 months falling after the completion of the Rights Issue.

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.

As at the Latest Practicable Date, the Company has no present intention to carry out any equity fundraising activities in the next twelve months. However, considering the amount of Net Proceeds upon completion of the Rights Issue, the capital market sentiment and the financial condition and business performance of the Group in the coming months, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to meet its operational needs or support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

LETTER FROM THE BOARD

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. The Company contacted representatives from corporate banks for possibility of additional banking facilities without assets as security, and the representatives provided negative feedbacks offering a loan without collateral.

The Company also contacted a financial institution whose principally business is, among others, placing of securities. The Company enquired whether the counterparty could be underwriter or placing agent for the Rights Issue, and was advised that due to the current market conditions, the counterparty would not be participating in the Rights Issue.

Having considered the above alternatives, the Directors are of the view that the Rights Issue (although on a non-underwritten basis), is in the best interests of the Company and the Shareholders as a whole and that the Rights Issue is an appropriate and currently the only available 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.

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.

LETTER FROM THE BOARD

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.

WARNING OF THE RISKS OF DEALING IN 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 Prospectus. 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.

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

Shareholders should note that the Shares have been dealt in on an ex-rights basis commencing from Tuesday, 29 October 2024. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 11 November 2024 to Monday, 18 November 2024 (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 Monday, 11 November 2024 to Monday, 18 November 2024 (both dates inclusive) will accordingly bear the risk that the Rights 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.

RISK FACTORS

The Directors are aware that the Group is exposed to a variety of risks, some specific to the businesses in which the Group operates, others common risks that most businesses face. Procedures have been established by the Directors to ensure significant risks that may adversely affect the Group’s operation and performance are identified and corresponding measures are in place to mitigate those risks. The following are the most significant risks that the Directors believe should be brought to the attention of Shareholders and prospective investors. These key risks are not exhaustive or comprehensive, and there may be additional risks not known by the Group or which may not appear significant now but could turn out to be so in the future.

LETTER FROM THE BOARD

Market Risk

Adverse financial impacts include earnings volatility, cost volatility including changes in income and corporate taxes, transportation and fuel prices, interest rates and other operating expenses, exchange rate volatility in the currencies used by the Group, and the Australia-China political and trade tensions affecting market sentiment and status of Hong Kong, such as the excessive import duties imposed on Australian wines into China increasing cost of trades.

Customer Satisfaction and Reputation Risk

Poor service may lead to impaired brand value and reputation as a trusted counterparty, which could restrict the Group's access to customers, cargoes, transportation handling, funding and talent.

IT Security Risk

The Group's business processes rely heavily on IT systems (including cloud-based) and daily communications and accounting systems. Failure of a key IT system, targeted attacks on the Group's system, or a breach of security could result in communications breakdown and business disruption.

Increased cost resulting from climate change

Grape is the major ingredient in wine, which is highly affected by weather. Water deficits and droughts, hail, flooding, the frequency of extreme weather events as a result of global warming and climate change all influence the way a grape is grown and its final quality. This may in turn cause a fluctuation in wine product cost. Weather is an uncontrollable factor, and there is no assurance that the Group will be able to maintain adequate product supply from other countries with promising quality. The Group may be required to increase procurement cost, which may adversely affect the Group's profitability.

Industry competition

Due to the zero import custom policy in 2008 and the benefits promoted by the Government of Hong Kong, there has been a lower barrier to become wine traders in Hong Kong. Significant and sustainable effort has to be made, in order to gate keep the costing and quality of the Group's sourced wine, or it may adversely affect the Group's competitiveness in the industry in terms of pricing or product quality.

Economic uncertainty leading to conservative spending

Wine is generally classified as a luxury product segmented into the medium to high-end markets. It may be highly affected by uncertainties in the economy. The Group may have to reduce the price levels or offer better business terms to attract or maintain customers, which may adversely affect the Group's performance.

LETTER FROM THE BOARD

Food safety

Given the nature of the food production industry, the Group faces an inherent risk of food contamination and product liability claims. Any outbreak of contamination, allegations of poor standards of hygiene or cleanliness, or adverse publicity resulting from publication of industry findings or research reports in relation to any of food ingredients used by the Group could affect public confidence in the Group's food products that may lead to a loss in consumer confidence and reduction in consumption of the particular food product concerned. The Group may also have to incur additional costs in placating any customers or salvaging its reputation or may have to look for alternative sources of food supply which may be more costly.

Compliance with environmental policies

The Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. To help conserve the environment, the Group implements green office practices such as recycling, re-deployment of office furniture and reducing waste and energy consumption.

That said, any deficiency in compliance with emissions and other environmental legislation and standards may result in financial loss and significant damage to the brand and long-term sustainability of the Group's businesses.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The following are fund-raising activities of the Company during the past 12 months immediately preceding the Latest Practicable Date:

Date of announcements	Fund-raising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds as at the Latest Practicable Date
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 Latest Practicable Date.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 31 December 2021, 31 December 2022 and 31 December 2023, including the notes thereto, have been published in:

- (1) the annual report of the Company for the year ended 31 December 2021 published on 31 March 2022 (pages 44 to 131) which could be accessed here:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0331/2022033101607.pdf>

- (2) the annual report of the Company for the year ended 31 December 2022 published on 31 March 2023 (pages 42 to 111) which could be accessed here:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0331/2023033104365.pdf>

- (3) the annual report of the Company for the year ended 31 December 2023 published on 1 April 2024 (pages 38 to 107) which could be accessed here:

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0401/2024040100452.pdf>

The unaudited consolidated financial statements of the Group for the 6 months period ended 30 June 2024, including the notes thereto, have been published in the interim report of the Company for the 6 months period ended 30 June 2024 published on 19 August 2024 (pages 4 to 23) which could be accessed here:

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0819/2024081900425.pdf>

The said annual reports and interim report of the Company are also available on the Company's website at www.palinda.com and the website of the Stock Exchange at www.hkexnews.hk.

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2024, being the latest practicable date for the purpose of this indebtedness statement, the Group has the following liabilities:

(a) Borrowings

As at the close of business on 30 September 2024 (being the latest practicable date for the purpose of this indebtedness statement), the Group had outstanding borrowings of approximately HK\$149,946,000, comprising secured bank borrowings of approximately HK\$90,000,000 and unsecured other borrowings of approximately HK\$59,946,000.

(b) Lease liabilities

The Group entered into several lease agreements for leasing of office premises and warehouses for its operations recognised as right-of-use assets and lease liabilities for the above-mentioned leases. Such lease liabilities amounted to approximately HK\$894,000 as at the close of business on 30 September 2024, which were classified as to approximately HK\$861,000 as current liabilities and approximately HK\$33,000 as non-current liabilities.

Save as disclosed above or otherwise mentioned in this Prospectus, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any other outstanding indebtedness at the close of business on 30 September 2024 or any debt securities issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts, or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges or hire purchase commitments, or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the estimated net proceeds from the Rights Issue and the present available financial resources, including internally generated funds and existing banking facilities, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in (i) wine trading; (ii) production and sales of food products in Hong Kong.

The wine business is the major revenue segment of the Group. The Board believes the development of the wine trading business represents a good opportunity to further expand its distribution and wholesale channels and help diversify the Group's business. The Group's wines primarily come from various reputable vineyards and wineries from Australia, with a focus on premium quality wine as the major product. Additionally, the Group is actively seeking to expand the local markets by participating in various exhibitions, develop sales networks and agents in different regions, and make multiple sales channels through new retail formats.

For food products operation, the Group has launched the high-quality drinking water products sourced from Muztag and will continue monitoring the market conditions and proactively pursue potential opportunities for growth and expansion.

Given the uncertainties surrounding the domestic and global economic outlooks, the Group will maintain a cautious operating strategy to sustain profitability and stable business operations. To this end, the Group will tightly manage expenses and improve the efficiency of its existing resources.

The Group has consistently participated in various exhibitions and wine fairs, enabling it to raise the profile of its products and brands within the industry while directly engaging with its target customer base. In 2024, the Group has harvested grapes and is producing around 55,000 liters of wine. This increased capacity will enable the Group to launch new brands, develop canned red wines, and carry out product upgrades. These initiatives will better cater to the evolving demands and preferences of diverse consumer segments.

The Group will closely monitor and review the performance of its existing businesses. This will allow the Group to concentrate its resources on developing business opportunities with the greatest potential for growth and profitability.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) as at 30 June 2024 has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effect of the proposed Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on 30 June 2024.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not reflect a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company derived from the condensed consolidated statement of financial position of the Group as at 30 June 2024, as extracted from the published annual report of the Company for the six months ended 30 June 2024, after incorporating the adjustments described in the accompanying notes.

		Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company after the completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to equity holders of the Company after the completion of the Rights Issue
Consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2024 (Note 1) HK\$'000	Estimated net proceeds from Rights Issue (Note 2) HK\$'000	Consolidated net tangible assets per Share attributable to equity holders of the Company as at 30 June 2024 (Note 3) HK\$	Consolidated net tangible assets per Share attributable to equity holders of the Company as at 30 June 2024 (Note 4) HK\$
Rights Issue of 716,534,250 Rights Shares to be issued at the Subscription Price of HK\$0.1 per share			
422,759	71,267	494,026	0.30
			0.23

Notes:

- 1) The amount is determined based on the consolidated net tangible assets of approximately HK\$422,759,000 after deducting non-controlling interests of approximately HK\$Nil as at 30 June 2024, which is extracted from the condensed consolidated statement of financial position of the Group as at 30 June 2024 in the published interim report of the Company.
- 2) The estimated net proceeds from the Rights Issue are based on the number of 716,534,250 Rights Shares to be issued at the Subscription Price of HK\$0.1 per Rights Share, after deduction of the estimated related expenses, including among others, transaction fees, which are directly attributable to the Rights Issue, of approximately HK\$386,000.
- 3) The calculation of the consolidated net tangible assets per Share attributable to equity holders of the Company as at 30 June 2024 is determined based on the consolidated net tangible assets of the Group attributable to equity holders of the Company of approximately HK\$422,759,000 divided by the number of Shares of 1,433,068,501 as at 30 June 2024.
- 4) The unaudited pro forma adjusted consolidated net tangible assets of the Group after the completion of the Rights Issue per share is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 for the Rights Issue of approximately HK\$494,026,000 divided by 2,149,602,751 shares which comprise 1,433,068,501 shares in issue as at 30 June 2024 and 716,534,250 Rights Shares to be issued after the completion of the Rights Issue.
- 5) No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF PALINDA GROUP HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Palinda Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 30 June 2024, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the prospectus dated 7 November 2024 issued by the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 716,534,250 rights shares at the subscription price of HK\$0.1 per rights share on the basis of one rights share for every two existing shares of the Company held on the record date (the “**Rights Issue**”) on the Group’s financial position as at 30 June 2024 as if the Rights Issue had taken place as at 30 June 2024. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s condensed consolidated statement of financial position as at 30 June 2024, on which an interim report has been published.

Directors’ responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our independence and quality control

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

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants’ responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Rights Issue, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Rights Issue in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- a. the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Privatco CPA Limited

Certified Public Accountants

Lam Man Chi

Practising Certificate Number: P05324

Hong Kong,

7 November 2024

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL**(a) As at the Latest Practicable Date**

<i>Authorised:</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.1 each	<u>1,000,000,000.00</u>
 <i>Issued and fully-paid or credited as fully paid:</i>		
<u>1,433,068,501</u>	Shares of HK\$0.1 each in issue	<u>143,306,850.10</u>

(b) Immediately following completion of the Rights Issue, assuming full subscription under the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.1 each	<u>1,000,000,000.00</u>
 <i>Issued and fully-paid:</i>		
1,433,068,501	Shares of HK\$0.1 each in issue	143,306,850.10
<u>716,534,250</u>	Rights Shares of HK\$0.1 each to be allotted and issued upon the completion of the Rights Issue	<u>71,653,425.00</u>
<u>2,149,602,751</u>	Shares of HK\$0.1 each in issue immediately after the completion of the Rights Issue	<u>214,960,275.10</u>

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into Shares or any agreement or arrangement to issue Shares.

As at the Latest Practicable Date, no share or loan capital of the Company or any members of the Group had been put under option or agreed conditionally or unconditionally to be put under option.

All issued Shares rank *pari passu* in all respects with each other, including, in particular, as to rights to dividends, voting rights and return of capital.

The Rights Shares to be allotted and issued will, when issued, rank *pari passu* in all respects with the Shares then in issue. Holders of the Rights Shares will be entitled to receive all dividends and distributions which may be declared, made or paid on or after the date of issue of Rights Shares. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

No part of the share capital or any other securities of the Company has been listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and the Company's associated corporations

Interests in the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name	Nature of interest	Total number of shares held	Approximate percentage of shareholding as at the Latest Practicable Date
Ms. Huang Wei	Beneficial owner	199,012,800	13.89%

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had, or deemed to have, any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' interests and short positions in the Shares, underlying Shares and debentures of the Company

Long positions in the Shares

Name	Nature of interest	Total number of shares held	Approximate percentage of shareholding as at the Latest Practicable Date
Ms. Yuen Wai Ching Loretta	Beneficial owner	117,000,000	8.16%

So far as the Directors are aware, save as disclosed above, as at the Latest Practicable Date, no parties (other than the Directors and chief executive of the Company) have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

4. DISCLOSURE OF OTHER INTERESTS**(a) Service Agreements**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

(b) Competing interests

As at the Latest Practicable Date, none of the Directors, controlling shareholders and their respective close associates had any interest in any business which competes or might compete, either directly or indirectly, with the businesses of the Group.

(c) Directors' interests in contracts and arrangements

As at the Latest Practicable Date, none of the Directors were materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

(d) Directors' interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

5. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**Registered Office**

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

**Headquarters and principal place of
business**

Unit 306-A201, 3/F.
Harbour Centre, Tower 1
1 Hok Cheung Street
Hung Hom, Kowloon
Hong Kong

Hong Kong share registrar and transfer agent	Union Registrars Limited Suites 3301-04, 33/F. Two Chinachem Exchange Square 338 King's Road North Point Hong Kong
Principal Bankers	Industrial and Commercial Bank of China (Asia) Limited 33/F., ICBC Tower 3 Garden Road Central Hong Kong Shanghai Commercial Bank Limited 12 Queen's Road Central Hong Kong
Legal Adviser as to Hong Kong Law	Yick & Chan, Solicitors Suite A1, 11/F, One Capital Place 18 Luard Road Wanchai, Hong Kong
Financial Adviser	Grand Moore Capital Limited Unit 1401, 14/F Lippo Sun Plaza, 28 Canton Road Tsim Sha Tsui, Kowloon, Hong Kong
Auditors	Privatco CPA Limited <i>Certified Public Accountants</i> Room 1101, 11/F International Plaza 20 Sheung Yuet Road Kowloon Bay, Hong Kong
Audit Committee	Mr. Wu Chi King (<i>Chairman</i>) Mr. So Yat Chuen Ms. Cheng Wai, Iris
Remuneration Committee	Mr. So Yat Chuen (<i>Chairman</i>) Mr. Wu Chi King Ms. Cheng Wai, Iris

Nomination Committee	Mr. So Yat Chuen (<i>Chairman</i>) Mr. Wu Chi King Ms. Cheng Wai, Iris
Company Secretary	Ms. Leung Kai Ning
Authorised representatives	Ms. Huang Wei Ms. Leung Kai Ning
Business address of all Directors and authorised representatives	Unit 306-A201, 3/F. Harbour Centre, Tower 1 1 Hok Cheung Street Hungghom, Kowloon Hong Kong

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims of material importance to the Group and there was no litigation, arbitration or claims of material importance to the Group known to the Directors to be pending or threatened against any members of the Group.

7. MATERIAL CONTRACTS

The Group did not enter into any contract which was or might be material (not being contract(s) entered into in the ordinary course of business carried on or intended to be carried on by the Group) during the two years preceding and up to the Latest Practicable Date.

8. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Ms. Huang Wei, aged 56, was appointed as an executive Director on 12 August 2019, as an authorised representative and a compliance officer of the Company on 24 October 2019 and as a chairlady on 30 September 2019. Ms. Huang obtained a Bachelor of Business (Accounting) degree from Central Queensland University in 1997. Ms. Huang has over 20 years of experience in financial management aspects. She is also a director of certain subsidiaries of the Group and is responsible for overall management and strategic planning of the Group.

Mr. Dou Sheng, aged 45, was appointed as an executive Director on 24 October 2019. He obtained a Bachelor degree in Material Science and Engineering from the Henan University of Science and Technology in 2002. He has over 10 years of experience in sales distribution and marketing in China. He is also a director of certain subsidiaries of the Group and is responsible for business development and marketing of the Group.

Independent Non-executive Directors

Mr. Wu Chi King, aged 43, was appointed an independent non-executive director on 8 September 2022. He received a Bachelor of Computer Science from Monash University and is a Certified Practising Accountant (CPA) of Certified Practising Accountant Australia. He has accumulated extensive experience in finance and accounting by working in various listed and sizable companies in Hong Kong. Mr. Wu is currently the Finance Controller of Hang Heung Cake Shop Company Limited, a private company incorporated in Hong Kong with limited liability which is a food product manufacturer. Mr. Wu is also an independent non-executive director of Wan Cheng Metal Packaging Company Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock Code: 8291) and Mansion International Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock Code: 8456) since June 2020 and June 2021 respectively.

Mr. So Yat Chuen, aged 55, was appointed an independent non-executive Director on 22 February 2019. He is also the chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee. Mr. So is a solicitor of the High Court of the Hong Kong Special Administrative Region and has over 22 years of experience in legal sector. Mr. So obtained a Bachelor of Laws degree from Peking University, a Post-graduate Diploma in English and Hong Kong Law from Manchester Metropolitan University in 2001 and a Master of Laws degree from the University of Greenwich in 2016.

Ms. Cheng Wai Iris, aged 53, was appointed an independent non-executive director on 16 December 2022. She received a Master of Business Administration from Murdoch University. She has accumulated extensive experience in international trade, marketing, investment, bank financing and asset management by working in various sizable companies in Hong Kong and China. From June 2014 to May 2015, she was Administration Manager of Fashion Focus Leather Goods Mfg. Ltd and also Special Personal Assistant of the Chairman of the Group. She then joined Sonic International (Toys) Ltd worked as Executive Secretary of the company from October 2015 to July 2021.

Company Secretary

Ms. Leung Kai Ning has been appointed to be the company secretary and the authorised representative of the Company, with effect from 8 July 2024. Ms. Leung holds a bachelor's degree in commerce, a master's degree in corporate governance, and is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Hong Kong Chartered Governance Institute. She has accumulated extensive experience in auditing and accounting by working at various certified public accounting firms.

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 and 1st revised on 30 December 2015 and 2nd revised on 20 December 2018 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee, among other things, are to assist the Board in overseeing and reviewing (i) the effectiveness of the Group's risk management and internal control systems and regulatory compliance of the Group; (ii) the integrity of the Company's financial statements and application of accounting standards and significant judgements contained in the financial statements; and (iii) the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditor. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Wu Chi King, Mr. So Yat Chuen and Ms. Cheng Wai, Iris. Mr. Wu Chi King is the chairman of the Audit Committee.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained in this Prospectus:

Name	Qualification
Privatco CPA Limited	Certified Public Accountants

The above expert has given, and has not withdrawn, its written consent to the issue of this Prospectus with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any asset which have been since 31 December 2023, being the date on which the latest published audited financial statements of the Group were made up, acquired or disposed of or leased to any member of the Group or were proposed to be acquired or disposed of or leased to any member of the Group.

10. RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL

The Directors are not aware of any restriction affecting the remittance of profits or repatriation of capital of the Group into Hong Kong from outside Hong Kong.

11. FOREIGN EXCHANGE LIABILITIES

Other than the operations of the Group's Australian subsidiary being denominated in Australian Dollars, the Group's business operations, assets and liabilities are mainly denominated in HK\$. The Group has not entered into agreements or financial instruments to hedge the Group's exchange rate risks, but manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

The Company does not have any forecasted or planned dividends that will be required to be paid with foreign exchange. The Company will have sufficient cash and cash equivalents to meet its foreign exchange liabilities as they become due.

12. EXPENSES

The expenses in connection with the Rights Issue, including printing, registration, translation, accountancy charges and other related expenses, are estimated to amount to approximately HK\$0.4 million and are payable by the Company.

13. BINDING EFFECT

The Prospectus Documents and all acceptance of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed "9. EXPERT AND CONSENT" in this appendix, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

15. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.palinda.com) for a period of 14 days from the date of this Prospectus:

- (a) the interim report of the Company for the 6 months period ended 30 June 2024;
- (b) the annual reports of the Company for the years ended 31 December 2021, 31 December 2022 and 31 December 2023;
- (c) the letter from Privatco CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (d) the letter of written consent referred to in the paragraph headed “9. EXPERT AND CONSENT” in this appendix; and
- (e) the Prospectus Documents.

16. MISCELLANEOUS

The English text of this Prospectus shall prevail over the Chinese text in case of any inconsistency.