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PALINDA GROUP HOLDINGS LIMITED

百利達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY**

INTRODUCTION

The Board is pleased to announce that on 9 December 2024 (after trading hours), the Company, the Vendor, a direct wholly-owned subsidiary of the Company, and the Purchaser, an Independent Third Party has entered into the Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has agreed to purchase, the Sales Shares at consideration of HK\$49,980,000.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company are no longer consolidated into those of the Group.

GEM LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceeds 5% but all applicable percentage ratios are below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement, but is exempt from shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that, on 9 December 2024 (after trading hours), the Company, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser in respect of the Disposal in cash.

THE AGREEMENT

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

Date

9 December 2024 (after trading hours)

Parties

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

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner is an Independent Third Party.

Subject Matter

The Vendor has agreed to sell the Sale Shares to the Purchaser. The Sale Shares represent 100% of the entire issued share capital of the Target Company.

The Disposal

Immediately prior to the entering into of the Agreement, the Target Company was an indirect wholly-owned subsidiary of the Company. Under the Agreement, the Purchaser has agreed to purchase the Sale Shares from the Vendor.

Consideration

The Consideration of HK\$49,980,000 shall be paid by the Purchaser by way of cash to the Vendor in two installments. The first payment of HK\$20,000,000 shall be paid to the Vendor upon signing of the Agreement. The remaining balance of the Consideration of HK\$29,980,000 shall be paid to the Vendor upon Completion.

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to (i) the financial position of the Target Company; and (ii) the valuation of approximately AUD8,500,000 million (equivalent to approximately HK\$43,400,000) as at 31 October 2024 was conducted by an independent valuer engaged by the Company.

Conditions Precedent

Completion shall be conditional upon the following Conditions:

- (1) the completion of the due diligence review and investigation on the Target Group (which includes but not limited to, the legal and financial due diligence review) and the Vineyard conducted by the Purchaser to its reasonable satisfaction;
- (2) the Vendor has proven and given good title to the Vineyard at its own cost on Completion;
- (3) all necessary consents, authorisations, approval, licence, permission, order (or, as the case may be, relevant waiver or exemption) in connection with the Agreement and the transactions contemplated thereby having been obtained by the respective Parties (including but not limited to, the necessary consent from the Stock Exchange); and
- (4) the representations, undertakings and warranties given by the Vendor under the Agreement are and shall remain true, accurate, correct and complete and not misleading in all respects up to the Completion at all times between the date of the Agreement and Completion.

The Purchaser may waive the conditions precedent (1) at its discretion. If the conditions precedent have not been satisfied (or, as the case may be, waived by Purchaser) on or before 2:00 p.m. on the Long Stop Date, the Purchaser shall not be bound to proceed with the purchase of the Sale Shares and the Agreement (other than the survival clause(s)) shall from the Long Stop Date, become void and of no further effect and, save in respect of any antecedent breaches, all liabilities and obligations of the Parties shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the parties thereto which shall have accrued prior to such termination.

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

Completion

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

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated with the results of the Group.

INFORMATION ON THE PARTIES

Information on the Company

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

Information on the Vendor

The Vendor, a wholly-owned subsidiary of the Company, is principally engaged in investment holding.

Information on the Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability and is ultimately owned by Mr. Sit Kwok Man, an Independent Third Party. The Purchaser is principally engaged in wine trading business.

INFORMATION OF THE TARGET GROUP

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

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

Set out below is a summary of the key financial data of the Target Company based on the audited financial statement of the Target Company for the year ended 31 December 2023 and the unaudited management accounts of the Target Company for the period ended 31 October 2024 respectively:

	For the period ended 31 October 2024 (unaudited) HK\$'000	For the year ended 31 December 2023 (audited) HK\$'000
Net loss before taxation	378	9,367
Net loss after taxation	<u>378</u>	<u>9,367</u>

Based on the latest management accounts of the Target Company, the unaudited net assets of the Target Company as at 31 October 2024 was approximately HK\$20,743,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company an investment holding company and its subsidiaries are principally engaged in wine trading (the “**Wine Business**”); and the production of sales of food products in Hong Kong.

The Board considers that the financial performance of the Target Group has not been satisfactory due to continuing loss-making. After reviewing the business and operational status of the Target Company, the Board believes it is appropriate for the Group to proceed with the Disposal to sell a loss-making subsidiary. The Directors considered that the Disposal will generate cost savings for the Group and enhance its liquidity for repaying outstanding loans.

The Disposal, it is expected that the Group will record a net book gain of approximately HK\$6,500,000 from the Disposal, which is calculated with reference to the difference between (a) the Consideration and (b) the aggregate of (i) the estimated unaudited net book value of the Target Company as at 31 October 2024; (ii) the estimated expenses in connection with the Disposal. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the actual payment of the estimated expenses and the review and final audit by the auditor of the Company.

As the Disposal is being carried out after arm's length negotiation and on normal commercial terms, the Directors are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole to settle a portion of other loans and the terms of the Agreement were fair and reasonable and on normal commercial terms.

GEM LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceeds 5% but all applicable percentage ratios are below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement, but is exempt from shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 9 December 2024 entered into between the Vendor and the Purchaser in relation to the Disposal
“AUD”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors
“Company”	Palinda Group Holdings Limited (百利達控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM

“Completion”	the completion of the Disposal pursuant to the Agreement
“Condition(s)”	the condition(s) precedent of the Agreement
“Consideration”	the consideration of HK\$49,980,000 payable by the Purchaser to the Vendor for the Disposal pursuant to the terms and conditions of the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Vendor to the Purchaser
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the rules governing the listing of securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons (as defined in the GEM Listing Rule)
“Purchaser”	a company incorporated in Hong Kong with limited liability who is an Independent Third Party
“Sale Shares”	the entire issued share capital of the Target Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Rainbow Fountain International Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by the Vendor
“Vendor”	Arrow Vision Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 9 December 2024

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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