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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Palinda Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (together as the “**Group**”) for the six months ended 30 June 2021. This announcement, containing the full text of the 2021 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of interim results. Printed version of the 2021 interim report of the Company containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company in due course.

By Order of the Board
Palinda Group Holdings Limited
Huang Wei
Chairlady and Executive Director

Hong Kong, 13 August 2021

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. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S., as independent non-executive Directors.

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

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

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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 Stock 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.

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This report, for which the directors (“Directors”) of Palinda Group Holdings Limited (the “Company”) 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 (the “GEM Listing Rules”) 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 report 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 report misleading.

CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. Huang Wei (*Chairlady*)

Mr. Dou Sheng

Independent non-executive Directors

Mr. Li Lap Keung

Mr. So Yat Chuen

Dr. Wu Wing Kuen, *B.B.S.*

Compliance Officer

Ms. Huang Wei

Authorised Representatives

Ms. Huang Wei

Mr. Wong, Andy Tze On

Company Secretary

Mr. Wong, Andy Tze On

Audit Committee Members

Mr. Li Lap Keung (*Chairman*)

Mr. So Yat Chuen

Dr. Wu Wing Kuen, *B.B.S.*

Remuneration Committee Members

Mr. So Yat Chuen (*Chairman*)

Mr. Li Lap Keung

Dr. Wu Wing Kuen, *B.B.S.*

Nomination Committee Members

Mr. So Yat Chuen (*Chairman*)

Mr. Li Lap Keung

Dr. Wu Wing Kuen, *B.B.S.*

Auditor

Elite Partners CPA Limited
Certified Public Accountants

Principal Bankers

Industrial and Commercial Bank of
China (Asia) Limited
Shanghai Commercial Bank Limited

Registered Office

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

Head Office, Headquarter and Principal Place of Business in Hong Kong

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

Hong Kong Share Registrars and Transfer Office

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road, North Point, Hong Kong

Company Website

www.palinda.com

GEM Stock Code

8179

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “2021 Interim”), together with the unaudited comparative figures for the corresponding period of six months ended 30 June 2020 (the “2020 Interim”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 June 2021

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	5	47,003	30,962	79,983	88,347
Other income		7	859	49	1,188
Cost of inventories consumed		(40,465)	(7,165)	(69,851)	(18,920)
Cost of sales		(36)	(11,702)	(36)	(37,917)
Employee benefits expenses		(852)	(8,889)	(1,720)	(18,700)
Depreciation		(861)	(648)	(1,266)	(1,329)
Other gains and losses, net	6	–	3,634	–	(312)
Operating lease rentals and related expenses		(517)	(676)	(922)	(1,387)
Utilities expenses		(26)	(176)	(47)	(386)
Share option expenses		–	(1,629)	–	(1,629)
General administrative expenses		(725)	(6,410)	(1,662)	(15,142)
Finance costs	7	(631)	(2,279)	(1,806)	(4,401)
Profit/(loss) before tax	8	2,897	(4,119)	2,722	(10,588)
Income tax (expenses)/credit	9	(758)	29	(778)	57
Profit/(loss) for the period		2,139	(4,090)	1,944	(10,531)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 June 2021

Note	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other comprehensive income/ (expenses) for the period: <i>Items that may be reclassified subsequently to profit or loss:</i> Exchange differences on translation of foreign operations	413	5,678	(1,097)	(1,118)
	413	5,678	(1,097)	(1,118)
Total comprehensive income/(expenses) for the period	2,552	1,588	847	(11,649)
Profit/(loss) for the period attributable to:				
Owners of the Company	2,159	(2,804)	1,979	(9,844)
Non-controlling interests	(20)	(1,286)	(35)	(687)
	2,139	(4,090)	1,944	(10,531)
Total comprehensive income/(expenses) for the period attributable to:				
Owners of the Company	2,572	2,874	882	(10,962)
Non-controlling interests	(20)	(1,286)	(35)	(687)
	2,552	1,588	847	(11,649)
Profit/(loss) per share				
– Basic and diluted (<i>HK cents per share</i>)	0.37	(0.59)	0.33	(2.06)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	56,034	57,122
Right-of-use assets		552	1,066
Goodwill		24,742	24,742
		81,328	82,930
Current assets			
Inventories	13	297,917	338,921
Biological assets		181	216
Trade receivables	14	71,196	32,846
Prepayments, deposits and other receivables		4,138	4,162
Income tax recoverable		209	1,948
Bank balances and cash		12,781	7,917
		386,422	386,010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Current liabilities			
Trade payables	15	1,405	589
Other payables, accruals and deposits received	15	14,803	16,795
Income tax provision		1,073	–
Borrowings	16	67,582	69,537
Promissory notes		5,702	–
Lease liabilities		804	760
		91,369	87,681
Net current assets		295,053	298,329
Total assets less current liabilities		376,381	381,259
Non-current liabilities			
Promissory notes		–	5,654
Lease liabilities		494	387
Deferred tax liabilities		12,017	12,195
		12,511	18,236
Net assets		363,870	363,023
Capital and reserves			
Share capital	17	58,658	58,658
Reserves		310,548	309,666
Equity attributable to owners of the Company		369,206	368,324
Non-controlling interests		(5,336)	(5,301)
Total equity		363,870	363,023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2021

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Shares options reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated loss HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2021	58,658	678,665	-	106	-	1,121	(370,226)	368,324	(5,301)	363,023
Profit for the period	-	-	-	-	-	-	1,979	1,979	(35)	1,944
Other comprehensive income for the period										
Exchange differences arising on transaction of foreign operations	-	-	-	-	-	(1,097)	-	(1,097)	-	(1,097)
Total comprehensive income for the period	-	-	-	-	-	(1,097)	1,979	882	(35)	847
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	-	-	-
Issue of new shares by placing	-	-	-	-	-	-	-	-	-	-
Share issuing expenses	-	-	-	-	-	-	-	-	-	-
Issue of consideration shares	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2021	58,658	678,665	-	106	-	24	(368,247)	369,206	(5,336)	363,870
Balance at 1 January 2020	41,493	663,838	-	106	(182)	(8,605)	(336,332)	360,318	(1,362)	358,956
Loss for the period	-	-	-	-	-	-	(9,844)	(9,844)	(687)	(10,531)
Other comprehensive expenses for the period										
Exchange differences arising on transaction of foreign operations	-	-	-	-	-	(1,118)	-	(1,118)	-	(1,118)
Total comprehensive expenses for the period	-	-	-	-	-	(1,118)	(9,844)	(10,962)	(687)	(11,649)
Recognition of equity-settled share based payments	-	-	1,629	-	-	-	-	1,629	-	1,629
Issue of new shares by placing	5,532	4,425	-	-	-	-	-	9,957	-	9,957
Share issuing expenses	-	(110)	-	-	-	-	-	(110)	-	(110)
Issue of consideration shares	6,300	7,560	-	-	-	-	-	13,860	-	13,860
Balance at 30 June 2020	53,325	675,713	1,629	106	(182)	(9,723)	(346,176)	374,692	(2,049)	372,643

Notes:

- (i) Capital reserve represents the difference between the aggregate amount of issued and fully paid share capital of the subsidiaries acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interests in the subsidiaries as part of the group reorganisation.
- (ii) Other reserve represents transactions with the non-controlling interests, capital contributions from non-controlling interests and share of other reserve of an associate.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash flows generated from/(used in) operating activities	8,518	(36,136)
Net cash (used in) investing activities	–	(18,061)
Net cash (used in)/generated from financing activities	(4,075)	57,124
Net increase in cash and cash equivalents	4,443	2,927
Effect of foreign exchange rate changes	421	(28)
Cash and cash equivalents at beginning of period	7,917	(1,822)
	12,781	1,077
Cash and cash equivalents at end of period		
Bank balances and cash	12,781	5,570
Bank overdrafts	–	(4,493)
	12,781	1,077

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 February 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The shares of the Company (the "Share(s)") were listed on GEM of The Stock Exchange since 8 July 2011. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is Unit 306-A201, 3/F, Harbour Centre, Tower 1, 1 Hok Cheung Street, Hungghom, Kowloon, Hong Kong.

The Company's principal activity during the period was investment holding. The Group's principal activities during the period were (i) wine trading business; (ii) production, sales and distribution of food products in Hong Kong; and (iii) money lending business.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the condensed consolidated financial statements of the Group are consistent with those adopted in the Group's annual report for the year ended 31 December 2020 (the "2020 Annual Report"). The Group has adopted the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which are effective for the financial year begin on or after 1 January 2021. The adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared or presented. Accordingly, no prior period adjustment has been required. The condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2020 Annual Report.

The condensed consolidated financial statements of the Group have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values. The Interim Financial Statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Group.

3. ESTIMATES

The preparation of condensed consolidated financial statements of the Group requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements of the Group, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2020 Annual Report.

4. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold or services rendered which is also consistent with the basis of organisation of the Group. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

- | | | |
|-------------------------|---|--|
| Wine trading | – | The trading of wine and grapes |
| Food products operation | – | The production, sales and distribution of food products in Hong Kong |
| Money Lending | – | The provision of money lending business |

Segment turnover, revenue and results

Segment revenue represents revenue derived from the sales of food products, gross proceeds from the disposal of financial assets at fair value through profit or loss ("FVTPL") (for segment turnover only), dividend income and interest income from both the financial assets at FVTPL and the provision of money lending business and trading of wine.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of other income, certain other losses, central administrative costs, share option expenses, share of results from associates/joint ventures and finance costs. This is the measure reported to CODM for purposes of resource allocation and performance assessments.

4. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's turnover, revenue, results, assets and liabilities by reportable and operating segments:

	Wine trading HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
For the six months ended 30 June 2021					
SEGMENT REVENUE	79,983	-	-	-	79,983
RESULTS					
Segment results	5,357	(73)	-	-	5,284
Unallocated income	-	-	-	49	49
Unallocated corporate expenses	-	-	-	(805)	(805)
Finance costs	(1,689)	(69)	-	(48)	(1,806)
Profit before tax					2,722
As at 30 June 2021					
ASSETS					
Segment assets	459,305	3,109	-	5,336	467,750
LIABILITIES					
Segment liabilities	79,185	16,908	-	7,787	103,880

4. SEGMENT INFORMATION (CONTINUED)

	Wine trading <i>HK\$'000</i> (Unaudited)	Food products operation <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
For the six months ended 30 June 2020					
SEGMENT REVENUE	42,247	46,051	49	-	88,347
RESULTS					
Segment results	(417)	(2,500)	(43)	-	(2,960)
Unallocated income	-	-	-	4,943	4,943
Unallocated corporate expenses	-	-	-	(6,541)	(6,541)
Share options expenses	-	-	-	(1,629)	(1,629)
Finance costs	-	-	-	(4,401)	(4,401)
Loss before tax					(10,588)

4. SEGMENT INFORMATION (CONTINUED)

As at 31 December 2020

	Wine business HK\$'000 (Audited)	Food products operation HK\$'000 (Audited)	Money lending HK\$'000 (Audited)	Unallocated HK\$'000 (Audited)	Consolidated HK\$'000 (Audited)
ASSETS					
Segment assets	459,433	5,647	-	-	465,080
Unallocated corporate assets	-	-	-	3,860	3,860
Consolidated total assets					<u>468,940</u>
LIABILITIES					
Segment liabilities	79,185	16,908	-	-	96,093
Promissory notes	-	-	-	5,654	5,654
Unallocated corporate liabilities	-	-	-	4,170	4,170
Consolidated total liabilities					<u>105,917</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, certain interests in associates/joint ventures, deposits, deferred tax assets, income tax recoverable, certain amounts due from associates / joint ventures, bank balances and cash and other assets that cannot be allocated to a specific segment; and
- all liabilities are allocated to operating segments other than income tax payable, certain borrowings, deferred tax liabilities and other liabilities that cannot be allocated to a specific segment.

Geographical information

The Group's operations are located in Hong Kong (country of domicile) and Australia. Information about the Group's revenue from external customers is presented based on their location of the operations.

Information about the Group's non-current assets (excluded the financial instruments and deferred tax assets) is presented based on the geographical location of the assets.

Revenue from external customers

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK'000 (Unaudited)	2020 HK'000 (Unaudited)	2021 HK'000 (Unaudited)	2020 HK'000 (Unaudited)
Hong Kong	46,753	30,330	79,733	87,715
Australia	250	632	250	632
	47,003	30,962	79,983	88,347

Non-current assets

	As at 30 June 2021 HK'000 (Unaudited)	As at 30 December 2020 HK'000 (Audited)
	Hong Kong	25,295
Australia	56,033	56,959
	81,328	82,930

Information about major customers

Revenue from customer of the corresponding period contributing over 10% of the total revenue of the Group is as follows:

	For the six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Customer A	12.23%	8.12%
Customer B	11.63%	6.97%
Customer C	10.72%	7.08%

Revenue from the above customers was derived from the segment of wine trading.

5. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from:				
Wine trading	47,003	13,012	79,983	42,247
Food products operation	–	17,950	–	46,051
Money lending services	–	–	–	49
	47,003	30,962	79,983	88,347

6. OTHER GAINS AND LOSSES, NET

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Gain on disposal of subsidiaries	–	6,972	–	6,972
Gain on disposal of an associate	–	1	–	1
Impairment loss on goodwill	–	(3,218)	–	(3,218)
Loss on disposal of property, plant and equipment	–	(121)	–	(121)
Loss on early redemption of promissory note	–	–	–	(3,946)
	–	3,634	–	(312)

7. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interests on borrowings	607	980	1,758	1,393
Promissory note	24	1,299	48	3,008
	631	2,279	1,806	4,401

8. PROFIT/(LOSS) BEFORE TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(loss) before tax has been arrived at after charging the following:				
Operating lease rentals in respect of rented premises	517	676	922	1,387

9. INCOME TAX EXPENSES/(CREDIT)

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax	758	–	778	–
Deferred income tax	–	(29)	–	(57)
	758	(29)	778	(57)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. On 29 March 2018, the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (“the Ordinance”) was gazetted, thereby introducing a two-tiered profits tax rate regime. Under the two-tiered profits tax rate regime, the first HK\$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018-2019.

10. PROFIT/(LOSS) PER SHARE

The calculation of the basic and diluted profit/(loss) per share attributable to the owners of the Company is based on the following data:

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to owners of the Company	2,159	(2,804)	1,979	(9,844)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted profit/(loss) per share	586,576,334	477,155,000	586,576,334	477,155,000
Profit/(loss) per share				
- Basic and diluted (HK cents per share)	0.37	(0.59)	0.34	(2.06)

Diluted profit/(loss) per share are the same as the basic profit/(loss) per share for the 2021 Interim and 2020 Interim as there was no dilutive potential ordinary shares outstanding.

The computation of diluted loss per share for the 2020 Interim does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share for the 2020 Interim.

11. DIVIDEND

The Board does not recommend the payment of an interim dividend for the 2021 Interim and 2020 Interim.

12. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

During the 2021 Interim, there were no additions to property, plant and equipment. Property, plant and equipment with aggregate carrying values of approximately HK\$56,035,000 as at 30 June 2021 (31 December 2020: approximately HK\$57,122,000).

13. INVENTORIES

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Food and beverage	–	546
Wine	297,917	338,375
	297,917	338,921

14. TRADE RECEIVABLES

The ageing analysis of trade receivables, presented based on invoice date which approximates the respective revenue recognition dates, at the end of the reporting period is:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Within 30 days and neither past due nor impaired	45,824	30,351
31 – 60 days	7,955	2,155
61 – 90 days	15,739	–
Over 90 days	1,678	340
	71,196	32,846

Included in the Group's trade receivables balance were receivables of approximately HK\$1,678,000 that were past due over 60 days as at 30 June 2021 for which the Group has not provided for impairment loss based on the assessment by the management (31 December 2020: HK\$340,000).

The Group allows a credit period ranging from 30 to 90 days to its long term trade customers. Credit limits granted to customers are reviewed periodically but were extended in view of the continuous outbreak of novel coronavirus. Since the Group's trade receivables related to a number of customers are those with proven payment track records, management of the Company believes that there is no significant credit risk concern. The Group does not hold any collateral or other credit enhancements over its trade and other receivable balances. Trade receivables are non-interest bearing.

The ageing analysis of trade receivables which are past due but not impaired is set out below:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
1 – 30 days	7,955	2,155
31 – 60 days	15,739	–
Over 60 days	1,678	340
	25,372	2,495

15. TRADE PAYABLES, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade payables	1,405	589
Other payables	1,440	2,015
Accruals	12,613	14,492
Deposits received	750	288
	14,803	16,795
	16,208	17,384

Payment terms granted by suppliers are generally 30 to 45 days after the end of the month in which the relevant purchases are made. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an ageing analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Within 30 days	930	403
31 – 60 days	328	1
Over 60 days	147	185
	1,405	589

16. **BORROWINGS**

	As at 30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Borrowings		
Instalment loans	67,582	69,537
	67,582	69,537

As at 30 June 2021, the facility agreements of instalment loans contained repayment on demand clauses pursuant to which the banks could at their discretion demand repayment of the entire outstanding balances from the Group in the absence of any defaults.

The following table presents the scheduled repayments set out in the loan agreements:

	As at 30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Carrying amount (shown under current liabilities) of the Group's borrowings that contain repayable on demand clause based on scheduled repayment terms:		
– Within one year	3,145	3,947
– After one year but within two years	2,016	2,508
– After two years but within five years	2,421	3,082
– More than five years	60,000	60,000
	67,582	69,537

16. BORROWINGS (CONTINUED)

Instalment loans carried interest from 2.75% to 5% per annum as at 30 June 2021 (as at 31 December 2020: 2.75% to 5% per annum).

The effective interest rate at the end of the reporting period is as follows:

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Instalment loans	2.75%-5.00%	2.75%-5.00%

As at 30 June 2021, the Group had aggregate banking facilities of approximately HK\$71,000,000 (31 December 2020: approximately HK\$71,000,000), of which the available facilities were fully utilized amounting to approximately HK\$67,582,000 (31 December 2020: approximately HK\$69,537,000). These banking facilities are secured by:

- (a) As at 30 June 2021 and 31 December 2020 by a floating charge on inventories;
- (b) As at 30 June 2021 and 31 December 2020 by limited corporate guarantee by the Company; and
- (c) As at 30 June 2021 and 31 December 2020, unlimited guarantees from a non-controlling shareholder of a subsidiary of the Company.

17. SHARE CAPITAL

	Nominal value HK\$	Number of shares	Share capital HK\$'000
Authorised			
Ordinary shares			
At 31 December 2020 and 30 June 2021	0.1	1,000,000,000	100,000
Issued and fully paid			
Ordinary shares			
At 1 January 2020	0.1	414,931,214	41,493
Issue of consideration shares (<i>Note (i)</i>)	0.1	63,000,000	6,300
Issue of shares upon placement of shares (<i>Note (ii)</i>)	0.1	55,320,000	5,532
Issue of shares upon exercise of share options (<i>Note (iii)</i>)	0.1	53,325,120	5,333
At 31 December 2020, 1 January 2021 and 30 June 2021	0.1	586,576,334	58,658

- (i) On 3 January 2020, the Company issued 63,000,000 ordinary shares to Mr. Chow Yat Too, being the vendor for the acquisition of Win Everest Group, as part of the consideration for the acquisition of Win Everest Group.
- (ii) On 31 March 2020, a total of 55,320,000 placing Shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK\$0.18 per placing share pursuant to the terms and conditions of the placing agreement.
- (iii) During the year ended 31 December 2020, 53,325,120 share options had been exercised by holders of the share options at exercise price of HK\$0.125 per option, to subscribe for 53,325,120 ordinary shares of the Company at a total aggregated consideration of approximately HK\$6,665,000. Details of the share options are set out in note 20 to the condensed consolidated financial statements.

All the new shares issued during the period rank pari passu with the existing shares in all respects.

18. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the Company's shareholders at a special general meeting of the Company held on 9 December 2011, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of rewarding eligible participants who had made contribution to the Group as well as providing incentives in retaining the Group's existing employees and recruiting additional employees in attaining the long term objectives of the Group.

Subject to the terms of the Share Option Scheme, the Directors may, at their absolute discretion, grant or invite any person belonging to any of the following classes to take up options to subscribe for shares: (a) any employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any Director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Company or any subsidiaries; (b) any person who have contributed or may contribute to the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 9 December 2011 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company did not seek any resolution to refresh the Share Option Scheme at the Company's shareholder's annual general meeting of the Company held on 27 May 2021.

Where the proposed grant of option to a Director, chief executive, substantial shareholder and/or an independent non-executive Director of the Company or any of their respective associates would result in such person in any 12-month period up to and including the date of grant: (i) representing in aggregate over 0.1% of the total issued shares at the date of grant; and (ii) having an aggregate value, based on the closing price of the shares at the date of grant, in excess of HK\$5 million, then such grant must be subject to the approval of the shareholders in general meeting taken on a poll.

The total number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of grant of each eligible participant shall not exceed 1% of the total issued shares unless (i) a shareholders' circular is dispatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the 1% limit referred to in this paragraph; and (iii) the relevant eligible participant and its associates abstain from voting on such resolution.

18. SHARE OPTION SCHEME (CONTINUED)

The exercise price of the option shares granted under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the Share as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of 10 years commencing from 9 December 2011 unless terminated by the Group.

Options granted under the Share Option Scheme must be taken up within 28 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK\$1 to the Company as consideration for the grant. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised, but the Board may, subject to the provisions of the GEM Listing Rules, in its absolute discretion when granting the option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as it may think fit.

During the 2020 Interim, 53,325,120 options were granted to ten eligible participants comprising three customers, two suppliers, four consultants and one employee of the Company (the "Grantee") on 22 June 2020. The estimated fair value of the options granted on the date was approximately HK\$1,629,000. Details of the share options granted during the corresponding period for the six months ended 30 June 2020 are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Closing price of the share immediately before the date of grant
22 June 2020	N/A	1 year from the date of grant	HK\$0.125	HK\$0.106

18. SHARE OPTION SCHEME (CONTINUED)

The following table discloses movements of the Company's share options granted to the Grantees.:

	Date of grant	Exercise price per option HK\$	Exercise period	Number of share options				
				Balance as at 1 January 2020	Granted during the period	Exercised during the year 2020	Expired / lapsed / cancelled during the period	Balance as at 31 December 2020
3 Customers in aggregate	22 June 2020	0.125	1 year from the date of grant	-	15,997,536	(15,997,536)	-	-
2 Suppliers in aggregate	22 June 2020	0.125	1 year from the date of grant	-	10,665,024	(10,665,024)	-	-
4 consultants in aggregate	22 June 2020	0.125	1 year from the date of grant	-	21,330,048	(21,330,048)	-	-
1 Employee in aggregate	22 June 2020	0.125	1 year from the date of grant	-	5,332,512	(5,332,512)	-	-
				-	53,325,120	(53,325,120)	-	-

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

	2020
Closing share price at the date of grant	HKD\$0.106
Exercise price	HKD\$0.125
Expected volatility	88%
Expected life	1 year
Risk-free rate	0.30%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The value of an option varies with different variables of certain subjective assumptions.

For further details of the share options granted to the Grantees under the Share Option Scheme, please refer to the sections headed "SHARE OPTION SCHEME" under the Directors' Report and the note 30 to the consolidated financial statements of the Group of 2020 Annual Report and the supplemental announcement of the Company in relation to the 2020 Annual Report dated 6 August 2021.

As at 30 June 2021, there was no outstanding share options under the Share Option Scheme.

19. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) Transactions with connected/related parties

The Group had the following significant transactions with the connected and related parties during the periods:

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	2021	2020
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Salaries and post-employment benefits paid to substantial shareholders	<i>i</i>	61	26	122	52
Operating lease rental paid to related companies	<i>ii</i>	275	492	549	983

Notes:

- (i) Salaries were charged according to the terms entered into between the parties.
- (ii) Operating lease rentals were paid according to the terms of the rental agreements entered between the Group and the related companies owned by the spouse of Ms. Huang Wei, the executive director and the substantial shareholder of the Company.

19. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other transactions with related parties

Compensation of key management personnel

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term benefits	398	387	795	774
Post-employment benefits	-	9	-	18
	398	396	795	792

The remuneration of Directors and key management personnel was determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

20. EVENTS AFTER REPORTING PERIOD

As disclosed in the announcement of the Company dated 20 July 2021, the Group has diversified its food production business to on-site production utilizing new roasting techniques and sale of Chinese roasted meat products through operating its self-managed store branded "Dai Gor BBQ" in Hong Kong, mainly targeting the takeaway orders to customers (the "Self-managed Store"). Save as the disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2021 and up to the date of this report by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's interim results for 2021 Interim.

Business Review

The Group principally engaged in (i) wine trading; (ii) production, sales and distribution of food products in Hong Kong; and (iii) money lending business.

With the local situation of novel coronavirus ("COVID-19") becoming more contained, Hong Kong's economy improved gradually since the second quarter of 2021. Although the economic recovery was uneven among different business segments and overall economic activities still remained below the pre-COVID-19 level because of the border restrictions and social distancing measures remaining in place. The recovery of the wine trading market in Hong Kong is encouraging because of the greater private consumptions of premium wines at homes and small gatherings locally. Our overseas and local clients were generally cautious in stockpiling wine while kept close view on the recovery of consumer activities and therefore the client demand remained prudent in the first half of 2021.

Wine Trading

The Group's wine trading segment is the major revenue segment during the 2021 Interim. The Group's wines are mainly from various reputable vineyards and wineries from Australia, with a focus on premium quality red wine as the major product. During the 2021 Interim, the wine trading operation has achieved encouraging results and recorded an increase of approximately 89.6% in revenue to approximately HK\$80.0 million (2020 Interim: approximately HK\$42.2 million) with a segment profit of approximately HK\$5.35 million (2020 Interim: loss of approximately HK\$0.42 million). Such increase was mainly attributable to competitive pricing and payment terms offered by the Group.

During the 2021 Interim, this business segment was clouded by the COVID-19 pandemic which resulted in lack of social gatherings, corporate functions or public events for the purpose of social distancing. The mobility of the Group's staff and potential customers have been restricted and the marketing activities were limited, as such, our management believed that such limitation also restricted the potential growth of our wine trading segment further in the first half of 2021. In addition, the increased competition from market also caused the Group to extend credit terms, as well as adjust margins in order to secure new orders and maintain the orders from existing customers. Trade receivables of the Group increased to approximately HK\$71.2 million for the 2021 Interim as compared to approximately HK\$32.8 million for 2020 Interim.

Our Australian subsidiary had also gone through challenging times since the wines destined for the export market slowed down due to the trade and political tension with China. The ongoing COVID-19 pandemic situation caused the State of Western Australia imposing hard restrictions for travellers into the state since early 2020 which caused extreme challenges to the management of our vineyard and grapes for the wine trading business.

Food products operation

During the 2021 Interim, the Board was exploring to revamp the food production business in an alternate model to get rid of the reliance on sales and distribution of food products through concessionaire stores with high commission expense and operations costs as in the past. Nevertheless, the success of the food production business of the Group relied on multiple factors, especially the recovery of Hong Kong economy and the control on COVID-19 situation. Simultaneously, the continued restrictions on large group gatherings, parties, functions and events due to the fluctuating impact of COVID-19 seemed to have created new opportunities in take-away food markets for our further exploration.

Money Lending Business

In view of the volatile market condition surrounding the world economies and the impact of the COVID-19 pandemic since the beginning of 2020, the Board has continued to take a very reserve stance on this business segment as management of the Company has been reluctant to take unnecessary risks under such climate. During the 2021 Interim, this segment generated no interest income (2020 Interim: approximately HK\$0.05 million) and made no contribution (2020 Interim: loss approximately HK\$0.04 million) to our revenue, mainly due to the severe market competition, weakened demand and customer sentiments. In respect of the conservative position of the Group, the money lending segment has been the under-performing segment for 2021 Interim as compared with the others.

Financial Review

The Group recorded a decrease in total revenue of approximately 9.5% or HK\$8.4 million for the 2021 Interim, mainly due to no revenue generated from the segment of food products operation as compared with that of approximately HK\$46.0 million for the 2020 Interim. Such decrease in food products operation was partially offset by the substantial increase in revenue of approximately HK\$37.7 million in the segment of wine trading to approximately HK\$80.0 million for the 2021 Interim (2020 Interim: approximately HK\$42.2 million).

Profit attributable to the owners of the Company was approximately HK\$2.0 million for the 2021 Interim, as compared to loss of approximately HK\$9.8 million in 2020 Interim. Such turnaround was mainly due to (i) increase in turnover of wine trading business during the relevant period; (ii) no impairment of goodwill relating to wine business; (iii) no loss on early redemption of promissory notes; (iv) competitive margins for the wine trading business; (v) lower finance costs of approximately HK\$1.8 million due to the decrease in promissory notes outstanding; and (vi) no share option expense incurred as compared to 2020 Interim.

The cost of inventories consumed for the 2021 Interim amounted to approximately HK\$69.9 million (2020 Interim: approximately HK\$18.9 million). The cost of inventories consumed was approximately 87.3% of the Group's revenue during the 2021 Interim (2020 Interim: approximately 21.4%). The management of the Company constantly strive to manage inventory efficiently resulting in reduction of inventory from approximately HK\$338.9 million at as 31 December 2020 to approximately HK\$297.9 million as at 30 June 2021 while maintaining the right product mix in stock for the wine trading business.

Employee benefits expenses for the 2021 Interim reduced to approximately HK\$1.72 million (2020 Interim: approximately HK\$18.7 million) largely due to the repositioning of the food production business. These employee related expenses were mainly for the wine trading business including the wage adjustments to retain experienced staff despite the inflationary environment during the 2021 Interim. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

Outlook and Prospects

The promising results in wine trading segment for the 2021 Interim and the positive future prospects of the wine industry in Hong Kong represent a positive signal for the Group to further expand its distribution and wholesale channels in wine trading business. As such, it is the intention of the Group to further strengthen its sales activities in wine trading with more advertisement and promotions targeting the Asia Pacific Economic Cooperation (“APEC”) wine market. Apart from continuing efforts in product portfolio expansion and on-line marketing, the Group will also seek acquisition opportunities to enlarge the operational scale and improve the performance of the wine trading segment. The Group is of the view that such acquisition would bring positive effects in the development of the existing wine trading business by expanding our APEC customer base and wine supply channels, plus the introduction and cultivation of expertise with relevant skill sets and connections in the wine trading industry.

Looking ahead, the Group’s core wine trading business will continue to face potential challenges in relation to the ongoing restrictive social distancing measures based on the situation of COVID-19 as well as the uncertainty on economy recovery. The management of the Company expects that the Hong Kong economy will continue to recover in the second half of 2021 as the COVID-19 situation improving with higher city-wide vaccination rate. In addition, the rollout of the consumption voucher scheme starting in the third quarter of 2021 should also boost the local food and beverage industry in Hong Kong by adding momentum to the recovery of consumption. Management of the Company expects the wine trading segment will generate stable increase in sales and profits for the remainder of 2021.

Although the ongoing COVID-19 pandemic situation affects the wine trading business due to the social distancing measures, it provides the opportunities to the Board to consider the establishment of new outlets for the food production business instead of carrying out by the previous model in a restrictive arrangements with costly commission paid to concessionaire stores for food distribution since the retail rental rates in local Hong Kong market are now generally lowered than the pre-COVID-19 times.

Subsequent to the 2021 Interim, the Group has recently diversified its food production business to on-site production utilizing new roasting techniques and sale of Chinese roasted meat products through operating its self-managed store branded “Dai Gor BBQ” in Hong Kong, mainly targeting the takeaway orders to customers. The Board believes the development of Dai Gor BBQ represents a good opportunity for the Group to expand the Group’s food production business and broaden the income stream of the Group and is in the interests of the Company and the shareholders of the Company as a whole.

The Board believes that the expansion and innovation in wine trading and food production business will elevate and broaden the Group’s offerings so as to encompass a unique set of capabilities and wider market access in the ever-changing local consumer markets, especially when the large-scale gatherings, parties, functions and events are expected to be resumed with easing restrictions in the near future.

The Group will keep an eye on future opportunities for its money lending business in the remainder of the year when the economic situation improves overtime.

Our management of the Company will monitor the risk exposure regularly and adjust it’s growth strategies when necessary, while selectively choose those with the most balanced risk and return potential as experts anticipate the uncertainties surrounding the world economies to continue for the remainder of this financial year. The Group will also monitor the situation of the COVID-19 outbreak and assess its impact on the operations and financial performance of the Group, and will make further announcement(s) as and when appropriate.

The Group will closely monitor and review the performance of existing businesses in order to concentrate our limited resources to develop business with the greater potential for growth and profitability. Management of the Company will continue to strive and diversify the Group’s existing businesses as well as broaden its source of income.

Liquidity, Financial and Capital Resources

Capital structure

The Group manages the capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remained unchanged from prior period.

The capital structure of the Group consists of borrowings net of, bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group expects to maintain a stable gearing ratio through the issue of new equity as well as the undertaking of new debts.

Cash position

As at 30 June 2021, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$12.8 million (31 December 2020: approximately HK\$7.9 million).

Borrowings

As at 30 June 2021, the carrying amount of the Group's borrowings was approximately HK\$67.6 million (31 December 2020: approximately HK\$69.5 million).

Gearing ratio

Gearing ratio is calculated as net debt (borrowings and promissory notes less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interests). As at 30 June 2021, the gearing ratio of the Group was approximately 17% (31 December 2020: approximately 16.0%).

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK\$"). Other than interests in a wholly owned subsidiary of the Company are denominated in Australian Dollars ("AUD"), the Group's assets and liabilities are mainly denominated in HK\$ and AUD. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of HK\$ or AUD may have an impact on the financial results of the Group.

The Board considers that the foreign exchange risk with respect to AUD is not significant. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Capital Expenditure and Commitments

There were no material capital commitments for the Group as at 30 June 2021.

Charges on Assets

Details of the charges on the Group's assets were set out in note 16 to the condensed consolidated financial statements of the Group.

Contingent Liabilities

There were no significant contingent liabilities of the Group as at 30 June 2021.

Dividend

Details of the dividend are set out in the note 11 to the condensed consolidated financial statements.

Employees and Remuneration Policy

As at 30 June 2021, the Group had around 17 employees including all board members. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

Significant Investment Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Saved as the above and others disclosed elsewhere in this report by the Group, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the 2021 Interim.

Events After Reporting Period

Saved as the above and others disclosed in note 20 in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2021 and up to the date of this report by the Group.

SHARE OPTION SCHEME

Details of the share option scheme of the Group are set out in the note 18 to the condensed consolidated financial statement.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests and short positions of the Directors and the chief executives 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 Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) 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 shares and underlying shares of the Company

Name of Director	Capacity/nature of interest	Total number of Shares held	Approximate percentage of interest
Ms. Huang Wei	Beneficial owner	63,835,200	10.88%

Saved as disclosed above, as at 30 June 2021, none of the Directors and the chief executives of the Company had, or was 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 were required (a) 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) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) 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.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2021, there are no person other than the Directors and chief executives of the Company whose have interests and short positions in the shares, underlying shares or debentures 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 was 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and chief executives' interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, at no time during the 2021 Interim was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the 2021 Interim.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates had an interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group or had any other conflicts with the Group during the 2021 Interim.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rule 5.48 to Rule 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review. The Company was not aware of any non-compliance during the 2021 Interim.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules during the 2021 Interim.

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015 and 20 December 2018, the Board adopted a set of revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement in relation to the internal control by introducing the concept of the risk management. 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 auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

As at 30 June 2021, the Audit Committee consists of three independent non-executive Directors, namely Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.*. Mr. Li Lap Keung is the chairman of the Audit Committee.

The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the 2021 Interim and is of the opinion that the such results complied with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 13 August 2021

As at the date of this report, the Board of the Company comprises Ms. Huang Wei and Mr. Dou Sheng as executive Directors, and Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S., as independent non-executive Directors.