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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 THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2021. This announcement, containing the full text of the 2021 third quarterly report of the Group, 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 quarterly results. Printed version of the 2021 third quarterly 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, 12 November 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. Lee Lap Keung (formerly known as “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 Listed Company Information” 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. Lee Lap Keung
(Formerly known as "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 Wai Chun (appointed on 3
September 2021)
Mr. Wong Tze On (resigned on 3 September 2021)

Company Secretary

Mr. Wong Wai Chun (appointed on 3
September 2021)
Mr. Wong Tse On (resigned on 3 September 2021)

Audit Committee Members

Mr. Lee Lap Keung
(Formerly known as "Li Lap Keung")
(*Chairman*)
Mr. So Yat Chuen
Dr. Wu Wing Kuen, *B.B.S.*

Remuneration Committee Members

Mr. So Yat Chuen (*Chairman*)
Mr. Lee Lap Keung
(Formerly known as "Li Lap Keung")
Dr. Wu Wing Kuen, *B.B.S.*

Nomination Committee Members

Mr. So Yat Chuen (*Chairman*)
Mr. Lee Lap Keung
(Formerly known as "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
Hung Hom, 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

HIGHLIGHTS

- The Group's revenue for the nine months ended 30 September 2021 (the "2021 Period") decreased by approximately 11.0% to approximately HK\$108.9 million compared to HK\$122.3 million for the nine months ended 30 September 2020 (the "2020 Period").
- Profit attributable to the owners of the Company for the nine months ended 30 September 2021 was approximately HK\$1.6 million (2020: Loss HK\$12.0 million).
- Basic profit per share for the nine months ended 30 September 2021 was approximately HK0.28 cents (2020: Loss HK2.27 cents).
- The Board does not recommend the payment of dividend for the nine months ended 30 September 2021 (2020: HK Nil cent).

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 nine months ended 30 September 2021 (the “2021 Period”), together with the unaudited comparative figures for the corresponding period ended 30 September 2020 (the “2020 Period”), as follows:

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

For the three months and nine months ended 30 September 2021

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Revenue	3	28,880	34,026	108,863	122,374
Other income		10	3,004	59	4,193
Cost of sales		(25,526)	(26,307)	(95,413)	(83,145)
Employee benefits expenses		(887)	(8,707)	(2,607)	(27,407)
Depreciation		(371)	(231)	(1,637)	(1,560)
Other gains (losses), net	4	–	187	–	(125)
Operating lease rentals and related expenses		(261)	(579)	(1,183)	(1,966)
Utilities expenses		(54)	(9)	(101)	(395)
Share option expenses		–	–	–	(1,629)
General administrative expenses		(1,833)	(3,014)	(3,495)	(18,157)
Finance costs	5	(865)	(2,108)	(2,671)	(6,509)
Profit (Loss) before tax	6	(907)	(3,738)	1,815	(14,326)
Income tax credit (expenses)	7	212	32	(566)	89
Profit (Loss) for the period		(695)	(3,706)	1,249	(14,237)

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

For the three months and nine months ended 30 September 2021

Notes	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Other comprehensive income (expenses) for the period:				
Exchange differences arising on translation of foreign operations	2,033	1,980	936	862
	2,033	1,980	936	862
Total comprehensive expenses for the period	1,338	(1,726)	2,185	(13,375)
Profit (Loss) for the period attributable to:				
Owners of the Company	(344)	(2,190)	1,635	(12,034)
Non-controlling interests	(351)	(1,516)	(386)	(2,203)
	(695)	(3,706)	1,249	(14,237)
Total comprehensive (expenses) income for the period attributable to:				
Owners of the Company	1,689	(210)	2,571	(11,172)
Non-controlling interests	(351)	(1,516)	(386)	(2,203)
	1,338	(1,726)	2,185	(13,375)
Profit (Loss) per share				
– Basic and diluted (HK cents per share)	8 (0.06)	(0.59)	0.28	(2.27)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2021

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Shares options reserve HK\$'000	Capital reserve HK\$'000 Note (i)	Other reserve HK\$'000 Note (ii)	Foreign currency translation reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2021	58,658	678,665	-	106	-	1,121	(370,226)	368,324	(5,301)	363,023
Profit for the period	-	-	-	-	-	-	1,634	1,634	(386)	1,248
Other comprehensive income for the period										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	936	-	936	-	936
Total comprehensive income (expenses) for the period	-	-	-	-	-	936	1,634	2,570	(386)	2,184
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	-	-	-
Issue of consideration shares	-	-	-	-	-	-	-	-	-	-
Issue of new shares by placing	-	-	-	-	-	-	-	-	-	-
Issue of share upon exercise of share options	-	-	-	-	-	-	-	-	-	-
Share issuing expenses	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2021	58,658	678,665	-	106	-	2,057	(368,592)	370,894	(5,687)	365,207
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	-	-	-	-	-	-	(12,034)	(12,034)	(2,203)	(14,237)
Other comprehensive income for the period										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	862	-	862	-	862
Total comprehensive income (expenses) for the period	-	-	-	-	-	862	(12,034)	(11,172)	(2,203)	(13,375)
Recognition of equity-settled share based payments	-	-	1,629	-	-	-	-	1,629	-	1,629
Issue of consideration shares	6,300	7,560	-	-	-	-	-	13,860	-	13,860
Issue of new shares by placing	5,532	4,426	-	-	-	-	-	9,958	-	9,958
Issue of share upon exercise of share options	5,333	2,962	(1,629)	-	-	-	-	6,666	-	6,666
Share issuing expenses	-	(121)	-	-	-	-	-	(121)	-	(121)
Balance at 30 September 2020	58,658	678,665	-	106	(182)	(7,743)	(348,366)	381,138	(3,565)	377,573

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.

NOTES TO THE THIRD QUARTERLY FINANCIAL STATEMENTS

For the nine months ended 30 September 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 2021 Period and 2020 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 Third Quarterly Financial Statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Group.

3. REVENUE

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from:				
Wine trading	27,966	26,058	107,949	68,306
Food production	914	7,968	914	54,019
Money lending	–	–	–	49
	28,880	34,026	108,863	122,374

4. OTHER GAINS (LOSSES), NET

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Gain on disposal of subsidiaries	–	164	–	7,136
Gain on disposal of an associate	–	–	–	1
Impairment loss on goodwill	–	–	–	(3,218)
Loss on disposal of property, plant and equipment	–	17	–	(104)
Loss on early redemption of promissory note	–	–	–	(3,946)
Others	–	6	–	6
	–	187	–	(125)

5. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interests on borrowings	841	859	2,599	2,252
Promissory note	24	1,249	72	4,257
	865	2,108	2,671	6,509

6. PROFIT (LOSS) BEFORE TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	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	261	579	1,183	1,966

7. INCOME TAX (CREDIT) EXPENSES

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax	(212)	(32)	566	(89)
Deferred income tax	-	-	-	-
	(212)	(32)	566	(89)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. 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%.

8. 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 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Profit (Loss) for the purpose of basic and diluted profit (loss) per share, being profit (loss) for the period attributable to the owners of the Company	(344)	(2,190)	1,635	(12,034)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted profit (loss) per share	586,576,334	372,886,615	586,576,334	529,411,466
Profit (loss) per share – Basic and diluted (HK cents per Share)	(0.06)	(0.59)	0.28	(2.27)

Diluted profit (loss) per share for the three months ended 30 September 2021 and 30 September 2020, the 2021 Period and 2020 Period were the same as the basic profit/(loss) per share as there was no dilutive potential ordinary shares outstanding.

9. DIVIDEND

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

10. EVENTS AFTER REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2021 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's third quarterly results for the 2021 Period.

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 2021 Period.

Wine Trading

The Group's wine trading segment is the major revenue segment during the 2021 Period. 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 Period, the wine trading operation has achieved encouraging results and recorded an increase of approximately 58.0% in revenue to approximately HK\$107.9 million (2020 period: approximately HK\$68.3 million) with a segment profit of approximately HK\$3.0 million (2020 period: profit of approximately HK\$1.6 million). Such increase was mainly attributable to competitive pricing and payment terms offered by the Group.

During the 2021 Period, 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 2021 Period. 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\$26.5 million for the 2021 Period as compared to approximately HK\$29.3 million for 2020 Period.

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 Period, 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.

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.

Two stores have started operation since July and August 2021.

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 Period, this segment generated no interest income (2020 period: approximately HK\$0.05 million) and made no contribution (2020 period: 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 Period as compared with the others.

Financial Review

The Group recorded a decrease in total revenue of approximately 11.0% or HK\$13.5 million for the 2021 Period, mainly due to small revenue generated from the segment of food products operation as compared with that of approximately HK\$54.0 million for the 2020 Period. Such decrease in food products operation was partially offset by the substantial increase in revenue of approximately HK\$39.6 million in the segment of wine trading to approximately HK\$107.9 million for the 2021 Period (2020 Period: approximately HK\$68.3 million).

Profit attributable to the owners of the Company was approximately HK\$1.6 million for the 2021 Period, as compared to loss of approximately HK\$12.0 million in 2020 Period. 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\$2.7 million due to the decrease in promissory notes outstanding; and (vi) no share option expense incurred as compared to 2020 Period.

The cost of sales for the 2021 Period amounted to approximately HK\$95.4 million (2020 Period: approximately HK\$83.1 million). The cost of sales was approximately 87.7% of the Group's revenue during the 2021 Period (2020 Period: approximately 67.9%).

Employee benefits expenses for the 2021 Period reduced to approximately HK\$2.6 million (2020 Period: approximately HK\$27.4 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 Period. 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 Period 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 remaining quarter of 2021 as the COVID-19 situation improving with higher city-wide vaccination rate. In addition, the continuous rollout of the consumption voucher scheme in the last 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 its 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.

The Group will closely monitor and review the performance of existing business and may dispose of and scale down any underperforming segment in order to concentrate resources to develop sustainable and new businesses.

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 September 2021, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$11.2 million (31 December 2020: approximately HK\$7.9 million).

Borrowings

As at 30 September 2021, the carrying amount of the Group's borrowings (including the promissory notes) was approximately HK\$72.3 million (31 December 2020: approximately HK\$75.2 million).

Gearing ratio

Gearing ratio is calculated as net debt (borrowings and promissory notes and lease liabilities less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interests). As at 30 September 2021, the gearing ratio was approximately 16.7% (31 December 2020: 18.6%).

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 was no capital commitments of the Group as at 30 September 2021.

Charges on Assets

As at 30 September 2021, the Group had aggregate utilised banking facilities of approximately HK\$66.0 million (31 December 2020: approximately HK\$69.5 million), of which the available facilities are secured by unlimited guarantee from the Company, floating charge on inventory and unlimited guarantee from a non-controlling Shareholder of a subsidiary.

Contingent Liabilities

Save as disclosed elsewhere in the Third Quarterly Financial Statements, there were no other significant contingent liabilities of the Group as at 30 September 2021.

Dividend

Details of the dividend are set out in the Note (9) to the Third Quarterly Financial Statements.

Employees Numbers and Remuneration Policy

As at 30 September 2021, the Group had around 18 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 Period.

Events After Reporting Period

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2021 and up to the date of this report by the Group.

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. 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.

On 22 June 2020, 53,325,120 share options were granted to ten eligible participants under the Share Option Scheme with an exercise price HK\$0.125 per option and the validity period of one year from the date of grant. The share options were fully exercised on 17 July 2020. As a result, the Company received a net proceed of approximately HK\$6.6 million. The estimated fair value of the options granted on the date was approximately HK\$1,629,000. For further details of the share options granted to the Grantees under the Share Option Scheme, please refer to the section 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 September 2021, there were no outstanding share options under the Share Option Scheme.

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 September 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 ordinary shares	Approximate percentage of interest
Ms. Huang Wei	Beneficial owner	63,835,200	10.88%

Saved as disclosed above, as at 30 September 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 September 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 Period 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 Period.

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 Period.

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 Period.

COMPETING INTEREST

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Review Period.

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 Period.

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. 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 September 2021, the Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Lap Keung (formerly known as "Li Lap Keung"), Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.*. Mr. Lee Lap Keung is the chairman of the Audit Committee.

The Audit Committee had reviewed the unaudited Third Quarterly Financial Statements for the 2021 Period and is of the opinion that the Third Quarterly Financial Statements comply with the applicable accounting standards, 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, 12 November 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. Lee Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S., as independent non-executive Directors.