

INTERIM REPORT 2022



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



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. Huang Wei (*Chairlady*)
Mr. Dou Sheng

Independent non-executive Directors

Mr. Lee 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, Alex

Company Secretary

Mr. Wong Wai Chun, Alex

Audit Committee Members

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

Nomination Committee Members

Mr. So Yat Chuen (*Chairman*)
Mr. Lee 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

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 2022 (the “2022 Interim”), together with the unaudited comparative figures for the corresponding period of six months ended 30 June 2021 (the “2021 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 2022

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5	86,974	47,003	129,851	79,983
Other income		472	7	474	49
Cost of sales and inventories consumed		(81,891)	(40,501)	(121,099)	(69,887)
Employee benefits expenses		(757)	(852)	(1,484)	(1,720)
Depreciation		(91)	(861)	(237)	(1,266)
Operating lease rentals and related expenses		(707)	(517)	(1,470)	(922)
Administrative expenses		(3,085)	(751)	(4,413)	(1,709)
Finance costs	6	(1,295)	(631)	(2,297)	(1,806)
Profit/(loss) before tax	7	(380)	2,897	(675)	2,722
Income tax (expenses)/credit	8	-	(758)	-	(778)
Profit/(loss) for the period		(380)	2,139	(675)	1,944

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

For the three months and six months ended 30 June 2022

Note	For the three months ended 30 June		For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 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	(1,304)	413	(729)	(1,097)
	(1,304)	413	(729)	(1,097)
Total comprehensive income/(expenses) for the period	(1,684)	2,552	(1,404)	847
Profit/(loss) for the period attributable to:				
Owners of the Company	(354)	2,159	(661)	1,979
Non-controlling interests	(26)	(20)	(14)	(35)
	(380)	2,139	(675)	1,944
Total comprehensive income/(expenses) for the period attributable to:				
Owners of the Company	(1,658)	2,572	(1,390)	882
Non-controlling interests	(26)	(20)	(14)	(35)
	(1,684)	2,552	(1,404)	847
Profit/(loss) per share				
– Basic and diluted (<i>HK cents per share</i>)	(0.06)	0.37	(0.11)	0.34

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) OF THE GROUP

As at 30 June 2022

	<i>Notes</i>	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		980	1,905
Right-of-use assets		2,889	4,433
Investment properties		6,700	6,700
		10,569	13,038
Current assets			
Inventories	11	331,596	393,123
Trade receivables	12	73,472	41,892
Prepayments, deposits and other receivables	12	2,369	2,442
Income tax recoverable		172	149
Bank balances and cash		14,977	4,039
		422,586	441,645

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Current Liabilities			
Trade payables	13	474	64,562
Other payables, accruals and deposit received	13	34,690	14,250
Borrowings	14	93,571	65,591
Promissory notes		2,787	5,750
Lease Liabilities		1,248	2,705
		132,770	152,858
Net current assets		289,816	288,787
Total assets less current liabilities		300,385	301,825
Non-current liabilities			
Lease liabilities		1,855	1,891
		1,855	1,891
Net assets		298,530	299,934
Capital and reserves			
Share capital	15	58,658	58,658
Reserves		245,214	246,604
Equity attributable to owners of the Company		303,872	305,262
Non-controlling interests		(5,342)	(5,328)
Total equity		298,530	299,934

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2022

	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 2022	58,658	678,665	-	106	-	1,222	(433,389)	305,262	(5,328)	299,934
Loss for the period	-	-	-	-	-	-	(661)	(661)	(14)	(675)
Other comprehensive income for the period										
Exchange differences arising on transaction of foreign operations	-	-	-	-	-	(729)	-	(729)	-	(729)
Total comprehensive income for the period	-	-	-	-	-	(729)	(661)	(1,390)	(14)	(1,404)
Balance as at 30 June 2022	58,658	678,665	-	106	-	493	(434,050)	303,872	(5,342)	298,530
Balance at 1 January 2021	58,658	678,665	-	106	-	1,121	(370,226)	388,324	(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
Balance as at 30 June 2021	58,658	678,665	-	106	-	24	(368,247)	369,206	(5,336)	363,870

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 2022

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash flows (used in)/generated from operating activities	(8,250)	8,518
Net cash (used in) investing activities	(1,310)	–
Net cash generated from/(used in) financing activities	21,227	(4,075)
Net increase in cash and cash equivalents	11,667	4,443
Effect of foreign exchange rate changes	(729)	421
Cash and cash equivalents at beginning of period	4,039	7,917
	14,977	12,781
Cash and cash equivalents at end of period		
Bank balances and cash	14,977	12,781
Bank overdrafts	–	–
	14,977	12,781

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 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, Hunghom, Kowloon, Hong Kong.

The Company's principal activity during the period is investment holding. The Group's principal activities during the period are trading of wine products and grapes, production and sales of food products.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements 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 2021 (the "2021 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 2022. 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 2021 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 2021 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 business – The trading of wine and grapes
- Food products operation – The production and sales of food products in Hong Kong

Segment turnover, revenue and results

Segment revenue represents revenue derived from the sales of wine and grapes, production and sales of food products.

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, 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.

For the six months ended 30 June

	Wine business		Food products operation		Unallocated		Consolidated	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
SEGMENT TURNOVER	127,306	79,983	2,545	-	-	-	129,851	79,983
SEGMENT REVENUE	127,306	79,983	2,545	-	-	-	129,851	79,983
Segment results	4,235	3,668	(420)	(142)	-	-	3,815	3,526
Unallocated income					397	49	397	49
Unallocated corporate expenses							(2,590)	(805)
Finance costs							(2,297)	(48)
(Loss) before tax							(675)	2,722

	Wine business		Food products operation		Unallocated		Consolidated	
	2022 30 June HK\$'000	2021 31 December HK\$'000	2022 30 June HK\$'000	2021 31 December HK\$'000	2022 30 June HK\$'000	2021 31 December HK\$'000	2022 30 June HK\$'000	2021 31 December HK\$'000
ASSETS								
Segment assets	424,716	447,169	3,985	4,877	4,454	2,637	433,155	454,683
LIABILITIES								
Segment liabilities	91,875	128,163	2,655	3,140	40,095	23,446	134,625	154,749

4. SEGMENT INFORMATION (CONTINUED)

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 right-of-use assets, investment properties, 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, promissory notes, certain lease liabilities, 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	
	2022 HK'000 (Unaudited)	2021 HK'000 (Unaudited)	2022 HK'000 (Unaudited)	2021 HK'000 (Unaudited)
Hong Kong	86,886	46,753	129,697	42,811
Australia	88	250	154	66
	86,974	47,003	129,851	42,877

4. SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

Non-current assets

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Hong Kong	3,511	5,921
Australia	7,058	7,117
	10,569	13,038

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	
	2022 (Unaudited)	2021 (Unaudited)
Customer A	15.88%	12.23%
Customer B	12.14%	11.63%
Customer C	11.47%	10.72%

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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from:				
Wine trading	85,859	47,003	127,306	79,983
Food products operation	1,115	–	2,545	–
	86,974	47,003	129,851	79,983

6. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interests on borrowings	1,281	607	2,260	1,758
Promissory note	14	24	37	48
	1,295	631	2,297	1,806

7. PROFIT/(LOSS) BEFORE TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit/(loss) before tax has been arrived at after charging the following:				
Operating lease rentals in respect of rented premises	707	517	1,470	922

8. INCOME TAX EXPENSES/(CREDIT)

	For the three months ended 30 June		For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current income tax	–	758	–	778
Deferred income tax	–	–	–	–
	–	758	–	778

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.

9. 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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to owners of the Company	(354)	2,159	(661)	1,979
Number of shares Weighted average number of ordinary shares for the purpose of basic and diluted profit/(loss) per share	586,576,334	586,576,334	586,576,334	586,576,334
Profit/(loss) per share – Basic and diluted (HK cents per share)	(0.06)	0.37	(0.11)	0.34

Diluted profit/(loss) per share are the same as the basic profit/(loss) per share for the 2022 Interim and 2021 Interim as there was no dilutive potential ordinary shares outstanding.

10. DIVIDEND

The Board does not recommend the payment of an interim dividend for the 2022 Interim and 2021 Interim.

11. INVENTORIES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Food and beverage	–	–
Wine	331,596	393,123
	331,596	393,123

12. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade receivables	73,810	42,230
Less: impairment allowance under ECL	(338)	(338)
Trade receivables, net	73,472	41,892
Prepayments, deposits and other receivables	2,369	2,442
	75,841	44,334

The ageing analysis of trade receivables net of allowance of credit losses, presented based on invoice date, at the end of the reporting period is as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within 30 days	70,874	34,618
31-60 days	2,569	1,477
61-90 days	–	5
Over 90 days	29	5,792
	73,472	41,892

The Group does not hold any collateral over its trade receivables.

The Group allows an average credit period of 30 days to its customers.

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Trade payables	474	64,562
Other payables and accruals	34,411	13,394
Deposits received	279	856
	34,690	14,250
	35,164	78,812

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 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Within 30 days	474	64,502
31 – 60 days	–	60
61 – 90 days	–	–
Over 90 days	–	–
	474	64,562

14. BORROWINGS

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Borrowings		
Instalment loans	93,571	65,591
	93,571	65,591

As at 30 June 2022, 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 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
The carrying amount of the Group's borrowings that contain repayable on demand clause (shown under current liabilities), but repayable:		
– Within one year	489	2,509
– After one year but within two years	3,082	3,082
– After two years but within five years	–	–
– More than five years	90,000	60,000
	93,571	65,591

14. BORROWINGS (CONTINUED)

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

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Instalment loans	2.75%-5%	2.75%-5%

As at 30 June 2022, the Group had aggregate banking facilities of approximately HK\$101,000,000 (31 December 2021: approximately HK\$71,000,000), of which the available facilities were fully utilised amounting to HK\$93,571,000 (31 December 2021: approximately HK\$65,591,000). These banking facilities are secured by:

- (a) a floating charge on inventories;
- (b) a limited corporate guarantee by the Company; and
- (c) unlimited guarantees from a director of a subsidiary;

15. SHARE CAPITAL

	Nominal value per share HK\$	Number of shares	Nominal value HK\$'000
Authorised			
Ordinary shares			
At 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	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, 31 December 2021, 1 January 2022 and 30 June 2022	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.

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

16. 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.

16. 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

16. 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			Expired/ lapsed/ cancelled during the period	Balance as at 31 December 2020
				Balance as at 1 January 2020	Granted during the period	Exercised during the year 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 2022, there was no outstanding share options under the Share Option Scheme.

17. 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	
	2022 HK'000 (Unaudited)	2021 HK'000 (Unaudited)	2022 HK'000 (Unaudited)	2021 HK'000 (Unaudited)
Salaries and post-employment benefits paid to substantial shareholders	61	61	122	122
Operating lease rental paid to related companies	258	275	516	549

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.

(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	
	2022 HK'000 (Unaudited)	2021 HK'000 (Unaudited)	2022 HK'000 (Unaudited)	2021 HK'000 (Unaudited)
Short-term benefits	218	398	436	795
Post-employment benefits	-	-	-	-
	218	398	436	795

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.

18. PROPOSED RIGHTS ISSUE

On 28 April 2022, the Company proposes to implement the Rights Issue on the basis of one Rights Share for every two existing Shares held on 10 June 2022 at the Subscription Price of HK\$0.10 per Rights Share, to raise up to approximately HK\$29.3 million (before expenses) by issuing up to 293,288,167 Rights Shares to the Qualifying Shareholders.

The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$25.9 million. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$18.4 million for repaying certain borrowings and other payables; (ii) approximately HK\$4.0 million as business development expenses to further develop the Group's customer network and strengthen brand awareness; and (iii) the balance of approximately HK\$3.5 million as general working capital of the Group.

Details of the transactions were disclosed in the Company's announcement dated 28 April 2022, 13 June 2022 and 5 July 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's interim results for the six months ended 30 June 2022 (the "2022 Interim").

Business Review

The Group's principal activities during the 2022 Interim were (i) wine trading; (ii) production and sales of food products in Hong Kong.

Wine Trading

The Group's wine trading segment continued as the major revenue segment during the 2022 Interim. The Board believes the development of the wine trading business represents a good opportunity to further expand its distribution and wholesale channels and help diversify the Group's business. The Group's wines are mainly from various reputable vineyards and wineries from Australia, with a focus on premium quality wine as the major product. During the six months ended 30 June 2022, the wine trading operation has recorded an increase in revenue to approximately HK\$127 million (2021: approximately HK\$80 million) with a segment profit of approximately HK\$4,235,000 (2021: profit HK\$3,668,000).

Food products operation

During the 2022 Interim, the revenue from the food products operation accounted for approximately HK\$2.5 million (2021: no reported revenue) as two shops had started operation since July and August 2021. And this segment generated a loss of approximately HK\$420,000 (2021: loss HK\$142,000). During the 2022 Interim, this business segment was continuously clouded by the COVID-19 pandemic which resulted in lack of social gatherings, corporate functions and public events plus increased competition.

Financial Review

During the 2022 Interim, the Group's revenue amounted to approximately HK\$130 million which was increased by approximately 1.6 times compared to 2021 Interim. The increase was mainly due to the increase in revenue from wine business from approximately HK\$80.0 million for the 2021 Interim to HK\$127.3 million for the 2022 Interim and the increase in revenue from food products operation from approximately HK\$2.5 million since this segment had started the operation in the third quarter of 2021.

Cost of sales and inventories consumed mainly comprised cost of wines, vineyard costs and food materials. The cost of sales and inventories consumed increased by approximately HK\$51 million, or approximately 73% from approximately HK\$70 million for the 2021 Interim to approximately HK\$121 million for the 2022 Interim. The increase of the cost of sales and inventories consumed is mainly due to the decrease of the profit margin in the wine trading business due to the price adjustment for market development during the 2022 Interim.

Employee benefits expenses decreased by approximately HK\$236,000, or approximately by 13.7% from approximately HK\$1,720,000 for the 2021 Interim to approximately HK\$1,484,000 for the 2022 Interim. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

Administrative expenses mainly included advertising and promotion fee, bank facility fee, legal and professional fee and other administrative expenses. The Group recorded increase in administrative expenses by approximately HK\$2.7 million, or approximately 2.6 times from approximately HK\$1.7 million for the 2021 Interim to approximately HK\$4.4 million for the 2022 Interim.

Finance costs mainly included interest on bank borrowings, interest on promissory notes and interest on lease liabilities. The Group recorded increase in finance costs by approximately HK\$491,000, or approximately 27% from approximately HK\$1,806,000 for the 2021 Interim to approximately HK\$2,297,000 for the 2022 Interim.

Outlook and Prospects

In view of the less volatile results in wine trading segment for the 2022 Interim and the positive future prospects of the wine industry in Hong Kong, wine trading represents a good opportunity for the Group to further expand its distribution and wholesale channels which will help diversify the businesses of the Group. As such, it is the intention of the Group to further strengthen its sales capability 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 seek acquisition opportunities to enhance the operating scale and 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 and the introduction and cultivation of expertise with relevant skill sets and connections in the wine trading industry.

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. The management strives to diversify the Group’s existing businesses and 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.

Proposed rights issue

On 28 April 2022, the Company proposes to implement the Rights Issue on the basis of one Rights Share for every two existing Shares held on 10 June 2022 at the Subscription Price of HK\$0.10 per Rights Share, to raise up to approximately HK\$29.3 million (before expenses) by issuing up to 293,288,167 Rights Shares to the Qualifying Shareholders.

The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$25.9 million. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$18.4 million for repaying certain borrowings and other payables; (ii) approximately HK\$4.0 million as business development expenses to further develop the Group's customer network and strengthen brand awareness; and (iii) the balance of approximately HK\$3.5 million as general working capital of the Group.

Details of the transactions were disclosed in the Company's announcement dated 28 April 2022, 13 June 2022 and 5 July 2022.

Cash position

As at 30 June 2022, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$15.0 million (31 December 2021: approximately HK\$4.0 million).

Borrowings

As at 30 June 2022, the carrying amount of the Group's borrowings was approximately HK\$96.36 million (31 December 2021: approximately HK\$71.34 million). The Group had aggregate banking facilities of approximately HK\$101 million (31 December 2021: HK\$71 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 2022, the gearing ratio of the Group was approximately 32% (31 December 2021: 23%).

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK\$"). Other than interests in a wholly owned subsidiary 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 management 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

Saved as disclosed above, there was no capital commitments for the Group as at 30 June 2022.

Charges on Assets

As at 30 June 2022, the Group had aggregate banking facilities utilised of approximately HK\$95 million (31 December 2021: HK\$66 million), of which the available facilities are secured by limited guarantee from the Company, floating charge on inventories, and unlimited guarantee from a director of a subsidiary.

Contingent Liabilities

Save as disclosed elsewhere in the Interim Financial Statements, there were no other significant contingent liabilities of the Group as at 30 June 2022.

Dividend

Details of the dividend are set out in the Note 10 to the Interim Financial Statements.

Employees Numbers and Remuneration Policy

As at 30 June 2022, the Group had around 17 employees. 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 2022 Interim.

Events After Reporting Period

Saved as the above and others disclosed elsewhere in this report including the rights issue, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2022 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.

As at 30 June 2022, no share options had been granted, exercised and remained outstanding 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 June 2022, 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 held	Approximate percentage of interest
Ms. Huang Wei	Beneficial owner	63,835,200	10.88%

Saved as disclosed above, as at 30 June 2022, 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 2022, 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 six months ended 30 June 2022 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 six months ended 30 June 2022.

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 six months ended 30 June 2022.

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 six months ended 30 June 2022.

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 six months ended 30 June 2022.

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 2022, the Audit Committee consists of three independent non-executive Directors, namely Mr. Lee 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 Interim Financial Statements for the 2022 Interim and is of the opinion that the Interim 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, 10 August 2022

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