

THIRD QUARTERLY 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



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
(resigned on 8 September 2022)
Mr. So Yat Chuen
Dr. Wu Wing Kuen, *B.B.S.*
Mr. Wu Chi King
(appointed on 8 September 2022)

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*)
(resigned on 8 September 2022)
Mr. Wu Chi King
(appointed as Chairman
on 8 September 2022)
Mr. So Yat Chuen
Dr. Wu Wing Kuen, *B.B.S.*

Remuneration Committee Members

Mr. So Yat Chuen (*Chairman*)
Mr. Lee Lap Keung
(resigned on 8 September 2022)
Dr. Wu Wing Kuen, *B.B.S.*
Mr. Wu Chi King
(appointed on 8 September 2022)

Nomination Committee Members

Mr. So Yat Chuen (*Chairman*)
Mr. Lee Lap Keung
(resigned on 8 September 2022)
Dr. Wu Wing Kuen, *B.B.S.*
Mr. Wu Chi King
(appointed on 8 September 2022)

Auditor

Elite Partners CPA Limited
Certified Public Accountants

Principal Bankers

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

Registered Office

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

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

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

Hong Kong Share Registrars and Transfer Office

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

Company Website

www.palinda.com

GEM Stock Code

8179

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2022 (the “2022 Period”), together with the unaudited comparative figures for the corresponding period of nine months ended 30 September 2021 (the “2021 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 2022

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5	99,891	28,880	229,742	108,863
Other income		54	10	528	59
Cost of sales and inventories consumed		(81,641)	(25,526)	(202,740)	(95,413)
Employee benefits expenses		(883)	(887)	(2,367)	(2,607)
Depreciation		(139)	(371)	(376)	(1,637)
Other gain, net	6	3,712	-	3,712	-
Operating lease rentals and related expenses		(749)	(261)	(2,219)	(1,183)
Administrative expenses		(3,506)	(1,887)	(7,919)	(3,596)
Finance costs	7	(1,230)	(865)	(3,527)	(2,671)
Profit/(loss) before tax	8	15,509	(907)	14,834	1,815
Income tax (expenses)/credit	9	(2,283)	212	(2,283)	(566)
Profit/(loss) for the period		13,226	(695)	12,551	1,249

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

For the three months and nine months ended 30 September 2022

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<i>Note</i>				
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	(410)	2,033	(319)	936
	(410)	2,033	(319)	936
Total comprehensive income/(expenses) for the period	12,816	1,338	12,232	2,185
Profit/(loss) for the period attributable to:				
Owners of the Company	13,235	(344)	12,574	1,635
Non-controlling interests	(9)	(351)	(23)	(386)
	13,226	(695)	12,551	1,249
Total comprehensive income/(expenses) for the period attributable to:				
Owners of the Company	12,825	1,689	12,255	2,571
Non-controlling interests	(9)	(351)	(23)	(386)
	12,816	1,338	12,232	2,185
Profit/(loss) per share				
– Basic and diluted (<i>HK cents per share</i>)	1.53	(0.06)	1.85	0.28

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 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
Profit/(loss) for the period	-	-	-	-	-	-	12,574	12,574	(23)	12,551
Other comprehensive income/(expenses) for the period										
Exchange differences arising on transaction of foreign operations	-	-	-	-	-	(319)	-	(319)	-	(319)
Total comprehensive income/(expenses) for the period	-	-	-	-	-	(319)	12,574	12,255	(23)	12,232
Issue of Share under rights issue	29,328	-	-	-	-	-	-	29,328	-	29,328
Balance as at 30 September 2022	87,986	678,665	-	106	-	903	(420,815)	346,845	(5,351)	341,494
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/(expenses) for the period										
Exchange differences arising on transaction of foreign operations	-	-	-	-	-	936	-	936	-	936
Total comprehensive income/(expenses) for the period	-	-	-	-	-	936	1,634	2,570	(386)	2,184
Balance as at 30 September 2021	58,658	678,665	-	106	-	2,057	(368,592)	370,894	(5,687)	365,207

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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 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
- 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 trading of wine, production and sales of food products in Hong Kong.

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 by reportable and operating segments.

For the nine months ended 30 September

	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	226,796	107,949	2,946	914	-	-	229,742	108,863
SEGMENT REVENUE	226,796	107,949	2,946	914	-	-	229,742	108,863
Segment results	20,830	9,008	(1,004)	(265)	-	-	19,826	8,743
Unallocated income					4,240	59	4,240	59
Unallocated corporate expenses							(5,705)	(4,882)
Finance costs							(3,527)	(2,671)
Profit before tax							14,834	1,249

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.

4. SEGMENT INFORMATION (CONTINUED)

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.

Revenue from external customers

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Hong Kong	99,824	28,819	229,521	108,552
Australia	67	61	221	311
	99,891	28,880	229,742	108,863

5. REVENUE

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from:				
Wine trading	99,490	27,966	226,796	107,949
Food products operation	401	914	2,946	914
	99,891	28,880	229,742	108,863

6. OTHER GAIN, NET

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Gain on disposal of subsidiaries	4,124	–	4,124	–
Loss on disposal of property, plant and equipment	(412)	–	(412)	–
	3,712	–	3,712	–

7. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interests on borrowings	1,228	841	3,488	2,599
Promissory note	2	24	39	72
	1,230	865	3,527	2,671

8. PROFIT/(LOSS) BEFORE TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	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	749	261	2,219	1,183

9. INCOME TAX EXPENSES/(CREDIT)

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current income tax expenses/(credit)	2,283	(212)	2,283	566
Deferred income tax	–	–	–	–
	2,283	(212)	2,283	566

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

10. PROFIT/(LOSS) PER SHARE

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

	For the three months ended 30 September		For the nine months ended 30 September	
	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	13,235	(344)	12,574	1,635
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted profit/(loss) per share	863,924,927	586,576,334	680,041,794	586,576,334
Profit/(loss) per share				
– Basic and diluted (HK cents per share)	1.53	(0.06)	1.85	0.28

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

11. DIVIDEND

The Board does not recommend the payment of dividend for the 2022 Period and 2021 Period.

12. SHARE CAPITAL

	Nominal value per share <i>HK\$</i>	Number of shares	Nominal value <i>HK\$'000</i>
Authorised			
Ordinary shares			
At 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022, 30 June 2022 and 30 September 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
Issue of Shares under rights issue <i>(Note (iv))</i>	0.1	293,288,167	29,328
At 30 September 2022		879,864,501	87,986

12. SHARE CAPITAL (CONTINUED)

- (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.
- (iv) On 28 April 2022, the Company proposed 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.

Upon the completion of the Rights Issue on 5 July 2022, 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.

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

13. 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.

13. 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 "Grantees") 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

13. 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 September 2022, there was no outstanding share options under the Share Option Scheme.

14. COMPLETION OF THE ACQUISITION

On 27 October 2022, the Company announced that all of the conditions under the Sale and Purchase Agreement have been fulfilled and the completion of the Acquisition took place in accordance with the terms and conditions of the Sale and Purchase Agreement. Upon Completion, the Company directly owns the entire issued share capital of the Target Company (together with its subsidiaries, “the Target Group”) which owned a vineyard in Margaret River wine region of Western Australia with gross area of approximately 82 hectare and planted area of approximately 50.4 hectare. As such, the Target Company has become a directly wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group’s financial statements.

Pursuant to the Sale and Purchase Agreement, the Consideration of HK\$28,000,000 shall be paid and satisfied in the following manner:

- (i) HK\$5 million, being the refundable deposit (the “Deposit”) and the part payment of the Consideration, shall be paid in cash by the Purchaser to the Vendor upon the signing of the Agreement. The Deposit will be refundable in full to the Purchaser within five (5) Business Days if Completion does not occur for whatever reason;
- (ii) HK\$5.5 million, being the part payment of the Consideration, shall be paid in cash by the Purchaser to the Vendor upon Completion; and
- (iii) the remaining amount of HK\$17.5 million by the issue and allotment of 117,000,000 Consideration Shares at the Issue Price of HK\$0.15 per Consideration Share by the Company to the Vendor upon Completion.

Details of the transactions were disclosed in the Company’s announcements dated 25 August 2022, 7 October 2022, 14 October 2022 and 31 October 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's third quarterly results for the 2022 Period.

Business Review

The Group's principal activities during the 2022 Period 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 Period. 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 nine months ended 30 September 2022, the wine trading operation has recorded an increase in revenue to approximately HK\$226.8 million (2021: approximately HK\$107.9 million) with a segment profit of approximately HK\$20,830,000 (2021: profit HK\$9,008,000).

Food products operation

During the 2022 Period, the revenue from the food products operation accounted for approximately HK\$2,946,000 (2021: HK\$914,000) as two shops had started operation since July and August 2021. And this segment generated a loss of approximately HK\$1,004,000 (2021: loss HK\$265,000). During the 2022 Period, 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 Period, the Group's revenue amounted to approximately HK\$229.7 million which was increased by approximately 1.1 time compared to 2021 Period. The increase was mainly due to the increase in revenue from wine business from approximately HK\$107.9 million for the 2021 Period to HK\$226.8 million for the 2022 Period and the increase in revenue from food products operation for approximately HK\$2.0 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\$107.3 million, or approximately 1.1 time from approximately HK\$95.4 million for the 2021 Period to approximately HK\$202.7 million for the 2022 Period. 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 Period.

Employee benefits expenses decreased by approximately HK\$240,000, or approximately by 9.2% from approximately HK\$2,607,000 for the 2021 Period to approximately HK\$2,367,000 for the 2022 Period. 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\$4.3 million, or approximately 1.1 time from approximately HK\$3.6 million for the 2021 Period to approximately HK\$7.9 million for the 2022 Period.

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\$856,000, or approximately 32.0% from approximately HK\$2,671,000 for the 2021 Period to approximately HK\$3,527,000 for the 2022 Period.

Outlook and Prospects

In view of the less volatile results in wine trading segment for the 2022 Period 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.

Cash position

As at 30 September 2022, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$10.3 million (31 December 2021: approximately HK\$4.0 million).

Borrowings

As at 30 September 2022, the carrying amount of the Group's borrowings was approximately HK\$90.0 million (31 December 2021: approximately HK\$71.34 million). The Group had aggregate banking facilities of approximately HK\$90.0 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 September 2022, the gearing ratio of the Group was approximately 23% (31 December 2021: 24%).

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 September 2022.

Charges on Assets

As at 30 September 2022, the Group had aggregate banking facilities utilised of approximately HK\$90 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 September 2022.

Dividend

Details of the dividend are set out in the Note 11 to the Interim Financial Statements.

Employees Numbers and Remuneration Policy

As at 30 September 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 Period.

Events After Reporting Period

Saved as the above and others disclosed elsewhere in this report including the Acquisition, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 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 September 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 September 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	171,244,800	19.46%

Saved as disclosed above, as at 30 September 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 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 September 2022, the Audit Committee consists of three independent non-executive Directors, namely Mr. Wu Chi King, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S.. Mr. Wu Chi King is the chairman of the Audit Committee.

The Audit Committee had reviewed the unaudited Third Quarterly Financial Statements for the 2022 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, 9 November 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. Wu Chi King, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S., as independent non-executive Directors.