

INTERIM REPORT 2023



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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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. Wu Chi King

Mr. So Yat Chuen

Ms. Cheng Wai, Iris

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. Wu Chi King (*Chairman*)

Mr. So Yat Chuen

Ms. Cheng Wai, Iris

Remuneration Committee Members

Mr. So Yat Chuen (*Chairman*)

Mr. Wu Chi King

Ms. Cheng Wai, Iris

Nomination Committee Members

Mr. So Yat Chuen (*Chairman*)

Mr. Wu Chi King

Ms. Cheng Wai, Iris

Auditor

Elite Partners CPA Limited
Certified Public Accountants

Principal Bankers

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

Legal Advisor

Yick & Chan, Solicitors
Suite A1, 11/F, One Capital Place
18 Luard Road
Wanchai, Hong Kong

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
Hunghom, 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 2023 (the “2023 Interim”), together with the unaudited comparative figures for the corresponding period of six months ended 30 June 2022 (the “2022 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 2023

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	5	131,261	86,974	249,088	129,851
Other income		(34)	946	160	887
Cost of sales and inventories consumed		(107,605)	(81,891)	(202,479)	(121,099)
Employee benefits expenses		(710)	(757)	(1,420)	(1,484)
Other gain (loss), net	6	(1,198)	(474)	(1,339)	(413)
Depreciation		(289)	(91)	(529)	(237)
Operating lease rentals and related expenses		(513)	(707)	(1,024)	(1,470)
Administrative expenses		(886)	(3,085)	(1,847)	(4,413)
Finance costs	7	(1,377)	(1,295)	(2,680)	(2,297)
Profit/(loss) before tax	8	18,649	(380)	37,930	(675)
Income tax expenses	9	(3,514)	-	(6,689)	-
Profit/(loss) for the period		15,135	(380)	31,241	(675)

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

For the three months and six months ended 30 June 2023

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Notes				
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	35	(1,304)	100	(729)
	35	(1,304)	100	(729)
Total comprehensive income/(expenses) for the period	15,170	(1,684)	31,341	(1,404)
Profit/(loss) for the period attributable to:				
Owners of the Company	15,135	(354)	31,241	(661)
Non-controlling interests	–	(26)	–	(14)
	15,135	(380)	31,241	(675)
Total comprehensive income/(expenses) for the period attributable to:				
Owners of the Company	15,170	(1,658)	31,341	(1,390)
Non-controlling interests	–	(26)	–	(14)
	15,170	(1,684)	31,341	(1,404)
Profit/(loss) per share				
– Basic and diluted (<i>HK cents per share</i>)	1.52	(0.06)	3.13	(0.11)

10

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2023

	<i>Notes</i>	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		47,305	48,786
Right-of-use assets		198	233
Investment properties		–	6,965
		47,503	55,984
Current assets			
Inventories	12	294,347	370,031
Biological assets	13	5,699	4,966
Trade receivables	14	177,365	34,282
Prepayments, deposits and other receivables	14	439	839
Bank balances and cash		1,025	3,974
		478,875	414,092

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) (Continued)

As at 30 June 2023

	<i>Notes</i>	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
Current Liabilities			
Trade payables	15	19,451	3,442
Other payables, accruals and deposit received	15	18,485	20,500
Borrowings	16	94,350	90,000
Income tax payable		6,701	55
Lease Liabilities		209	238
		139,196	114,235
Net current assets		339,679	299,857
Total assets less current liabilities		387,182	355,841
Net assets		387,182	355,841
Capital and reserves			
Share capital	17	99,686	99,686
Reserves		287,496	256,155
Equity attributable to owners of the Company		387,182	355,841
Non-controlling interests		–	–
Total equity		387,182	355,841

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2023

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Accumulated loss	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2023	99,686	682,028	106	685	(426,664)	355,841	-	355,841
Profit for the period	-	-	-	-	31,241	31,241	-	31,241
Other comprehensive income for the period								
Exchange differences arising on transaction of foreign operations	-	-	-	100	-	100	-	100
Total comprehensive income for the period	-	-	-	100	31,241	31,341	-	31,341
Balance as at 30 June 2023	99,686	682,028	106	785	(395,423)	387,182	-	387,182
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

Notes:

- (i) Share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company which is governed by the Cayman Companies Law.
- (ii) 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.
- (iii) Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiaries whose functional currencies are currency other than Hong Kong dollar.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash flows used in operating activities	(7,883)	(8,250)
Net cash generated from/(used in) investing activities	7,202	(1,310)
Net cash (used in)/generated from financing activities	(2,368)	21,227
Net (decrease)/increase in cash and cash equivalents	(3,049)	11,667
Effect of foreign exchange rate changes	100	(729)
Cash and cash equivalents at beginning of period	3,974	4,039
	1,025	14,977
Cash and cash equivalents at end of period		
Bank balances and cash	1,025	14,977
Bank overdrafts	–	–
	1,025	14,977

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 2022 (the "2022 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 2023. 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 2022 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 2022 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)

Segment turnover, revenue and results (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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
SEGMENT TURNOVER	249,088	127,306	–	2,545	–	–	249,088	129,851
SEGMENT REVENUE	249,088	127,306	–	2,545	–	–	249,088	129,851
Segment results	38,693	4,235	–	(420)	–	–	38,693	3,815
Unallocated income					10	397	10	397
Unallocated corporate expenses							(4,782)	(2,590)
Finance costs							(2,680)	(2,297)
Profit (Loss) before tax							31,241	(675)

	Wine business		Food products operation		Unallocated		Consolidated	
	2023 30 June HK\$'000	2022 31 December HK\$'000	2023 30 June HK\$'000	2022 31 December HK\$'000	2023 30 June HK\$'000	2022 31 December HK\$'000	2023 30 June HK\$'000	2022 31 December HK\$'000
ASSETS								
Segment assets	496,735	420,745	–	150	29,643	49,418	526,378	470,313
LIABILITIES								
Segment liabilities	138,644	100,008	–	12	552	14,160	139,196	114,180

4. SEGMENT INFORMATION (CONTINUED)

Segment turnover, revenue and results (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, income tax recoverable, 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 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	
	2023 HK'000 (Unaudited)	2022 HK'000 (Unaudited)	2023 HK'000 (Unaudited)	2022 HK'000 (Unaudited)
Hong Kong	131,229	86,886	248,972	129,697
Australia	32	88	116	154
	131,261	86,974	249,088	129,851

4. SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

Non-current assets

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Hong Kong	240	20,314
Australia	47,263	35,670
	47,503	55,984

Information about major customers

Revenue from customer of the corresponding period contributing over 10.0% of the total revenue of the Group is as follows:

	For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Customer A	12.73%	15.88%
Customer B	10.80%	12.14%
Customer C	9.91%	11.47%

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from:				
Wine trading	131,261	85,859	249,088	127,306
Food products operation	–	1,115	–	2,545
	131,261	86,974	249,088	129,851

6. OTHER GAIN/(LOSS), NET

The following is an analysis of gain/(loss) on disposal of subsidiaries:

For the six months ended 30 June

	Food Idea 001 Limited HKD'000	Irving Global Limited HKD'000	Palinda Wines Limited HKD'000	Win Everest	Adinfern	2023 Total HKD'000 (Unaudited)	2022 Total HKD'000 (Unaudited)
				Holdings Limited HKD'000	Margaret River Pty Limited HKD'000		
Property, plant and equipment	–	–	2	–	–	2	–
Rights of use assets	–	–	–	–	–	–	595
Investment properties	–	–	–	–	6,965	6,965	–
Trade receivables	–	–	–	–	247	247	–
Other receivables, prepayment and deposit	133	68	235	–	222	658	22
Cash and bank balances	11	–	41	12	648	712	100
Accruals and other payables	(3)	–	(4)	–	(27)	(34)	(2)
Lease liabilities	–	–	–	–	–	–	(127)
Tax receivable/payable	–	–	19	–	(30)	(11)	–
Net Assets/(Liabilities) disposed of	141	68	293	12	8,025	8,539	588
Cash consideration	–	–	–	–	7,200	7,200	175
Less: Net Assets/(Liabilities) disposed of	(141)	(68)	(293)	(12)	(8,025)	(8,539)	(588)
Loss on disposal of subsidiaries	(141)	(68)	(293)	(12)	(825)	(1,339)	(413)

7. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interests on borrowings	1,377	1,281	2,680	2,260
Promissory note	–	14	–	37
	1,377	1,295	2,680	2,297

8. PROFIT/(LOSS) BEFORE TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit/(loss) before tax has been arrived at after charging the following:				
Operating lease rentals in respect of rented premises	513	707	1,024	1,470

9. INCOME TAX EXPENSES

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current income tax	3,514	–	6,689	–
Deferred income tax	–	–	–	–
	3,514	–	6,689	–

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

10. PROFIT/(LOSS) PER SHARE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to owners of the Company	15,135	(354)	31,241	(661)
Number of shares Weighted average number of ordinary shares for the purpose of basic and diluted profit/(loss) per share	996,864,501	586,576,334	996,864,501	586,576,334
Profit/(loss) per share – Basic and diluted (HK cents per share)	1.52	(0.06)	3.13	(0.11)

Diluted profit/(loss) per share are the same as the basic profit/(loss) per share for the 2023 Interim and 2022 Interim as there was no dilutive potential ordinary shares outstanding.

11. DIVIDEND

The Board does not recommend the payment of an interim dividend for the 2023 Interim and 2022 Interim.

12. INVENTORIES

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Wines	294,347	370,031

13. BIOLOGICAL ASSETS

Movements of biological assets, representing grapes growing on bearer plants, are summarised as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
At 1 January 2023	4,966	–
Additions through acquisition of business	–	3,661
Increase due to cultivation	488	614
Exchange realignment gain arising from changes in fair value less costs to sell	245	691
	5,699	4,966

The directors measured the fair value less costs to sell of grapes at harvest based on market prices as at or close to the harvest dates.

Cultivation costs incurred are accounted for as additions to the biological assets. All grapes are harvested annually April to May of each year. After the harvest, plantation works commence again on the farmland. The market approach is adopted to value the grapes (the "Agricultural Produce"). the fair values of the Agricultural Produce are calculated to be the product of the market price and estimated quantities of the Agricultural Produce after deducting reasonable costs related to selling.

The fair value measurement of the grapes is categorised as Level 3 fair value measurement within the three level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. Significant unobservable inputs are the market price for harvested grapes.

The fair value less costs to sell of the Group's biological assets measured at the end of the reporting period on a recurring basis, categorised as level 3 fair value measurement based on the inputs to the valuation techniques used. The valuation of grapes would be performed annually.

During the period ended 30 June 2023, there were no transfers between levels in the hierarchy.

13. BIOLOGICAL ASSETS (CONTINUED)

The fair values were determined by an independent professionally valuer with reference to market determined prices, cultivation areas, species, growing conditions, and costs incurred.

The fair values of agricultural produce are calculated based on the inputs to the valuation techniques used. The following table gives information about how the fair values of these biological assets are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Type	Fair value hierarchy	Valuation technique	Significant unobservable input	Range 2022	Relationship of unobservable inputs to fair value
Grapes	Level 3	Market approach with reference to market-determined prices with similar size, species and age	Market-determined price	Weighted average price of AUD 1,425 (approximately HK\$7,700) per tonne	The higher of market-determined price, the higher of the fair value less costs to sell determined

14. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade receivables	178,527	35,444
Less: impairment allowance under ECL	(1,162)	(1,162)
Trade receivables, net	177,365	34,282
Prepayments, deposits and other receivables	439	839
	177,804	35,121

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 2023 HK\$'000	31 December 2022 HK\$'000
Within 30 days	127,581	13,118
31-60 days	7,923	16,121
61-90 days	41,861	5,036
Over 90 days	-	7
	177,365	34,282

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

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

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

	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
Trade payables	19,451	3,442
Other payables and accruals	18,217	20,239
Deposits received	268	261
	18,485	20,500
	37,936	23,942

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 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
Within 30 days	229	3,442
31 – 60 days	19,222	–
61 – 90 days	–	–
Over 90 days	–	–
	19,451	3,442

16. BORROWINGS

	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
Borrowings		
Bank loans	90,000	90,000
Other borrowings	4,350	–
	94,350	90,000

As at 30 June 2023, the facility agreements of bank 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 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
The carrying amount of the Group's borrowings that contain repayable on demand clause (shown under current liabilities), but repayable:		
– Within one year	4,350	–
– After one year but within two years	30,000	30,000
– After two years but within five years	–	–
– More than five years	60,000	60,000
	94,350	90,000

16. BORROWINGS (CONTINUED)

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

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Bank loans and other borrowings	5.25%-8.0%	5.25%

As at 30 June 2023, the Group had aggregate banking facilities of approximately HK\$90,000,000 (31 December 2022: approximately HK\$90,000,000), of which the available facilities were fully utilised amounting to HK\$90,000,000 (31 December 2022: approximately HK\$90,000,000). These banking facilities are secured by:

- (a) a floating charge on inventories; and
- (b) a limited corporate guarantee by the Company;

17. SHARE CAPITAL

	Nominal value per share	Number of shares	Nominal value HK\$'000
Authorised share capital:			
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023	HK\$0.10	1,000,000,000	100,000
Increase in authorised share capital (note (iii))		9,000,000,000	900,000
At 30 June 2023		10,000,000,000	1,000,000
Issued and fully paid:			
At 1 January 2021, 31 December 2021, and 1 January 2022	HK\$0.10	586,576,334	58,658
Right issue (note (i))	HK\$0.10	293,288,167	29,328
Issue of consideration shares (note (ii))	HK\$0.10	117,000,000	11,700
At 31 December 2022, 1 January 2023 and 30 June 2023		996,864,501	99,686

note:

- (i) On 6 July 2022, the Company raised approximately HK\$29,328,000, net of expenses by way of the rights issue of 293,288,167 right share on the basis of one rights share for every two shares to the subscription price of HK\$0.1 per share.
- (ii) On 27 October 2022, the Company issued 117,000,000 ordinary shares to Ms. Yuen Wai Ching Loretta, being the vendor for the acquisition of Rainbow Fountain International Limited, as part of the consideration for the acquisition of Rainbow Fountain International Limited.
- (iii) Pursuant to the annual general meeting held on 8 June 2023, the shareholders approved the increase in authorised share capital. After the increase become effective, the authorised share capital of the Company become HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.1 each.

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

18. SHARE OPTION SCHEME

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

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

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

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

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.

18. SHARE OPTION SCHEME (CONTINUED)

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.

The exercise price of the option shares granted under the Share Option Scheme may be determined by the board of directors (the "Board") at its absolute discretion but in any event will not be less than the higher of: (i) the closing price of the Company's 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 Company's 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 Company.

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.

No share options were granted, exercised, lapsed, forfeited and remained outstanding under the Share Option Scheme as at 30 June 2023 and 31 December 2022 and 2021.

19. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) Transactions with connected/related parties

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

		For the three months ended 30 June		For the six months ended 30 June	
		2023 HK'000 (Unaudited)	2022 HK'000 (Unaudited)	2023 HK'000 (Unaudited)	2022 HK'000 (Unaudited)
	<i>Notes</i>				
Salaries and post-employment benefits paid to substantial shareholders	<i>i</i>	63	63	126	126
Operating lease rental paid to related companies	<i>ii</i>	306	258	612	516

Notes:

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

19. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other transactions with related parties

Compensation of key management personnel

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term benefits	222	218	435	436
Post-employment benefits	–	–	–	–
	222	218	435	436

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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's interim results for the six months ended 30 June 2023 (the "2023 Interim").

Business Review

The Group's principal activities during the 2023 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 2023 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 2023, the wine trading operation has recorded an increase in revenue to approximately HK\$249 million (2022: approximately HK\$127 million) with a segment profit of approximately HK\$38,693,000 (2022: profit HK\$4,235,000).

Food products operation

During the 2023 Interim, no reported revenue from the food products operation (2022: HK\$2.5 million) as two shops had been disposed on July 2022 and September 2022. And this segment generated nil during 2023 Interim (2022: loss HK\$420,000). The board will continue to monitor the market condition and capture business opportunities to enhance the performance of the Group.

Financial Review

During the 2023 Interim, the Group's revenue amounted to approximately HK\$249.1 million which was increased by approximately 1.9 times compared to 2022 Interim. The increase was mainly due to the increase in revenue from wine business from approximately HK\$127.3 million for the 2022 Interim to HK\$249.1 million for the 2023 Interim.

Cost of sales and inventories consumed mainly comprised cost of wines, vineyard costs and food materials. In line with the increase in revenue, the cost of sales and inventories consumed increased by approximately 67% from HK\$121 million for the 2022 Interim to HK\$203 million for the 2023 Interim.

Employee benefits expenses decreased by approximately HK\$64,000, or approximately by 4.3% from approximately HK\$1,484,000 for the 2022 Interim to approximately HK\$1,420,000 for the 2023 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 decrease in administrative expenses by approximately HK\$2.6 million, or approximately 58.1% from approximately HK\$4.4 million for the 2022 Interim to approximately HK\$1.8 million for the 2023 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\$383,000, or approximately 17% from approximately HK\$2,297,000 for the 2022 Interim to approximately HK\$2,680,000 for the 2023 Interim.

Outlook and Prospects

In view of the positive future prospects of the wine industry in global market, 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 expert 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 June 2023, the carrying amount of the Group’s unpledged bank balances and cash was approximately HK\$1.0 million (31 December 2022: approximately HK\$4.0 million).

Borrowings

As at 30 June 2023, the carrying amount of the Group's borrowings was approximately HK\$94.35 million (31 December 2022: approximately HK\$90 million). The Group had aggregate banking facilities of approximately HK\$90 million (31 December 2022: HK\$90 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 noncontrolling interests). As at 30 June 2023, the gearing ratio of the Group was approximately 24% (31 December 2022: 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 significant capital commitments for the Group as at 30 June 2023.

Charges on Assets

As at 30 June 2023, the Group had aggregate banking facilities utilised of approximately HK\$90 million (31 December 2022: HK\$90 million), of which the available facilities are secured by limited guarantee from the Company, floating charge on inventories.

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 2023.

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 June 2023, the Group had around 15 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.

Use of Proceeds from the Rights Issue

On 5 July 2022, the Company approved and implemented the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares at the Subscription Price of HK\$0.10 per Rights Share, to raise up to approximately HK\$25.9 million (net of expenses) by issuing 293,288,167 Rights Shares to Qualifying Shareholders. The planned use of proceeds was solely for working capital for the expansion of wine trading business in Hong Kong.

Use of Proceeds

The net proceeds from the Rights Issue had been applied as follow:

Initial intended use of net proceeds	Initial Allocation <i>HK\$'000</i>	Actual use of proceeds up to 30 June 2023 <i>HK\$'000</i>
Repayment of loan and other payables	18,400	18,400
Business development expenses	4,000	–
– 5 wine tasting events	–	1,667
– 7 cultural exchange activities sponsoring	–	2,333
Working capital	3,500	–
– administrative expenses	–	655
– legal and professional fee	–	435
– finance costs	–	2,410
	<hr/>	<hr/>
	25,900	25,900
	<hr/> <hr/>	<hr/> <hr/>

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 2023 Interim.

Events After Reporting Period

Saved as the above and others disclosed elsewhere in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2023 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 2023, 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 2023, 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	17.18%

Saved as disclosed above, as at 30 June 2023, 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 2023, 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 2023 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 2023.

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 2023.

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 noncompliance during the six months ended 30 June 2023.

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 2023.

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 2023, the Audit Committee consists of three independent non-executive Directors, namely Mr. Wu Chi King, Mr. So Yat Chuen and Ms. Cheng Wai, Iris. Mr. Wu Chi King is the chairman of the Audit Committee.

The Audit Committee had reviewed the unaudited Interim Financial Statements for the 2023 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, 14 August 2023

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 Ms. Cheng Wai, Iris, as independent non-executive Directors.