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PALINDA GROUP HOLDINGS LIMITED

百利達集團控股有限公司

(formerly known as “Food Idea Holdings Limited 新煮意控股有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

**ANNOUNCEMENT OF THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Palinda Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (together as the “**Group**”) for the nine months ended 30 September 2020. This announcement, containing the full text of the 2020 third quarterly report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of quarterly results. Printed version of the 2020 third quarterly report of the Company containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company in due course.

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

Hong Kong, 12 November 2020

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

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

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

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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. Li Lap Keung
Mr. So Yat Chuen
Dr. Wu Wing Kuen, *B.B.S.*

Compliance Officer

Ms. Huang Wei

Authorised Representatives

Ms. Huang Wei
Mr. Wong, Andy Tze On

Company Secretary

Mr. Wong, Andy Tze On

Audit Committee Members

Mr. Li Lap Keung (*Chairman*)
Mr. So Yat Chuen
Dr. Wu Wing Kuen, *B.B.S.*

Remuneration Committee Members

Mr. So Yat Chuen (*Chairman*)
Mr. Li Lap Keung
Dr. Wu Wing Kuen, *B.B.S.*

Nomination Committee Members

Mr. So Yat Chuen (*Chairman*)
Mr. Li Lap Keung
Dr. Wu Wing Kuen, *B.B.S.*

Auditor

Elite Partners CPA Limited
Certified Public Accountants

Principal Bankers

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

Registered Office

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

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

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

Hong Kong Share Registrars and Transfer Office

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

Company Website

www.palinda.com

GEM Stock Code

8179

HIGHLIGHTS

- The name of the Company has been changed from Food Idea Holdings Limited to Palinda Group Holdings Limited.
- The Group's revenue for the nine months ended 30 September 2020 (the "2020 Period") decreased by approximately 24% to approximately HK\$122.3 million compared to HK\$161.2 million for the nine months ended 30 September 2019 (the "2019 Period").
- Loss for continuing operations attributable to the owners of the Company for the nine months ended 30 September 2020 was approximately HK\$12.0 million (2019: HK\$9.8 million).
- Basic loss per share for continuing operations for the nine months ended 30 September 2020 was approximately HK2.27 cents (2019: HK3.36 cent).
- The Board does not recommend the payment of dividend for the nine months ended 30 September 2020 (2019: HK Nil cent).

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2020 (the “Third Quarterly Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2019, as follows:

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

For the three months and nine months ended 30 September 2020

		For the three months ended 30 September		For the nine months ended 30 September	
	Notes	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations					
Revenue	3	34,026	62,872	122,374	161,231
Other income		3,004	386	4,193	930
Cost of inventories consumed		(3,705)	(14,100)	(22,626)	(39,606)
Cost of sales		(22,602)	(24,862)	(60,519)	(54,291)
Employee benefits expenses		(8,707)	(10,308)	(27,407)	(33,118)
Depreciation		(231)	(247)	(1,560)	(1,109)
Other gains (losses), net	4	187	(3,739)	(125)	(2,278)
Operating lease rentals and related expenses		(579)	(1,008)	(1,966)	(3,109)
Utilities expenses		(9)	(228)	(395)	(683)
Gain on fair value change of financial assets at fair value through profit or loss, net		–	445	–	445
(Loss) gain on fair value change of financial assets at fair value through profit or loss, net		–	(868)	–	3,445
Share option expenses		–	–	(1,629)	(2,979)
General administrative expenses		(3,014)	(10,220)	(18,157)	(29,739)
Share of profit (loss) of associates		–	948	–	(342)
Finance costs	5	(2,108)	(2,954)	(6,509)	(6,812)
Loss before tax from continuing operations	6	(3,738)	(3,883)	(14,326)	(8,015)
Income tax credit (expenses)	7	32	(15)	89	(2,035)
Loss for the period from continuing operations		(3,706)	(3,898)	(14,237)	(10,050)
Discontinued operation					
Loss for the period from discontinued operation	10	–	(1,289)	–	(2,520)
Loss for the period		(3,706)	(5,187)	(14,237)	(12,570)
Other comprehensive income (expenses) for the period: Items that may be reclassified subsequently to profit or loss:					
Continuing operations					
Exchange differences on translation of foreign operations from continuing operations		1,980	(2)	862	95
Share of foreign currency translation reserve of an associate from continuing operations		–	(1,030)	–	(988)
		1,980	(1,032)	862	(893)
Total comprehensive expenses for the period		(1,726)	(6,219)	(13,375)	(13,463)

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

For the three months and nine months ended 30 September 2020

Notes	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
(Loss) gain for the period from continuing operations attributable to:				
Owners of the Company	(2,190)	(4,243)	(12,034)	(9,830)
Non-controlling interests	(1,516)	345	(2,203)	(220)
	(3,706)	(3,898)	(14,237)	(10,050)
Loss for the period from discontinued operation attributable to:				
Owners of the Company	-	(1,289)	-	(2,520)
Non-controlling interests	-	-	-	-
	-	(1,289)	-	(2,520)
(Loss) gain for the period attributable to:				
Owners of the Company	(2,190)	(5,532)	(12,034)	(12,350)
Non-controlling interests	(1,516)	345	(2,203)	(220)
	(3,706)	(5,187)	(14,237)	(12,570)
Total comprehensive (expenses) income for the period attributable to:				
Owners of the Company	(210)	(6,564)	(11,172)	(13,243)
Non-controlling interests	(1,516)	345	(2,203)	(220)
	(1,726)	(6,219)	(13,375)	(13,463)
Loss per share				
From continuing operations				
- Basic and diluted (HK cents per share)	8 (0.59)	(1.25)	(2.27)	(3.36)
From discontinued operation				
- Basic and diluted (HK cents per share)	8 -	(0.38)	-	(0.86)
From continuing and discontinued operations				
- Basic and diluted (HK cents per share)	8 (0.59)	(1.63)	(2.27)	(4.22)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2020

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Shares options reserve HK\$'000	Capital reserve HK\$'000 Note (i)	Other reserve HK\$'000 Note (ii)	Foreign currency translation reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2020	41,493	663,838	-	106	(182)	(8,605)	(336,332)	360,318	(1,362)	358,956
Loss for the period	-	-	-	-	-	-	(12,034)	(12,034)	(2,203)	(14,237)
Other comprehensive income for the period										
Exchange differences arising on transaction of foreign operations	-	-	-	-	-	862	-	862	-	862
Total comprehensive income (expenses) for the period	-	-	-	-	-	862	(12,034)	(11,172)	(2,203)	(13,375)
Recognition of equity-settled share based payments	-	-	1,629	-	-	-	-	1,629	-	1,629
Issue of consideration shares	6,300	7,560	-	-	-	-	-	13,860	-	13,860
Issue of new shares by placing	5,532	4,425	-	-	-	-	-	9,957	-	9,957
Issue of share upon exercise of share options	5,333	2,962	(1,629)	-	-	-	-	6,666	-	6,666
Share issuing expenses	-	(121)	-	-	-	-	-	(121)	-	(121)
Balance at 30 September 2020	58,658	678,664	-	106	(182)	(7,743)	(348,366)	381,137	(3,565)	377,572
Balance at 1 January 2019	21,279	618,040	1,276	106	(182)	(8,614)	(282,910)	348,995	(1,608)	347,387
Loss for the period	-	-	-	-	-	-	(12,350)	(12,350)	(220)	(12,570)
Other comprehensive expenses for the period										
Exchange differences on translation of foreign operations	-	-	-	-	-	95	-	95	-	95
Share of foreign currency translation reserve of an associate	-	-	-	-	-	(988)	-	(988)	-	(988)
Total comprehensive expenses for the period	-	-	-	-	-	(893)	(12,350)	(13,243)	(220)	(13,463)
Recognition of equity settled share based payment	-	-	2,979	-	-	-	-	2,979	-	2,979
Issue of shares upon exercise of share options	2,128	12,546	(4,255)	-	-	-	-	10,419	-	10,419
Issue of consideration shares	4,255	14,044	-	-	-	-	-	18,299	-	18,299
Issue of shares under rights issue	13,831	20,470	-	-	-	-	-	34,301	-	34,301
Expenses attribute to the rights issue	-	(976)	-	-	-	-	-	(976)	-	(976)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	132	132
Disposal of subsidiaries	-	-	-	-	-	-	-	-	25	25
Balance at 30 September 2019	41,493	664,124	-	106	(182)	(9,507)	(295,260)	400,774	(1,671)	(399,103)

Notes:

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

NOTES TO THE THIRD QUARTERLY FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

Notes:

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

The Third Quarterly Financial Statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Third Quarterly Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2019 (the "2019 Annual Report"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which are effective for the financial year begin on or after 1 January 2020. 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 Third Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2019 Annual Report.

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

3. REVENUE

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Continuing operations				
Revenue from:				
Wine trading	26,059	31,239	68,306	67,983
Food production	7,968	31,119	54,019	91,795
Money lending services	–	514	49	1,453
Investment	–	–	–	1,000
	34,027	62,872	122,374	162,231

4. OTHER GAINS (LOSSES), NET

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Continuing operations				
Gain on disposal of subsidiaries	164	–	7,136	–
Gain on disposal of an associate	–	–	1	–
Impairment loss on goodwill	–	–	(3,218)	1,465
Loss on disposal of property, plant and equipment	17	–	(104)	–
Loss on early redemption of promissory note	–	–	(3,946)	–
Written off of property, plant and equipment	–	–	–	(4)
Others	6	(3,739)	6	(3,739)
	187	(3,739)	(125)	(2,278)

5. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Continuing operations				
Interests on borrowings	859	148	2,252	696
Promissory note	1,249	2,806	4,257	6,116
	2,108	2,954	6,509	6,812

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss before tax from continuing operations has been arrived at after charging the following:				
Operating lease rentals in respect of rented premises	347	981	1,734	2,973

7. INCOME TAX (CREDIT)/EXPENSES

Continuing operations

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax	(32)	15	(89)	2,035
Deferred income tax	—	—	—	—
	(32)	15	(89)	2,035

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Under the two-tiered profits tax rate regime, the first HK\$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%.

8. LOSS PER SHARE

From continuing operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company from continuing operations is based on the following data:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Loss for the purpose of basic and diluted loss per share, being loss for the period from continuing operations attributable to owners of the Company	(2,190)	(4,243)	(12,034)	(9,830)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	372,886,615	338,874,983	529,411,466	292,608,440

From discontinued operation

The calculation of the basic and diluted loss per share attributable to the owners of the Company from discontinued operation is based on the following data:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Loss for the purpose of basic and diluted loss per share, being loss for the period from discontinued operation attributable to owners of the Company	–	(1,289)	–	(2,520)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	372,886,615	338,874,983	529,411,466	292,608,440

From continuing and discontinued operation

The calculation of the basic and diluted loss per share attributable to the owners of the Company from continuing and discontinued operation is based on the following data:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Loss for the purpose of basic and diluted loss per share, being loss for the period from continuing and discontinued operation attributable to the owners of the Company	(2,190)	(5,532)	(12,034)	(12,350)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	372,886,615	338,874,983	529,411,466	292,608,440

Diluted loss per share for the three months ended 30 September 2019 and 30 September 2020, the 2019 Period and 2020 Period were the same as the basic loss per share as there was no dilutive potential ordinary shares outstanding.

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

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the 2019 Period and 2020 Period.

10. DISCONTINUED OPERATION

On 1 April 2020, the Group disposed a subsidiary, Brilliant Forever Limited, at a consideration of USD1 relating to the catering segment to an independent third party.

The result of the discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the catering operation as a discontinued operation.

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	-	-	-	-
Other income	-	-	-	-
Cost of inventories consumed	-	-	-	-
Cost of sales	-	-	-	-
Employee benefits expenses	-	-	-	-
Depreciation	-	-	-	-
Other gain/(losses), net	-	-	-	-
General administrative expenses	-	-	-	(24)
Share of loss of associates	-	(1,289)	-	(2,496)
Loss for the period from discontinued operation	-	(1,289)	-	(2,520)

11. EVENTS AFTER REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2020 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's third quarterly results for the 2020 Period.

Business Review

The Group's principal activities during the period were (i) wine trading; (ii) production, sales and distribution of food products to supermarket chains in Hong Kong; (iii) investment in securities; and (iv) money lending business.

During the period under review, the name of the Company has been changed from "Food Idea Holdings Limited" to "Palinda Group Holdings Limited". Reference is made to the announcement of Palinda Group Holdings Limited (formerly known as Food Idea Holdings Limited) (the "Company") dated 7 October 2020 and 21 July 2020, the circular of the Company dated 27 July 2020 (the "Circular") and the announcement of the Company relating to the poll result of the EGM dated 20 August 2020 in relation to, among other things, the change of the Company's name. The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 27 August 2020 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 28 September 2020.

Despite significant efforts undertaken by the Group over the years to maintain its catering services, this segment suffered from the deteriorating financial results in light of severe market competition, weakened demand and customer sentiments. In respect of the segment results of the Group, the catering services has been the under-performing segment as compared with the others. Having considered (i) the deteriorating results of the dessert catering business which exerted significant pressure on the overall profitability of the Group; and (ii) the unfavourable market conditions surrounding the catering business, which was not longer part of the Group's principal activities, the Board decided to dispose of this loss-making business early in the second quarter in order to consolidate resources for the continuing segments.

Wine Trading

The Group has expanded its business to wine trading as the major revenue segment during the period under review. The Board believes the development of the wine trading business represents a good opportunity to further expand its distribution and wholesale channels that will help diversify the Group's business. The Group's wine are mainly from various reputable vineyards and wineries from Australia, with a focus on premium quality wine as the major product. During the 2020 Period, the wine trading operation has achieved stable results and recorded slight increase in revenue to approximately HK\$68.3 million (2019: HK\$67.98 million) with a segment profit of approximately HK\$1.58 million (2019: profit HK\$7.03 million).

However, during 2020 Period, this business segment was clouded by the corona virus pandemic which resulted in lack of social gatherings, corporate functions or public events plus increased competition causing the Group to extend credit terms, as well as adjust margins in order to attract new orders and maintain existing customers. In view of the anticipated difficult retail situation, the Group closed a couple of self managed retail outlets in order to reduce costs. Our Australian subsidiary had gone through difficult few months as wines destined for the export market and local trades slowed. The pandemic situation caused the State of Western Australia imposing hard restrictions for travellers since second half of the year causing extreme challenges to management of our vineyard and business.

Food products operation

For the 2020 Period, the food products operation recorded a decrease in revenue to approximately HK\$54 million when compared with approximately HK\$91.8 million for the 2019 Period due to the pandemic and tough competition which resulted in reduced number of outlets.

Apart the revenue of the food products operation recorded a sales drop of approximately 41% for the 2020 Period, the effect was further burdened by the rise in food cost, commission expense and staff cost. As a result, this segment turned from operating profit approximately HK\$69,000 for the 2019 Period to operating loss approximately HK\$8.4 million for the 2020 Period.

Securities Investment Business

In view of the volatile market condition surrounding the world economies further burdened by the impact of the coronavirus pandemic since the beginning of 2020, the Board has continued to take a more reserve stance about this business segment.

The Group has none securities investment during this period ended 30 September 2020 (2019: none) while the management continue to monitor market changes and movement in seek of future investment opportunities.

Money Lending Business

The Group's money lending business remained at cautious stage in view of the ongoing economic uncertainties and coronavirus situation, as management has been reluctant to take unnecessary risks under such climate.

During the period ending 30 September 2020, this segment generated interest income of approximately HK\$0.05 million (2019: HK\$1.45 million) and recorded a segment loss of approximately HK\$0.04 million (2019: profit HK\$1.03 million).

Financial Review

During the 2020 Period, the Group's revenue amounted to approximately HK\$122.3 million which was approximately 24% less than that of the last corresponding period. The decrease was mainly due to the drop in revenue from food products business from approximately HK\$91.8 million for the 2019 Period to approximately HK\$54.0 million for the 2020 Period.

Loss for continuing operations attributable to the owners of the Company was approximately HK\$12.0 million for the 2020 Period, an increase of approximately 22.4% as compared to loss of approximately HK\$9.8 million in 2019 Period. The increase in the loss was mainly due to: (i) decrease in turnover and increase in operating loss of food product operation business; (ii) impairment of goodwill relating to wine retail amounting to approximately HK\$3.2 million; (iii) loss of approximately HK\$3.9 million on early redemption of Promissory Notes; (iv) lower margins for food product operation and wine trading business; (v) finance costs of approximately HK\$4.8 million due to additional promissory notes and borrowings; and (vi) share option expense of approximately HK\$1.6 million.

The cost of inventories consumed and cost of sales for the 2020 Period amounted to approximately HK\$22.6 million and HK\$60.5 million respectively (2019: HK\$39.6 million and HK\$54.3 million). The cost of inventories consumed and cost of sales were approximately 18.5% and 49.5% respectively (2019: 43% and 88%) of the Group's revenue on food products operation and wine trading during the 2020 Period. Management constantly strive to maintain the right product mix in stock for the wine trading business.

Employee benefits expenses for the 2020 Period amounted to approximately HK\$27.4 million (2019: HK\$33.1 million). These expenses were mainly for the food product operation business plus restructuring costs and the wage adjustments to retain experienced staff under the inflationary environment during the 2020 Period. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

Outlook and Prospects

The management strives to diversify the Group's existing business and broaden its source of income.

In view of the stable results in wine trading segment for the 2020 Period and the prospect 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 wine industry. Apart from continuing efforts in product portfolio expansion and 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 it may benefit the development of the existing wine trading business by expanding the customer base, additional wine supply channels and acquisition of staff with relevant skill sets and connections in the wine trading industry.

For the food products operation, the Group will review the performance of its concessionaire stores and close the underperforming locations. The Group is also proactively monitoring the rising food costs, labour costs and high commission expenses to maintain outlets within supermarket chains in order to raise the operational efficiencies of the food products operation. The pandemic condition had caused this segment to operate under extreme hygienic process and incurred additional costs due to continuous demanding operating condition. Management expect this segment's trading condition to worsen for the remainder of the year as competition had caused a major customer to discontinue utilizing our food delivery to their existing outlets.

The Group will actively seek for opportunities to expand its money lending business in the remainder of the year when the situation improves overtime.

Management will monitor the risk exposure regularly and adjust the investments in securities strategies when necessary, while selectively choose those with the most balanced risk and return potential as experts anticipate the uncertainties surrounding the world economies to continue for the reminder of this financial year.

The recurring pandemic environment has created different types of business opportunities in particular the health related areas. Our different distribution and wholesale channels had been enquiring about the supply of hygiene products especially disposable face masks which are consistently in demand as a result of the recurring pandemic condition. With no assurance of vaccines available to cure the corona virus in the near future, the Group will explore the business opportunities of manufacturing masks and other personal protective equipment in particular, the melt blowing production technology which produce melt blown fabrics needed for masks production.

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

Liquidity, Financial and Capital Resources

Capital structure

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

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

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

Cash position

As at 30 September 2020, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$8.7 million (31 December 2019: approximately HK\$4.1 million).

During the 2020 Period and up to the date of this report, the Group has made the following issues for cash equity securities:

- a. On 23 January 2020, a total of 63,000,000 consideration shares have been issued at the price of HK\$0.28 per share pursuant to the terms and conditions of the sale and purchase agreement to acquire 100% of issued share capital of Win Everest Group.
- b. On 31 March 2020, a total of 55,320,000 placing shares have been placed by the Placing Agent at the Placing Price of HK\$0.18 per placing share. As a result, the Company received a net proceed of approximately HK\$9.8 million.

Fund raising activities of the Group during the past twelve months:

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Proposed use of net proceeds	Actual use of net proceeds
28 February 2020 (completed on 31 March 2020)	Placing 55,320,000 new shares at HK\$0.18 per placing shares	HK\$9.76 million	(i) Approximately HK\$8 million for procurement of wine; and	Used as intended
			(ii) Approximately HK\$1.76 million for the Group's general working capital purpose.	Used as intended

Borrowings

As at 30 September 2020, the carrying amount of the Group's borrowings (including the promissory notes of approximately HK\$57.7 million) was approximately HK\$122.9 million (31 December 2019: approximately HK\$89.1 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 2020, the gearing ratio was approximately 23.2% (31 December 2019: 20%).

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 Australia 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

There was no capital commitments of the Group as at 30 September 2020.

Charges on Assets

As at 30 September 2020, the Group had aggregate banking facilities of approximately HK\$66 million (31 December 2019: HK\$15 million), of which the available facilities are secured by unlimited guarantee from the Company.

Contingent Liabilities

Save as disclosed elsewhere in the Third Quarterly Financial Statements, there were no other significant contingent liabilities of the Group as at 30 September 2020.

Dividend

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

Employees Numbers and Remuneration Policy

As at 30 September 2020, the Group had around 192 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

Pursuant to the announcement of the Company dated 4 October 2019, a direct wholly owned subsidiary of the Company as the purchaser and the vendor has entered into a sale and purchase agreement to acquire 100% of issued share capital of Win Everest Holdings Limited and its wholly owned subsidiary (collectively referred to as the "Win Everest Group") at HK\$60 million. The consideration has been satisfied by (i) HK\$5 million in cash upon the signing of the sale and purchase agreement; (ii) the issue of the promissory note by the purchaser to the vendor to the value of HK\$37.36 million upon completion; and (iii) the issue and allotment of the 63,000,000 consideration shares at share price of HK\$0.28 per share by the Company upon completion. Win Everest Group is principally engaged in supply of self-cultivated grapes for winery business and has a vineyard located in Margaret River region in Australia. The acquisition has been completed on 3 January 2020.

Pursuant to the announcement of the Company dated 12 February 2020, a direct wholly owned subsidiary of the Company as the vendor and the purchaser has entered into two sets of provisional sale and purchase agreement to disposal of the entire equity interest in and sale loans of, Eternity Rise Investments Limited and Eternity Rise Property Limited, two indirect wholly owned subsidiaries of the Group, at the considerations of HK\$16.8 million and HK\$11.2 million respectively. The considerations are payable upon completion of the disposal and the disposal has been completed on 26 June 2020.

During the 2020 Period, in addition to the above disposal, the Group also disposed of a wholly owned subsidiary relating to the catering segment to an independent third party. The total disposed subsidiaries and associates above, including those related to discontinued catering operations, carried a book value of net assets amounting to approximately HK\$20.8 million, resulting in a gain on the disposal of approximately HK\$6.9 million were recorded by the Group for the period ended 30 September 2020.

Saved as the above and others disclosed elsewhere in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the 2020 Period.

Events After Reporting Period

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2020 and up to the date of this report.

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.

On 22 June 2020, 53,325,120 share options were granted to ten eligible participants under the Share Option Scheme with an exercise price HK\$0.125 per option and the validity period of one year from the date of grant. The share options were fully exercised on 17 July 2020. As a result, the Company received a net proceed of approximately HK\$6.6 million. The estimated fair value of the options granted on the date was approximately HK\$1,629,000.

As at 30 September 2019, there were no outstanding share options under the Share Option Scheme.

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

As at 30 September 2020, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company

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

Saved as disclosed above, as at 30 September 2020, 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 2020, 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 2020 Period was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the 2020 Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates had an interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group or had any other conflicts with the Group during the 2020 Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rule 5.48 to Rule 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review. The Company was not aware of any non-compliance during the 2020 Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules during the 2020 Period.

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. 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 2020, the Audit Committee consists of three independent non-executive Directors, namely Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S.. Mr. Li Lap Keung is the chairman of the Audit Committee.

The Audit Committee had reviewed the unaudited Third Quarterly Financial Statements for the 2020 Period and is of the opinion that the Third Quarterly Financial Statements comply with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 12 November 2020

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