



PALINDA GROUP HOLDINGS LIMITED

百利達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

**ANNOUNCEMENT OF THE FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG
LIMITED (THE “STOCK EXCHANGE”)**

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

The board (the “Board”) of Directors of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2020 (the “Year”), together with the comparative figures in the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>NOTES</i>	2020 HK\$'000	2019 HK\$'000 <i>(Re-presented)</i>
Continuing operations			
Revenue	3	152,511	230,692
Other income		7,405	1,195
Cost of inventories consumed		(23,448)	(51,689)
Cost of sales		(85,675)	(90,245)
Employee benefits expenses		(34,893)	(44,338)
Other losses, net	4	(16,125)	(12,169)
Gain on disposal of financial assets at fair value through profit or loss, net		–	7,771
Loss on fair value of financial assets at fair value through profit or loss, net		–	(5,356)
Share option expenses to eligible person other than employees		(1,469)	(2,128)
Administrative expenses		(24,374)	(44,739)
Share of loss of associates		–	(3,755)
Finance costs		(6,305)	(8,295)
Loss before tax		(32,373)	(23,056)
Income tax credit/(expenses)	5	2,917	(835)
Loss for the year from continuing operations		(29,456)	(23,891)
Discontinued operation			
Loss for the year from discontinued operation		(8,592)	(29,442)
Loss for the year		(38,048)	(53,333)

	NOTE	2020 HK\$'000	2019 HK\$'000 (Re-presented)
Other comprehensive income (expenses) for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		1,121	95
Share of foreign currency translation reserve of associates		–	(46)
Reclassification of foreign currency translation reserve upon disposal of subsidiaries		8,605	(40)
		<u>9,726</u>	<u>9</u>
Total comprehensive expenses for the year		<u>(28,322)</u>	<u>(53,324)</u>
Loss for the year attributable to owners of the Company			
From continuing operations		(25,120)	(23,802)
From discontinuing operation		(8,592)	(29,442)
		<u>(33,712)</u>	<u>(53,244)</u>
(Loss) profit for the year attributable to non-controlling interest			
From continuing operations		(4,336)	89
From discontinuing operation		–	–
		<u>(4,336)</u>	<u>89</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(23,986)	(53,413)
Non-controlling interests		(4,336)	89
		<u>(28,322)</u>	<u>(53,324)</u>
		2020	2019
Loss per share			
Basic and diluted (HK cent)	7		
From continuing operations		(4.61)	(7.36)
From discontinuing operations		(1.58)	(9.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		2020	2019
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		57,122	1,226
Right-of-use assets		1,066	1,945
Investment properties		–	25,488
Goodwill		24,742	27,192
Interests in associates		–	4,071
Interests in joint ventures		–	–
Deferred tax assets		–	–
		82,930	59,922
Current assets			
Inventories		338,921	307,990
Biological assets		216	–
Loan and interest receivables		–	2,484
Trade receivables	8	32,846	44,573
Prepayments, deposits and other receivables		4,162	60,479
Loan to an associate		–	3,000
Amounts due from associates		–	3
Income tax recoverable		1,948	–
Bank balances and cash		7,917	4,079
		386,010	422,608
Current liabilities			
Trade payables	9	589	9,179
Other payables, accruals and deposits received		16,794	16,559
Income tax payable		–	1,633
Borrowings		69,537	14,981
Promissory notes		–	5,147
Lease liabilities		760	1,082
		87,680	48,581
Net current assets		298,330	374,027
Total assets less current liabilities		381,260	433,949

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current liabilities		
Promissory notes	5,654	74,141
Lease liabilities	387	852
Deferred tax liabilities	12,195	—
	<u>18,236</u>	<u>74,993</u>
Net assets	<u>363,024</u>	<u>358,956</u>
Capital and reserves		
Share capital	58,658	41,493
Reserves	309,667	318,825
	<u>368,325</u>	<u>360,318</u>
Equity attributable to owners of the Company	(5,301)	(1,362)
Non-controlling interests		
	<u>363,024</u>	<u>358,956</u>

NOTES

1. GENERAL INFORMATION

Palinda Group Holdings Limited (formerly known as “Food Idea Holdings Limited”) (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 10 February 2011 under the Companies Law (2010 Revision) of the Cayman Islands. The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (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, 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 is investment holding. The principal activities of its subsidiaries (together with the Company referred to as the “Group”) are trading of wine products and grapes, production, sales and distribution of food products, investment in securities, provision of money lending business and operation of a chain of catering restaurants.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) unless otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institution of Certificated Public (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Information reported by the chief operating decision maker (the “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:

- (i) Wine business – The operation of sales and distribution of wine products and grapes.
- (ii) Food products operation – The production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei.
- (iii) Investments – Investment in securities.
- (iv) Money lending – The provision of money lending business.
- (v) Catering services – The operation of a chain of catering restaurants

Segment turnover, revenue and results

Segment revenue represents revenue derived from the sales and distribution of wine products and grapes, sales of food products, gross proceeds from the disposal of investments (for segment turnover only), dividend income and interest income from both the financial assets at FVTPL and the provision of money lending business and provision of catering services.

The following is an analysis of the Group's turnover, revenues, and results by reportable and operating segments.

For the year ended 31 December 2020

	Continuing operations				Discontinued Operation		
	Wine Business HK\$'000	Food Products Operation HK\$'000	Investments HK\$'000	Money Lending HK\$'000	Catering Services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment Turnover	<u>96,642</u>	<u>55,820</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>-</u>	<u>152,511</u>
Segment Revenue	<u>96,642</u>	<u>55,820</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>-</u>	<u>152,511</u>
Segment Result	<u>1,665</u>	<u>(14,053)</u>	<u>-</u>	<u>(43)</u>	<u>-</u>	<u>-</u>	<u>(12,431)</u>
Unallocated income	-	-	-	-	-	10,026	10,026
Unallocated expenses	-	-	-	-	-	(15,124)	(15,124)
Share option expenses	-	-	-	-	-	(1,629)	(1,629)
Gain/(loss) on disposal of subsidiaries	-	-	-	-	(8,592)	5,048	(3,544)
Loss on deregistration of subsidiary	-	-	-	-	-	(288)	(288)
Impairment loss on property, plant and equipment	(8,452)	-	-	-	-	-	(8,452)
Impairment loss on goodwill	(3,218)	-	-	-	-	-	(3,218)
Finance costs	(2,745)	(263)	-	-	-	(3,297)	(6,305)
Loss before tax	-	-	-	-	-	-	<u>(40,965)</u>

For the year ended 31 December 2019

	Continuing operations				Discontinued Operation		
	Wine Business HK\$'000	Food Products Operation HK\$'000	Investments HK\$'000	Money Lending HK\$'000	Catering Services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment turnover	109,740	119,062	13,252	1,890	–	–	243,944
Segment revenue	109,740	119,062	–	1,890	–	–	230,692
Segment result	10,273	(2,673)	2,596	1,652	(68)	–	11,780
Unallocated income	–	–	–	–	–	4,147	4,147
Unallocated expenses	–	–	–	–	–	(14,042)	(14,042)
Share option expenses	–	–	–	–	–	(2,979)	(2,979)
Share of associates	–	–	–	–	(28,603)	(3,755)	(32,358)
Impairment loss on amounts due from associates	–	–	–	–	(771)	–	(771)
Impairment loss on goodwill	(9,980)	–	–	–	–	–	(9,980)
Finance costs	(3,375)	(226)	–	–	–	(4,694)	(8,295)
Loss before tax	–	–	–	–	–	–	(52,498)

Disaggregation of revenue from contracts with customers:

	Continuing operations				Discontinued Operation	Unallocated HK\$'000	Total HK\$'000
	Wine Business HK\$'000	Food Products Operation HK\$'000	Investments HK\$'000	Money Lending HK\$'000	Catering Services HK\$'000		
Year ended							
31 December 2020							
Types of goods or services							
Sales and distribution of wine products	95,712	-	-	-	-	-	95,712
Sales of ancillary wine-related products	930	-	-	-	-	-	930
Sales and distribution of food products	-	55,820	-	-	-	-	55,820
Revenue from contracts with customers	96,642	55,820	-	-	-	-	152,462
Loan interest income under effective interest rate	-	-	-	49	-	-	49
Segment revenue	96,642	55,820	-	49	-	-	152,511
Sales channel							
Retail	4,921	55,820	-	-	-	-	60,741
Wholesale	91,721	-	-	-	-	-	91,721
Revenue from contracts with customers	96,642	55,820	-	-	-	-	152,462

	Continuing operations				Discontinued	Unallocated	Total
	Wine Business HK\$'000	Food Products Operation HK\$'000	Investments HK\$'000	Money Lending HK\$'000	Operation Catering Services HK\$'000		
Year ended							
31 December 2019							
Types of goods or services							
Sales and distribution of wine products	109,410	–	–	–	–	–	109,410
Sales of ancillary wine-related products	330	–	–	–	–	–	330
Sales and distribution of food products	–	119,062	–	–	–	–	119,062
Revenue from contracts with customers	109,740	119,062	–	–	–	–	228,802
Loan interest income under effective interest rate	–	–	–	1,890	–	–	1,890
Segment revenue	109,740	119,062	–	1,890	–	–	230,692
Sales channel							
Retail	5,673	119,062	–	–	–	–	124,735
Wholesale	104,067	–	–	–	–	–	104,067
Revenue from contracts with customers	109,740	119,062	–	–	–	–	228,802

All of the Group's revenue from contracts with customers are recognised at a point in time.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 to the consolidated financial statements. Segment result represents the profit earned/(loss suffered) by each segment without allocation of other income, certain other losses, central administrative costs, share option expenses to employees and eligible person other than employees, share of loss of associates/joint ventures, impairment loss on goodwill and finance costs. This is the measure reported by the CODM for the purposes of resource allocation and performance assessments.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

	Continuing Operations				Discontinued Operation		
	Wine Business HK\$'000	Food Products Operation HK\$'000	Investments HK\$'000	Money Lending HK\$'000	Catering Services HK\$'000	Unallocated HK\$'000	Total HK\$'000
As at 31 December 2020							
ASSETS							
Segment assets	459,433	5,647	-	-	-	-	465,080
Unallocated corporate assets						3,860	3,860
Consolidated total assets							468,940
LIABILITIES							
Segment liabilities	79,185	16,908	-	-	-	-	96,093
Promissory notes	-	-	-	-	-	5,654	5,654
Unallocated corporate liabilities						4,169	4,169
Consolidated total liabilities							105,916

	Continuing Operations				Discontinued Operation		
	Wine Business HK\$'000	Food Products Operation HK\$'000	Investments HK\$'000	Money Lending HK\$'000	Catering Services HK\$'000	Unallocated HK\$'000	Total HK\$'000
As at 31 December 2019							
ASSETS							
Segment assets	422,469	16,783	–	2,484	–	–	441,736
Interests in associate	–	–	–	–	–	4,071	4,071
Loan to an associate	–	–	–	–	3,000	–	3,000
Amount due from associate	–	–	–	–	–	3	3
Unallocated corporate assets	–	–	–	–	–	33,720	33,720
Consolidated total assets							482,530
LIABILITIES							
Segment liabilities	8,149	18,133	–	45	109	–	26,436
Promissory notes	44,995	–	–	–	–	34,293	79,288
Unallocated corporate liabilities	–	–	–	–	–	17,850	17,850
Consolidated total liabilities							123,574

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, deferred tax assets, certain prepayments, deposits and other receivables certain amounts due from associates/joint ventures, income tax recoverable, certain 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.

The Group's operations are located in Hong Kong (place of domicile) and Australia.

Information about the Group's revenue from external customers is presented based on the 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		Non-current assets (<i>Note</i>)	
	For the year ended		As at 31 December	
	31 December		2020	2019
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	151,581	230,692	25,971	59,922
Australia	930	–	56,959	–
	<u>152,511</u>	<u>230,692</u>	<u>82,930</u>	<u>59,922</u>

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

None of the Group's customers contributed 10% or more of the Group's total revenue during the years ended 31 December 2020 and 2019.

Other segment information

Amount included in the measure of segment result or segment assets:

	Continuing operations				Discontinued operation	Unallocated HK\$'000	Total HK\$'000
	Wine Business HK\$'000	Food Products Operation HK\$'000	Investments HK\$'000	Money Lending HK\$'000	Catering Services HK\$'000		
As at 31 December 2020							
Additions to non-current assets (<i>Note</i>)							
Depreciation of property, plant and equipment	1,433	150	–	–	–	38	1,621
Depreciation of right-of-use assets	722	289	–	–	–	–	1,011
Impairment loss on goodwill	3,218	–	–	–	–	–	3,218
Provision for impairment on trade receivables	84	–	–	–	–	–	84

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

	Continuing operations				Discontinued operation		
	Wine	Food		Money	Catering	Unallocated	Total
	Business	Products	Investments	Lending	Services		
	HK\$'000	Operation	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2019							
Additions to non-current assets (Note)	38,705	1,352	–	–	–	60	40,117
Depreciation of property, plant and equipment	302	730	–	–	–	786	1,818
Depreciation of right-of-use assets	–	–	–	–	–	–	–
Impairment loss on goodwill	9,980	–	–	–	–	–	9,980
Provision for impairment on loan and interest receivables	–	–	–	85	–	–	85
Provision for impairment on trade receivables	80	–	–	–	–	–	80
Loss on fair value of financial assets at FVTPL, net	181	–	5,175	–	–	–	5,356
Gain on disposal of financial assets at FVTPL, net	–	–	(7,771)	–	–	–	(7,771)
	<u>–</u>	<u>–</u>	<u>(7,771)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(7,771)</u>

Note: Non-current assets excluded financial instruments and deferred tax assets.

4. LOSS BEFORE TAX

	2020 HK\$'000	2019 HK\$'000
Loss before tax has been arrived at after (crediting) charging:		
Other losses, net		
Gain on disposal of subsidiaries	(5,048)	(1,510)
Gain on disposal of associates	(4)	(1,286)
Gain on disposal of a joint venture	–	(117)
Loss on disposal of property, plant and equipment	930	5
Loss on deregistration of subsidiary	288	–
Provision for impairment on loan and interest receivables	–	85
Provision for impairment on trade receivables	84	80
Gain on early termination of lease liabilities	(5)	–
Impairment loss on goodwill	3,218	9,980
Impairment loss of property, plant and equipment	8,452	–
Impairment loss on amounts due from joint ventures	–	26
Loss on early redemption of promissory notes	3,946	4,906
Loss on early termination of promissory notes	4,264	–
	<u>16,125</u>	<u>12,169</u>
Employee benefits expenses (including directors' and chief executive's emoluments)		
Salaries, wages and other benefits	33,439	41,808
Share option expenses to employees	160	851
Contributions to retirement benefits schemes – defined contribution plan	1,294	1,679
	<u>34,893</u>	<u>44,338</u>
Share option expenses to eligible person other than employees	1,469	2,128
Auditor's remunerations for:		
– audit services	600	1,177
– non-audit services	–	925
	<u>600</u>	<u>2,102</u>
Depreciation of property, plant and equipment	1,621	835
Depreciation of investment properties	332	679
Depreciation of right-of-use of assets	1,011	304
Expenses relating to short-term lease and low-value lease	1,945	3,831
	<u><u>1,945</u></u>	<u><u>3,831</u></u>

5. INCOME TAX (CREDIT)/EXPENSES

	2020 HK\$'000	2019 HK\$'000
Current income tax – Hong Kong:		
Current year provision	–	824
Over provision in prior years	(20)	(18)
	(20)	806
Deferred tax:		
(Credit)/Charge for year	(2,897)	29
	(2,917)	835

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the provision for Hong Kong Profits Tax for the year ended 31 December 2020 and 2019 is calculated in accordance with the two-tiered profits tax regime.

6. DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 December 2020 nor has any dividend been proposed since the end of the reporting period (2019: nil).

7. LOSS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
Loss		
Loss for the purpose of basic and diluted loss per share, being loss for the year attributable to the owners of the Company		
– from continuing operations	(25,120)	(23,802)
– from discontinued operation	(8,592)	(29,442)
	<u>(33,712)</u>	<u>(53,244)</u>
	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>545,325,166</u>	<u>323,601,843</u>

The calculation of basic and diluted loss per share for the years ended 31 December 2020 and 2019 is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares.

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 years ended 31 December 2020 and 2019.

8. TRADE RECEIVABLES

	2020 HK\$'000	2019 <i>HK\$'000</i>
Trade receivables	33,010	44,653
Less: Impairment allowance under ECL	(164)	(80)
Trade receivables, net	32,846	44,573

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

	2020 HK\$'000	2019 <i>HK\$'000</i>
Within 30 days	30,351	43,148
31-60 days	2,155	1,146
61-90 days	–	166
Over 90 days	340	113
	32,846	44,573

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

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

9. TRADE PAYABLES

	2020 HK\$'000	2019 <i>HK\$'000</i>
Trade payables	589	9,179

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 reporting period:

	2020 HK\$'000	2019 <i>HK\$'000</i>
Within 30 days	403	8,069
31 – 60 days	1	898
Over 60 days	185	212
	589	9,179

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's principal activities during the Year 2020 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 Year 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 announcements of 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.

On 4 October 2019, the Group entered into a sale and purchase agreement with an independent third party for the acquisition 100% of issued share capital of Win Everest Holdings Limited and its wholly owned subsidiary (collectively referred to as the "Win Everest Group") which engaged in supply of self-cultivated grapes for winery business and has a vineyard located in Margaret River region in Western Australia. Details of the acquisition were set out in the Company's announcements dated 4 October 2019, 29 November 2019 and 3 January 2020 and the circular of the Company dated 5 December 2019. The acquisition was completed on 3 January 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 the deteriorating results of the dessert catering business which exerted significant pressure on the overall profitability of the Group and the unfavourable market conditions surrounding the catering business, which was no longer part of the Group's principal activities, the Board decided to dispose of this loss-making business during the early part of Year 2020 in order to consolidate resources for the continuing segments.

Wine Business

The Group's recent expansion of its wine business included acquisition of wine retail shops business with an aim to take advantage of the steady growth of the Hong Kong wine retail trade in February 2019. Due to the pandemic and political unrest affecting retail trades, management decided to close all retail outlets resulting in impairment of goodwill of HK\$3.2 million for the Year 2020.

Our Australian subsidiary had gone through a difficult year as wines destined for the export market and local trades slowed, further burdened by the political tension between China and Australia. The excessive duties imposed on Australian wines into China range from 107% to 212%, due to the intensifying trade tensions between the two countries. The pandemic situation caused the State of Western Australia where the Group's vineyard is located, imposing hard restrictions for travellers since early 2020 causing extreme challenges to the management of our vineyard and wine business resulting in impairment of property, plant and equipment amounting to HK\$8.45 million for the year under review.

The Group's wine are mainly from our own vineyard, as well as various reputable vineyards and wineries in Australia, with a focus on premium red wines as the major product. During the Year, the wine business segment recorded lower revenue and achieved reasonable results of approximately HK\$96.64 million in turnover with a segment profit of approximately HK\$1.66 million compare with approximately HK\$109.74 million in turnover and approximately profit of HK\$10.27 million respectively for the Last Year.

Food products operation

The revenue of food products operation recorded a major decrease from approximately HK\$119.06 million for the Year 2019 to approximately HK\$55.82 million for the Year 2020, accounting for approximately 36.6% (2019: 51.6%) of the Group's revenue.

The revenue of the food products operation recorded a decrease of approximately 53.12% for the Year 2020, primarily due to the pandemic leading to closure and non-renewal of all concessionaire stores as well as, rise in the food cost, staff cost, severance payments and other operating costs. As a result, the segment loss increases to approximately HK\$14.05 million for the Year 2020 compare with segment loss of approximately HK\$2.67 million for the Last Year.

Securities Investment Business

As at 31 December 2020, the Group had no securities investment (2019: HK\$NIL million). During the Year due to the uncertainties created by the pandemic, the Group recorded no trades (2019: unrealised loss of approximately HK\$5.18 million). This securities investment segment did not contribute towards the Year 2020 results.

Money Lending Business

In view of the ongoing pandemic, the Group's money lending business shrunk during the Year 2020. Due to the Group's conservative lending policies, this segment generated interest income of approximately HK\$0.05 million (2019: HK\$1.89 million). The Group recorded a segment loss to approximately HK\$0.04 million (2019: profit of HK\$1.65 million).

As at 31 December 2020, the aggregate loan was HK\$Nil million (31 December 2019: HK\$585.07 million) with chargeable effective interest rate ranging from 3% to 36% per annum (31 December 2019: 3% to 36% per annum). As at 31 December 2020, the outstanding loan receivables of the Group was HK\$Nil million (31 December 2019: HK\$2.04 million).

FINANCIAL REVIEW

During the Year 2020, the Group's revenue amounted to approximately HK\$152.51 million which was approximately 33.89% lesser than that of the Last Year. The decrease was mainly due to the major drop in revenue from the food production business, resulting in a loss of approximately HK\$29.45 million for the Year 2020 for continuing operations (2019: approximately HK\$23.89 million for continuing operations).

Loss attributable to the owners of the Company from continuing operations was approximately HK\$25.12 million for the Year 2020, an increase of approximately 1.08% as compared to loss attributable to owners of the Company from continuing operations of approximately HK\$23.80 million in 2019. The increase in the loss was mainly due to: (i) decrease in turnover and increase in operating loss of both the wine trading and food product operation businesses; (ii) impairment of goodwill relating to wine retail business amounting to approximately HK\$3.2 million; (iii) loss of approximately HK\$8.21 million on early redemption and termination of Promissory Notes; (iv) termination and severance payments relating to the closure of food product operations; (v) finance costs of approximately HK\$6.30 million (2019: HK\$8.30 million) due to additional borrowings; (vi) impairment of property, plant and equipment of the Win Everest Group of approximately HK\$8.45 million; and (vii) share option expense of approximately HK\$1.6 million.

The cost of inventories consumed for the Year amounted to approximately HK\$23.45 million (2019: HK\$51.69 million) which was approximately 54.64% lower than that of the Last Year. The cost of inventories consumed was approximately 15.37% (2019: 22.41%) of the Group's revenue for the Year 2020. The cost of sales for the Year 2020 amounted to approximately HK\$85.68 million (2019: HK\$90.25 million). The cost of sales was approximately 56.18% (2019: 39.12%) of the Group's revenue for the Year 2020. The Group will keep the strategy on bulk purchases of premium wines from suppliers in order to enjoy a larger discount and achieved optimum stock mix. The Group continuously attempt to improve the product mix for the wine business during the Year under review.

Employee benefits expenses for the Year 2020 amounted to approximately HK\$34.89 million (2019: HK\$44.34 million). The rather high employee benefits expenses were mainly due to closure of all concessionaire stores in food products operation which resulted in one off termination and severance payments. During the Year 2020, employee benefits expenses relating to the food production business amounted to approximately HK\$30.50 million, accounting for approximately 88% of the Group's overall employee benefits expenses.

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 for approximately 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. The acquisition has been completed on 3 January 2020. This acquisition strategy allowing the Group to have direct access to better grapes source and selections for the future development of the wine business.

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 disposal has been completed on 26 June 2020 resulting in a gain on the disposal of approximately HK\$3.2 million were recorded by the Group for the year ended 31 December 2020.

During the year, 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, including those related to discontinued catering operations, resulting in a gain on the disposal of approximately HK\$1.85 million were recorded by the Group for the year ended 31 December 2020.

OUTLOOK AND PROSPECTS

Since the beginning of January 2020, COVID-19 outbreak has continuously and adversely affected the global business environment including Hong Kong. The outlook remains uncertain despite vaccinations being implemented in many countries, and the Management will continue to monitor the situation closely. Depending on the duration of the disruption caused by COVID-19 outbreak, future financial results could be further adversely affected by lower revenue and economic slowdown. The Directors will continuously monitor the effects of the COVID-19 pandemic and respond swiftly to its potential impact on the financial position and operating results of the Group.

Wine industry in Hong Kong has been well developed for years. With the removal of all wine duties by the Hong Kong government in 2008 and the support of a significant pool of experienced wine merchants with good wine knowledge and international trade experience, Hong Kong has further developed into a famous wine trading and distribution centre for the region. According to the Hong Kong Trade Development Council Research Report on 4 November 2020, which provided statistical data for the previous year of 2019, and data from statista, wine sales in Hong Kong amounted to United States Dollars USD\$677 million or 34.3 million liters in 2019, up 5.5% and 2.2%, respectively, per annum in the past five years. For 2020 to 2023, it is forecasted to grow 11.2% per annum in value terms and 5.7% per annum in volume terms.

In view of the less volatile results in wine trading segment for the Year 2020 and the positive future prospects of the wine industry in Hong Kong, wine trading represents a good opportunity for the Group to further expand its distribution and wholesale channels which will help diversify the businesses of the Group. As such, it is the intention of the Group to further strengthen its sales capability in wine trading with more advertisement and promotions targeting the APEC or Asia Pacific Economic Cooperation 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 it may benefit the development of the existing wine trading business by expanding the customer base, additional wine supply channels provided by the acquisition of Win Everest Group and acquisition or employment of expertise with relevant skill sets and connections in the wine trading industry.

For the food products operation, the Group will review the viability in bidding for new concessionaire stores, as during the Year 2020, all concessionaire stores have been closed. Management will be assessing the rising food costs, relatively high labour costs and commission expenses to maintain outlets within supermarket chains in order to ensure future profitability and operational efficiencies of continuing the food products business. The pandemic condition had caused this segment to operate under extreme hygienic process and incurred additional costs due to continuous demanding operating condition in Year 2020. Management do not expect this segment's trading condition to recover immediately in the coming year 2021 as competition had caused all customers to discontinue utilizing all our food delivery to their outlets since last quarter of the Year 2020.

The Group will actively seek for opportunities to expand its money lending business in the new financial year when the economic and job market situation improves overtime. Management foresee more potential clients negotiating with the Group directly without involving any financial intermediaries. With regard to the recent combat on the illegal malpractices of financial intermediaries which charge exorbitant intermediary fees, the Board believes more borrowers will avoid using financial intermediaries and turn to deal with licensed money lenders which are more reliable and regulated, such as banks and licensed money lenders of listed companies directly, offering new opportunities to the Group.

Management will monitor the risk exposure regularly and adjust the Group's investments in securities strategies in the new year when the economy recovers, while selectively choose those with the most balanced risk and return potential as experts anticipate the uncertainties surrounding the world economies to continue for this coming financial year.

The Group will closely monitor and review the performance of existing businesses and may dispose of and scale down the underperforming 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.

DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 December 2020 nor has any dividend been proposed since the end of the reporting period (2019: NIL).

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Year 2020.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this annual result announcement, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2020 and up to the date of this annual result announcement.

CORPORATE GOVERNANCE

The Board has adopted various policies to ensure compliance with the code provisions of the CG Code under Appendix 15 of the GEM Listing Rules. For the Year, the Company has fully complied with all applicable provisions of the CG Code except.

Under the code provision A2.1 of the CG Code, the role of chairman and chief executive (“CEO”) should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established.

Subsequent to the resignation of former CEO, the post has been vacant as at 31 December 2020, the Board will keep reviewing the current structure of the Board from time to time and the Company will make appointment with suitable knowledge, skill and experience to fill the post of the CEO as appropriate.

The Company will continue to enhance its corporate governance appropriate to the conduct and growth of its business and to review its corporate governance from time to time to ensure they comply with the statutory and the CG Code and align with the latest developments.

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 Rules 5.28 and 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 the revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement. The revised terms of reference setting out the Audit Committee’s authority, duties and responsibilities are available on both the GEM website and the Company’s website. 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 auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditor.

As at 31 December 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 was the chairman of the Audit Committee. During the Year, 4 meetings of Audit Committee were held for, inter alia, reviewing the Group's quarterly, interim and annual results, the financial reporting and compliance procedures, the risk management and internal control systems and considering the re-election of auditor of the Company.

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

Hong Kong, 25 March 2021

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

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

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the Company's website at www.palinda.com.