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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 FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2021**

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 three months ended 31 March 2021. This announcement, containing the full text of the 2021 first 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 2021 first 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, 14 May 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 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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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 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 ended 31 March 2021 (the “**First Quarterly Financial Statements**”), together with the unaudited comparative figures for the corresponding period in 2020, as follows:

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

For the three months ended 31 March 2021

		For the three months ended 31 March	
	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	32,980	57,385
Other income		37	329
Cost of inventories consumed		(29,386)	(11,755)
Cost of sales		–	(26,137)
Direct cost on vineyard		(10)	(78)
Employee benefits expenses		(868)	(9,811)
Depreciation		(405)	(681)
Operating lease rentals and related expenses		(609)	(711)
Other losses, net	5	–	(3,946)
Administrative Expenses		(894)	(8,942)
Finance costs	4	(1,142)	(2,122)
Loss before tax	5	(297)	(6,469)
Income tax expenses	6	(20)	28
Loss for the period		(317)	(6,441)

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

For the three months ended 31 March 2021

	Note	For the three months ended 31 March	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other comprehensive (expenses) income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,550)	(6,796)
		(1,550)	(6,796)
Total comprehensive expense for the period		(1,867)	(13,237)
(Loss) profit for the period attributable to Owners of the Company		(317)	(7,040)
Non-controlling interests		–	599
		(317)	(6,441)
Total comprehensive (expenses) income for the period attributable to Owners of the Company		(1,867)	(13,836)
Non-controlling interests		–	599
		(1,867)	(13,237)
Loss per share	7	2021	2020
Basic and diluted (HK cents)		0.005	1.48

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) OF THE GROUP

For the three months ended 31 March 2021

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 2021	58,658	678,665	-	106	-	1,121	(370,226)	368,324	(5,301)	363,023
Loss for the period	-	-	-	-	-	-	(317)	(317)	-	(317)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,550)	-	(1,550)	-	(1,550)
Total comprehensive income (expenses) for the period	-	-	-	-	-	(1,550)	(317)	(1,867)	-	(1,867)
Issue of new shares by placing	-	-	-	-	-	-	-	-	-	-
Share issuing expenses	-	-	-	-	-	-	-	-	-	-
Issue of consideration shares	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2021	58,658	678,665	-	106	-	(429)	(370,543)	366,457	(5,301)	361,156
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	-	-	-	-	-	-	(7,040)	(7,040)	599	(6,441)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(6,796)	-	(6,796)	-	(6,796)
Total comprehensive income (expenses) for the period	-	-	-	-	-	(6,796)	(7,040)	(13,836)	599	(13,237)
Issue of new shares by placing	5,532	4,425	-	-	-	-	-	9,957	-	9,957
Share issuing expenses	-	(110)	-	-	-	-	-	(110)	-	(110)
Issue of consideration shares	6,300	7,560	-	-	-	-	-	13,860	-	13,860
Balance at 31 March 2020	53,325	675,713	-	106	(182)	(15,401)	(343,372)	370,189	(763)	369,426

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 the transactions with the non-controlling interests, capital contributions from non-controlling interests and share of other reserve of an associate.

NOTES TO THE FIRST QUARTERLY FINANCIAL STATEMENTS

For the three months ended 31 March 2021

Notes:

1. GENERAL INFORMATION

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

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

2. (a) BASIS OF PREPARATION

The First 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 First Quarterly Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2020 (the "2020 Annual Report"), except for the adoption of the new and revised HKFRSs, which are effective for the financial year beginning 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 and presented. Accordingly, no prior period adjustment has been required. The First 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 2020 Annual Report.

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

2. (b) BASIS OF DECONSOLIDATION

Deconsolidation of subsidiaries of the Company

During the time between the end of reporting period and the date of this first quarterly report, despite repeated verbal and written request, the Board has been unable to obtain cooperation from directors and key management of its subsidiary, Food Idea Group Limited (新煮意集團有限公司) and subsidiaries of Food Idea Group Limited including Food Idea Food Trading Limited (新煮意食品貿易有限公司), Lucky Great Investment Limited (利光投資有限公司), Nicecity Limited (卓城有限公司) and Excellent Catering Management Limited (卓越飲食管理有限公司) (together with Food Idea Group Limited, collectively known as the "Deconsolidated Subsidiaries").

Due to the inability to obtain cooperation from the directors and key management of the Deconsolidated Subsidiaries, the Board has been unable to access to the books and records of the Deconsolidated Subsidiaries.

Given these circumstances, the Board has not consolidated the financial statements of the Deconsolidated Subsidiaries in the condensed consolidated financial statements of the Group for the three months ended 31 March 2021. As such, the results of the Deconsolidated Subsidiaries for the three months ended 31 March 2021 and the assets and liabilities of the Deconsolidated Subsidiaries as at 31 March 2021 have not been included into the condensed consolidated financial statements of the Group.

Particulars of Deconsolidated Subsidiaries as at 31 March 2021 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest Attributable to the Company		Proportion of voting power held by the group	Principal activities
			2020 Direct	2020 Indirect	2020	
Excellent Catering Management Limited ("Excellent Catering") (Note i)	Hong Kong	HK\$10,000	-	48%	60%	Production, sales and distribution of food products
Food Idea Food Trading Limited	Hong Kong	HK\$41	-	100%	100%	Securities holding
Food Idea Group Limited	BVI	US\$1	100%	-	100%	Investment holding
Lucky Great Investment Limited ("Lucky Great")	Hong Kong	HK\$3,750,000	-	83%	100%	Investment holding
Nicecity Limited ("Nicecity") (Note ii)	Hong Kong	HK\$50,000	-	48%	60%	Production, sales and distribution of food products

Note (i): Lucky Great held 58% equity interests in both Nicecity and Excellent Catering, a non-wholly owned subsidiary of the Group which the Group hold 83% equity interest. The Group can exercise control over Nicecity and Excellent Catering via its control over Lucky Great.

3. 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:

- (i) Wine business – The operation of sales and distribution of wine products and supply of self-cultivated grapes for winery business.
- (ii) Food products operation – The production, sales and distribution of food products, such as barbecued food and Taiwanese Lou Mei.
- (iii) Investments – Investment in securities.
- (iv) Money lending – The provision of money lending business.

Segment turnover, revenue and results

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

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 certain other income, central administrative costs, share option expenses, share of loss of associates / joint ventures and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessments.

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

For the three months ended 31 March

	Wine business		Food products operation		Investments		Money business		Unallocated		Consolidated	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
SEGMENT TURNOVER	32,980	29,235	-	28,101	-	-	-	49	-	-	32,980	57,385
SEGMENT REVENUE	32,980	29,235	-	28,101	-	-	-	49	-	-	32,980	57,385
Segment results	615	467	-	432	-	-	-	(43)	-	-	615	856
Unallocated income	-	-	-	-	-	-	-	-	-	329	-	329
Unallocated corporate expenses	-	-	-	-	-	-	-	-	(888)	(5,532)	(888)	(5,532)
Share of loss of associates	-	-	-	-	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	(23)	(2,122)	(23)	(2,122)
(Loss) before tax											(297)	(6,469)

3. SEGMENT INFORMATION (CONTINUED)

Geographical information

No geographical information is presented as most revenue from external customers of the Group are derived from Hong Kong for both periods.

Information about major customers

None of the Group's customers contributed 10% or more of the Group's total revenue for both periods.

4. FINANCE COSTS

	For the three months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interests on borrowings	1,118	413
Interests on promissory note	24	1,709
	1,142	2,122

5. LOSS BEFORE TAX

	For the three months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss before tax has been arrived at after charging the following:		
Loss on early redemption of promissory note	—	3,946
Depreciation	405	681
Operating lease rental relating to short-term lease and low-value lease upon application of HKFRS 16	609	711

6. INCOME TAX EXPENSES

	For the three months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax	20	—
Deferred income tax	—	(28)
	20	(28)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

The applicable Australia profit tax rate is 30% for the both periods.

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:

	For the three months ended 31 March	
	2021 HK\$'000	2020 HK\$'000 (Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share, being loss for the period attributable to the owners of the Company	(317)	(7,040)
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	586,576,334	477,154,511

Diluted loss per share for both periods were the same as the basic loss per share as there was no dilutive potential ordinary shares outstanding.

8. DIVIDEND

No dividend were paid or proposed for the three months ended 31 March 2021 nor have any dividend been proposed since the end of the reporting period (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's first quarterly results for the three months ended 31 March 2021 (the "2021 Period").

Business Review

The Group's principal activities during the 2021 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.

The Board wishes to inform the shareholders of the Company (the "Shareholders") and hereby announces that pursuant to Rules 18.66 and 18.79 of the GEM Listing Rules, the Company is required to publish its quarterly results announcement and despatch its quarterly report in respect of the unaudited condensed consolidated financial information of the Company for the 2021 Period not later than 45 days after the end of the first quarter of the financial year, i.e. 14 May 2021.

In the course of preparing for the Company's financial results for the 2021 Period, the management of the Company has been actively liaising with the directors of Food Idea Group Limited (新煮意集團有限公司), Food Idea Food Trading Limited (新煮意食品貿易有限公司), Lucky Great Investment Limited (利光投資有限公司), Nicacity Limited (卓城有限公司) and Excellent Catering Management Limited (卓越飲食管理有限公司) (collectively, the "Deconsolidated Subsidiaries"), all being subsidiaries of the Company for its food products operation businesses, for their cooperation in the arrangement of site visits and coordination of works in respect of its financial reporting and management reporting obligations. However, despite the Company's best efforts in trying to get into contact with the responsible personnel of the Deconsolidated Subsidiaries since mid-April 2021, the Company was informed by the director of the Deconsolidated Subsidiaries on 6 May 2021 that the books and records of the Deconsolidated Subsidiaries can only be provided to the Company by 17 May 2021.

As the Company has been unable to obtain the necessary support from the directors of the Deconsolidated Subsidiaries and the Company was not given any access to the books and records of the Deconsolidated Subsidiaries up to and including the date of this report, in the view of not delaying the publication of the its financial information, the Board has resolved on 14 May 2021 to publish its first quarterly financial results and despatch the first quarterly report for the 2021 Period without consolidating the financial results of the Deconsolidated Subsidiaries for the 2021 Period.

Impact of the Deconsolidation

The possible loss of control of the Deconsolidated Subsidiaries forms part of the basis for the First Quarterly Financial Statements. Due to the lack of complete books and records of the Deconsolidated Subsidiaries, the management of the Group is unable to obtain sufficient appropriate evidence to determine (i) whether the Company had lost control of Deconsolidated Subsidiaries; and (ii) the validity and completeness of the amount due from/to a Deconsolidated Subsidiary as at 31 March 2021 and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiaries during the three months ended 31 March 2021 which had been accounted for and in compliance with the requirements of the applicable accounting standard and the GEM Listing Rules. Any subsequent adjustments found to be required may have consequential effects on the balances of the amount due from/to the Deconsolidated Subsidiaries, the recorded amounts and description of the relevant transactions with the Deconsolidated Subsidiaries as at and for the three months ended 31 March 2021 and other elements in the unaudited condensed consolidated financial statements of the Group for the 2021 Period and hence on the net assets of the Group as at 31 March 2021 and gain/loss and other comprehensive income and cash flows of the Group and related disclosures thereof in the unaudited condensed consolidated financial statements of the Group for the 2021 Period.

The Company will use its best endeavour to publish a supplemental announcement to its first quarterly results with the financial results of the Deconsolidated Subsidiaries to the Shareholders as soon as possible. It is expected that the publication of its supplemental first quarterly results (with the consolidation of the financial results of the Deconsolidated Subsidiaries) will be published to a date falling on or before 31 May 2021. The Company will publish further announcement(s) to inform the Shareholders and potential investors of the Company in relation to the first quarterly results as well as its publication or any updated information as and when appropriate.

Caution Statement

The Board announces that the First Quarterly Financial Statements are prepared based on the management account of the Group (except for the Deconsolidated Subsidiaries) together with the corresponding comparative figures of the Group for the three months ended 31 March 2020 which has been agreed by the Audit Committee of the Company.

Please note that the figures presented in this report might materially affected, among others, by finalization and consolidation of the financial statements of the Deconsolidated Subsidiaries. Depends on the finalization of the financial statements of the Deconsolidated Subsidiaries, the unaudited condensed consolidated financial statements of the Group would need to be adjusted accordingly.

The Company will make appropriate announcements and disclosures in relation to the unaudited condensed consolidated First Quarterly Financial Statements as and when the financial information of the Deconsolidated Subsidiaries for the 2021 Period has been obtained and consolidated.

Wine Trading

The Group's wine trading segment continued 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 2021 Period, the wine trading operation has achieved stable results and recorded slight increase in revenue to approximately HK\$33 million (2020: approximately HK\$29 million) with a segment profit of approximately HK\$615,000 (2020: profit HK\$467,000).

However, during 2021 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. Our Australian subsidiary had gone through difficult a year since acquisition as wines destined for the export market and local trades slowed due to the trade and political tension with China. The pandemic situation caused the State of Western Australia imposing hard restrictions for travellers since early 2020 causing extreme challenges to management of our vineyard and business.

Food products operation

The Group's first quarterly results for the 2021 Period are prepared on the basis that the Deconsolidated Subsidiaries, all being subsidiaries of the Company for its food products operation businesses, have been deconsolidated from the Group. Please refer to the section headed "Business Review" above for further details.

During the 2021 Period, the Board were exploring to operate the food production business in alternate format that do not heavily relied on distributing and selling through concessionaire stores previously at lower commission and operating costs.

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 31 March 2021 (2020: 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 31 March 2021, this segment generated no interest income of (2020: approximately HK\$0.05 million) and made no contribution (2020: profit approximately HK\$0.04 million).

Financial Review

During the 2021 Period, the Group's revenue amounted to approximately HK\$33 million which was approximately 43% less than that of the last corresponding period. The decrease was mainly due to the deconsolidated revenue from food production business from approximately HK\$28 million for the 2020 Period to no reported revenue for the 2021 Period.

Loss for continuing operations attributable to the owners of the Company was approximately HK\$317,000 for the 2021 Period, an increase of approximately 95% as compared to loss of approximately HK\$6.44 million in 2020 Period. The decrease in the loss was mainly due to increase in turnover and competitive margins for wine trading business.

The cost of inventories consumed for the 2021 Period amounted to approximately HK\$29 million (2020: HK\$22.6 million). The cost of inventories consumed were approximately 89% (2020: 18.5%) of the Group's revenue during the 2021 Period. Management constantly strive to maintain the right product mix in stock for the wine trading business.

Employee benefits expenses for the 2021 Period amounted to approximately HK\$868,000 (2020: HK\$27.4 million). These expenses were mainly for the wine trading business plus the wage adjustments to retain experienced staff under the inflationary environment during the 2021 Period. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

Outlook and Prospects

In view of the less volatile results in wine trading segment for the Year 2020, 2021 Period and the positive future prospects of the wine industry in Hong Kong, wine trading represents a good opportunity for the Group to further expand its distribution and wholesale channels which will help diversify the businesses of the Group. As such, it is the intention of the Group to further strengthen its sales capability in wine trading with more advertisement and promotions targeting the Asia Pacific Economic Cooperation ("APEC") wine market. Apart from continuing efforts in product portfolio expansion and on-line marketing, the Group will seek acquisition opportunities to enhance the operating scale and performance of the wine trading segment. The Group is of the view that it may benefit the development of the existing wine trading business by expanding our APEC customer base, additional wine supply channels provided by the acquisition of Australian vineyard and acquisition or employment of expertise with relevant skill sets and connections in the wine trading industry.

The ongoing pandemic situation causing reduction in retail rentals leading to the Board to consider the possibilities of new outlets for the food production business instead of previously restrictive and costly commissioned to concessionaire stores distribution and selling methods.

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 remainder of this 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.

Steps to be taken by the Company in relation to the Deconsolidated Subsidiaries

The Group will continue to make all lawful efforts to enforce and protect its right as a shareholder of the Deconsolidated Subsidiaries. After consulting the Company's legal advisers, in the event that the books and records of the Deconsolidated Subsidiaries is not received by the Company before 17 May 2021, the Board is given to understand that the Company has reasonable prospects to use legal means to uphold the Company's right with the view to regaining control of the Deconsolidated Subsidiaries through the convening of shareholders' meeting to change the directors of the Deconsolidated Subsidiaries, retrieving the necessary documents and information of the Deconsolidated Subsidiaries and file criminal complaints if any wrong-doers in the management of the Deconsolidated Subsidiaries are identified to have, for instance, wilfully breached their fiduciary duties to the Deconsolidated Subsidiaries.

The Company has legitimate grounds in (i) regaining control of the Deconsolidated Subsidiaries through the convening of shareholders' meeting to change the directors of the Deconsolidated Subsidiaries; (ii) taking civil actions to obtain and demand the production of the relevant books and records; (iii) obtaining an order from the court to compulsorily demand the production of the relevant books and records in case the management of the Deconsolidated Subsidiaries refuse to cooperate with the Company and the court in producing the relevant books and records; and (iv) taking civil actions and obtaining indemnifications from the wrong-doers based on the rights of the Company as a shareholder of the Deconsolidated Subsidiaries. The Group is currently contemplating initiating civil actions against the Deconsolidated Subsidiaries in the following months if the books and records of the Deconsolidated Subsidiaries is not received by the Company before 17 May 2021 and its attempt to exercise its shareholder's rights fails.

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 31 March 2021, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$5.3 million (31 December 2020: approximately HK\$7.9 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 (ii) Approximately HK\$1.76 million for the Group's general working capital purpose.	Used as intended Used as intended

Borrowings

As at 31 March 2021, the carrying amount of the Group's borrowings was approximately HK\$69.47 million (31 December 2020: approximately HK\$75.19 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 31 March 2021, the gearing ratio of the Group was approximately 16% (31 December 2020: 16%).

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK\$"). Other than interests in a wholly owned subsidiary are denominated in Australian Dollars ("AUD"), the Group's assets and liabilities are mainly denominated in HK\$ and AUD. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of HK\$ or AUD may have an impact on the financial results of the Group.

The management considers that the foreign exchange risk with respect to AUD is not significant. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Capital Expenditure and Commitments

Saved as disclosed above, there was no capital commitments for the Group as at 31 March 2021.

Charges on Assets

As at 31 March 2021, the Group had aggregate banking facilities utilised of approximately HK\$63.8 million (31 December 2020: HK\$71 million), of which the available facilities are secured by limited guarantee from the Company.

Contingent Liabilities

Save as disclosed elsewhere in the First Quarterly Financial Statements, there were no other significant contingent liabilities of the Group as at 31 March 2021.

Dividend

Details of the dividend are set out in the Note (8) to the First Quarterly Financial Statements.

Employees Numbers and Remuneration Policy

As at 31 March 2021, the Group had around 17 employees. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

Significant Investment Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Saved as the above and others disclosed elsewhere in this report by the Group, except for the Deconsolidated subsidiaries there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the 2021 Period.

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 31 March 2021 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 31 March 2021, 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 31 March 2021, 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 31 March 2021, 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 31 March 2021, 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 2021 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 2021 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 2021 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 2021 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 2021 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 31 March 2021, 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.

Saved as disclosed above, the Audit Committee had reviewed the unaudited First Quarterly Financial Statements for the 2021 Period and is of the opinion that the First 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, 14 May 2021

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.