ANNUAL REPORT
2021

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

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CORPORATE INFORMATION

Board of Directors

Executive Directors
Ms. Huang Wei *(Chairlady)*
Mr. Dou Sheng

Independent non-executive Directors
Mr. Lee Lap Keung
(formerly known as "Li Lap Keung")
Mr. So Yat Chuen
Dr. Wu Wing Kuen, *B.B.S.*

Authorised Representatives

Ms. Huang Wei
Mr. Wong Wai Chun, Alex
(appointed on 3 September 2021)
Mr. Wong, Andy Tze On
(resigned on 3 September 2021)

Company Secretary

Mr. Wong Wai Chun, Alex
(appointed on 3 September 2021)
Mr. Wong, Andy Tze On
(resigned on 3 September 2021)

Audit Committee Members

Mr. Lee Lap Keung *(Chairman)*
(Formerly known as "Li Lap Keung")
Mr. So Yat Chuen
Dr. Wu Wing Kuen, *B.B.S.*

Remuneration Committee Members

Mr. So Yat Chuen *(Chairman)*
Mr. Lee Lap Keung
(formerly known as "Li Lap Keung")
Dr. Wu Wing Kuen, *B.B.S.*

Nomination Committee Members

Mr. So Yat Chuen *(Chairman)*
Mr. Lee Lap Keung
(formerly known as "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, Headquarters and Principal Place of Business in Hong Kong

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

Hong Kong Share Registrars and Transfer Office

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

Company Website

www.palinda.com

GEM Stock Code

8179

CHAIRLADY'S STATEMENT

TO OUR SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021 (the "Year" or the "Year 2021").

During the Year 2021, the Group's revenue amounted to approximately HK$147.6 million which was approximately 3.1% less than that of the last corresponding year ended 31 December 2020 (Last Year or Year 2020). The decrease was mainly due to the scale down of the food products business in the Year of 2021 which result significant drop in revenue for the food products business from approximately HK$55.8 million for the Year 2020 to approximately HK$2.3 million for the Year of 2021. The adverse effect of the significant decrease of the revenue for food productions business has been off-set by significant increase of the revenue for wine business.

WINE BUSINESS

The Group has expanded its business to wine trading as the major revenue segment during the Year under review. The Board believes the development of the wine trading business represents a good opportunity to further expand its distribution and wholesale channels. The Group's wines are mainly sourced from various reputable vineyards and wineries in Australia, with a focus on premium quality red wine as the major product. During the Year 2021, the wine trading operation achieved encouraged results which recorded a significant increase in revenue to approximately HK$145.3 million (2020: HK$96.6 million) with a segment loss of approximately HK$61.3 million (2020: profit HK$1.7 million).

During the Year 2021, this business segment was continuously clouded by the corona virus pandemic which resulted in lack of social gatherings, corporate functions and 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 difficult and uncertain retail situation continuing, the Group closely managed the business by cost control and provide competitive trading conditions to maintain relationship with customers.

Our Australian subsidiary had gone through difficult year as wines destined for the export market and local trades slowed, further burdened by the political tension between China and Australia. The board of directors has decided to lease the vineyard with building and facilities to independent third parties for yielding steady income from the assets.

CHAIRLADY'S STATEMENT

FOOD PRODUCTS OPERATION

The food products operation business was operated by the subsidiaries of the Company to produce and supply barbequed food through the newly promoted brand "Dai Gor BBQ" and our own retail stores to the customer in Hong Kong.

For the Year 2021, the food products operation recorded a decrease in revenue to approximately HK$2.3 million when compared with approximately HK$55.8 million for the 2020 due to the pandemic and tough competition.

The revenue of the food products operation recorded a significant drop of approximately 95.9% for the Year 2021 due to the scale down of the food productions business in the third quarter of Year 2020. During the Year 2021, the Group has promoted a new brand namely "Dai Gor BBQ", which contributed only 1.6% of total revenue. As a result, this segment loss decreased from approximately HK$14.1 million for the Year 2020 to approximately HK$0.8 million for the Year 2021.

PROSPECTS

The newly outbreak of Coronavirus Omicron variant in the beginning of the year of 2022 has adversely affected the business environment in Hong Kong. The outlook remains uncertain and the Board will continue to monitor the situation closely and react timely to its potential impact on the financial position and operating results of the Group.

The Board always strives to improve the Group's business operations and financial position by proactively controlling the operational cost and seeking potential investment opportunities that would diversify the Group's existing business portfolio and broaden its source of income, and enhance value to the shareholders.

APPRECIATION

I would like to thank our shareholders for their support to the Group. I would also like to thank my fellow Directors, senior managements ("management") and all staff members for their positive contributions during the Year. We will continue to work towards our goal and improve our results in the future.

Huang Wei
Chairlady

Hong Kong, 29 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's principal activities during the Year 2021 were (i) wine trading; and (ii) production and sales of food products in Hong Kong.

Wine Business

The Group's recent expansion of its wine business included promoting the fine wines from Western Australia and setting competitive pricing strategy for the development of Hong Kong Market. The Group has reached encouraged results on the growth of revenue in the wine trading business in the Year 2021.

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 Group's wine is mainly from various reputable vineyards and wineries in Western Australia, with a focus on premium red wines as the major product. During the Year, the wine business segment recorded a significant growth of revenue and achieved reasonable results of approximately HK$145.2 million in turnover with a segment loss of approximately HK$61.3 million compare with approximately HK$96.6 million in turnover and approximately profit of HK$1.7 million respectively for the Last Year.

Food products operation

The revenue of food products operation recorded a major decrease from approximately HK$55.8 million for the Year 2020 to approximately HK$2.3 million for the Year 2021, accounting for approximately 1.6% (2020: 36.6%) of the Group's revenue.

The revenue of the food products operation recorded a major decrease of approximately 95.9% for the Year 2021, primarily due to the closure and non-renewal of all concessionaire stores in the third quarter of Year 2020, rise in the food cost, staff cost, severance payments and other operating costs. The segment loss improved to approximately HK$0.8 million for the Year 2021 compare with segment loss of approximately HK$14.1 million for the Year 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2021, the Group derived the revenue principally from the wine trading business and food productions business in Hong Kong. The Group generally recognised revenue from the sales of wines and food products upon delivery of the wines and food products to the customers with their acceptance of the Group's products.

Revenue decreased by approximately HK$4.9 million or approximately 3.1%, from approximately HK$152.5 million for the Year 2020 to approximately HK$147.6 million for the Year 2021. Such decrease was mainly due to the scale down of the food production business since the third quarter of the Year 2020 and the adverse effect on the revenue of food production business has been offset by expansion of the wine trading business in the Year 2021.

Cost of sales and inventories consumed

Cost of sales and inventories consumed mainly comprised cost of wines, vineyard costs and food materials. The cost of sales and inventories consumed increased by approximately HK$23.8 million, or approximately 21.8% from approximately HK$109.1 million for the Year 2020 to approximately HK$132.9 million for the Year 2021. The increase of the cost of sales and inventories consumed is mainly due to the decrease of the profit margin in the wine trading business due to the price adjustment for market development during the Year 2021.

Other income

Other income comprised mainly interest income and rental income. Other income decreased by approximately HK$7.1 million, or approximately 95.4% from approximately HK$7.4 million for the Year 2020 to approximately HK$0.3 million for the Year 2021. The significant decrease of other income was mainly due to the Group has obtained the government grants of approximately HK$5.8 million in the Year 2020.

Employee benefits expenses

Employee benefits expenses significantly decreased by approximately HK$31.9 million, or approximately by 90.0% from approximately HK$34.9 million for the Year 2020 to approximately HK$3.5 million for the Year 2021. The significant decrease of employee benefits expenses mainly due to the scale down of food production business in third quarter of Year 2020 which resulting redundancy of staff.

Other losses, net

Other losses comprised mainly impairment loss on goodwill, derecognition of land and buildings and beared plants and loss on disposal of property, plant and equipment. Other losses increased by approximately HK$57.6 million, or approximately by 357.1% from approximately HK$16.1 million for the Year 2020 to approximately HK$73.7 million for the Year 2021. The significant increase of other loss mainly due to the impairment loss on goodwill of approximately HK$24.7 million, impairment loss on property, plant and equipment of HK$41.3 million, impairment on derecognition of property, plant and equipment of HK$46.2 million, loss of disposal of property, plant and equipment of HK$1.2 million.

Administrative expenses

The Group's administrative expenses mainly included depreciation of property, plant and equipment, amortisation of right-of-use assets, legal and professional fee and other administrative expenses. The Group recorded decrease in administrative expenses by approximately HK$15.1 million, or approximately 62.1% from approximately HK$24.4 million for the Year 2020 to approximately HK$9.2 million for the Year 2021. The decrease mainly due to the cost saving from scale down of food productions business in the third quarter of Year 2020.

Finance costs

The Group's finance costs mainly included interests on bank borrowings, interest on promissory notes and interest on lease liabilities. Finance costs have been decreased by approximately HK$2.6 million, or approximately 41.8% from approximately HK$6.3 million for the Year 2020 to approximately HK$3.7 million for the Year 2021. The decrease of finance costs mainly results from the repayment of approximately HK$66.6 million promissory notes during the year ended Year 2020.

Loss for the year

As a result of the cumulative factors discussed above, the loss for the Year 2021 was approximately HK$63.2 million as compared to loss for the Year 2020 of approximately HK$29.5 million. Such increase was mainly due to the net effect of (i) the increase in impairment loss on goodwill, derecognition of property, plant and equipment and property, plant and equipment; (ii) the increase in loss on disposal of property, plant and equipment; (iii) increase in cost of sales and inventories consumed; and (iv) decrease of employment costs and administrative expenses for the Year 2021 comparing with the Year 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 December 2021 nor has any dividend been proposed since the end of the reporting period (2020: 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 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 December 2021, the share capital and equity attributable to owners of the Company amounted to approximately HK$58,658,000 and HK$246,604,000 respectively (2020: HK$41,493,000 and HK$368,325,000 respectively). Details of the capital risk management are set out in the Note 36 to the consolidated financial statements.

Cash position

As at 31 December 2021, the carrying amount of the Group's unpledged bank balances and cash was approximately HK$4,039,000 (2020: HK$7,917,000), representing a decrease of approximately 49.0% as compared to that as at 31 December 2020. No bank deposits were pledged to banks for the banking facilities of the Group for both years.

During the Year and up to the date of this report, the Company had not conducted any fund arising activities in the past 12 months immediately preceding the date of this annual report.

Borrowings and charges on the Group's assets

Details of borrowings and charges on the Group's assets as at 31 December 2021 are set out in Note 25 to the consolidated financial statements.

Gearing ratio

Gearing ratio is calculated as net debt (borrowings, promissory notes and lease liabilities less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interest). As at 31 December 2021, the gearing ratio was approximately 23% (2020: 19%).

MANAGEMENT DISCUSSION AND ANALYSIS

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK$"). Other than the interest in a wholly owned Subsidiary is denominated in Australian Dollar ("AUD"), the Group's assets and liabilities are mainly denominated in HK$. 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 Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

INVESTMENT PROPERTIES

The Group's investment property as at 31 December 2021 represent certain property receiving rental income during the respective reporting periods. Details of the investment property of the Group as at 31 December 2021 are as follows:

Address	Existing use	Terms of Lease
Adinfern Estates, 8772 Bussell Hwy, Cowaramup 6284, Western Australia	Vineyard and motel	Short-term lease

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Saved as disposal of associates, joint ventures, acquisition of subsidiaries, disposal of subsidiaries and event after the end of the reporting period disclosed in Notes 18, 34, 35, and 42 to the consolidated financial statements respectively, the acquisition and disposal of subsidiaries disclosed elsewhere in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Year. Saved as disclosed elsewhere in this report, there is no plan for material investments or capital assets as at 31 December 2021.

CONTINGENT LIABILITIES

Save as disclosed elsewhere in this annual report, the Group had no material contingent liabilities as at 31 December 2021 (2020: Nil).

CAPITAL COMMITMENTS

There were no capital commitments for the Group as at 31 December 2020 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND EMOLUMENT POLICIES

The Group had over 17 employees (including Directors) as at 31 December 2021 (2020: 17). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers 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. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board. In addition, the Group adopted a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group. Details of the share option scheme are set out in Note 30 to the consolidated financial statements.

DIRECTORS' REPORT

The Board is pleased to present their annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 10 February 2011.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 38 to the consolidated financial statements. The Group is principally engaged in (i) wine business; (ii) food production business.

SEGMENT INFORMATION

Details of segment information of the Group for the Year are set out in Note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 44 to 131.

During the Year, no interim dividend (2020: Nil) was declared and paid.

During the Year, there was no arrangement under which any shareholder waived or agreed to waive any dividend.

The Directors do not recommend the payment of final dividend for the Year (2020: Nil). Further details of dividends are set out in Note 12 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the Year and the material factors underlying its financial performance and financial position can be found in the "Chairlady's Statement" and "Management Discussion and Analysis" set out on pages 4 to 5 and pages 6 to 11 respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to a variety of risks, some are specific to the businesses in which the Group operates while others are common risks that most businesses face. Procedures have been established by the Directors to ensure significant risks that may adversely affect the Group's operation and performance are identified and corresponding measures are in place to mitigate those risks. Save as disclosed in Note 35 to the consolidated financial statements and elsewhere in this annual report, the following are the most significant risks identified as at 31 December 2021. If any of these events occur, the Group's businesses, financial conditions, results of operations and/or prospects of the Group could be materially and adversely affected. These key risks are by no means exhaustive or comprehensive, and there may be other risks, in addition to those highlighted below, which are not known by the Group or which may not appear significant now but could turn out to be so in the future. Key risks related to the Group's businesses and to the industries in which the Group operates include:

Prolonged COVID-19 outbreak

Since the beginning of January 2020, the COVID-19 outbreak has continuously and adversely affected to the global business environment especially in Hong Kong and Mainland China. The outlook remains uncertain and it is difficult to estimate how long the disruption caused by COVID-19 outbreak which would adversely affect the Group's businesses, financial condition and results of operations.

Market Risk

Adverse financial impacts include earnings volatility, cost volatility including changes in income and corporate taxes, transportation and fuel prices, interest rates and other operating expenses; exchange rate volatility in the currencies we use; and the Australia-China political and trade tensions affecting market sentiment and status of Hong Kong, such as the excessive import duties imposed on Australian wines into China increasing cost of trades.

Employee Engagement Risk

We are only as good as our people and so our ability to achieve our vision depends on the effectiveness of our staff both ashore and at sea. Loss of key staff or an inability to attract, train or retain staff could affect our ability to grow our business and achieve our long-term goals.

Customer Satisfaction and Reputation Risk

Poor service may lead to impaired brand value and reputation as a trusted counterparty, which could restrict our access to customers, cargoes, transportation handling, funding and talent.

IT Security Risk

Our business processes rely heavily on IT systems (including cloud-based) and daily communications and accounting systems. Failure of a key IT system, targeted attacks on our system, or a breach of security could result in communications breakdown and business disruption.

Operational Efficiency Risk

Poor internal systems, processes, communications and management could adversely impact our business and undermine our operational efficiency.

Liquidity Risk

Insufficient financial resources (such as bank borrowing facilities) may negatively impact the Group's ability to meet its payment obligations as they fall due.

Wine product cost may increase due to global warming and climate change

Grape is the major ingredient in wine, which is highly affected by weather. Water deficits and droughts, hail, flooding, the frequency of extreme weather events all influence the way a grape is grown and its final quality. It turns out implies a fluctuation in product costing of the Group.

Weather is an uncontrollable factor that the Group is not able to manage if bad weather occurs. There is no assurance that the Group will be able to maintain adequate supply from other countries with promising quality. The Group may be required to increase the procurement cost, which may adversely affect the Group's profitability.

Keen competition in Hong Kong wine industry

Due to zero import custom policy in 2008 and the benefits promoted by the Government of the HKSAR, it reduces the cost to enter the wine business market resulting in lower barrier to become wine traders in Hong Kong.

Sustainable effort has to be made, in order to gate keeping the costing and quality of the Group's sourced wine, or it may be adversely affected in the event that the Group is not competitive in terms of the pricing, or there is a drop in the quality of the products.

Consumer willingness to buy tends to be conservative due to economy uncertainty

Wine generally being classified as a luxury product which being segmented into medium to high-end market. It may be highly affected by economy uncertainties. The Group may have to reduce the price levels or offer better business terms to customers, which may adversely affect the Group's performance.

Most of the Group's food production revenue from food products operation was derived from the concessionaire stores in supermarket chains in Hong Kong

Over 98% of the revenue from wine business as derived from the sales channel in Hong Kong. As at 31 December 2021, we do not operate any retail stores of wine business in Hong Kong.

Food safety issue

Given the nature of the food production industry, the Group faces an inherent risk of food contamination and product liability claims. Any outbreak of contamination, allegations of poor standards of hygiene or cleanliness, adverse publicity resulting from publication of industry findings or research reports in relation to any of food ingredients used by the Group could affect public confidence in the Group's food products that may lead to a loss in consumer confidence and reduction in consumption of the particular food product concerned. The Group may also have to incur additional costs in placating any customers or salvaging its reputation or may have to look for alternative sources of food supply which may be more costly.

Environmental policies and performance

The Group commits to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

The Group also commits to the principle and practice of recycling and reducing. To help conserve the environment, it implements green office practices such as re-deployment of office furniture as far as possible, encourages use of recycled paper for printing and copying, double-sided printing and copying and reduces energy consumption by switching off idle lightings, air conditioning and electrical appliances.

Any deficiency in compliance with emissions and other environmental legislation and standards may result in financial loss and significant damage to our brand and the long-term sustainability of our wine business.

Compliance with the relevant laws and regulations

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationship with suppliers, customers and other stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals.

Save as the dispute with a customer in the Group's money lending business, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders during the Year.

DIRECTORS' REPORT

PERMITTED INDEMNITY

Pursuant to the memorandum and articles of association ("Articles of Association") of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. Such permitted indemnity provision has been in force throughout the year. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

ANNUAL GENERAL MEETING

A circular containing the details of 2022 AGM and the notice of 2022 AGM and form of proxy accompanying thereto will soon be despatched to shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in Note 37 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2021 the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$246,604,000 (2020: HK$248,996,000). The amount includes the Company's share premium, capital reserve and accumulated losses which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in Note 14 to the consolidated financial statements.

INTEREST CAPITALISED

No interest was capitalised by the Group during the Year.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group, as extracted from the consolidated financial statements, is set out on page 132 of this annual report. This summary does not form part of the audited consolidated financial statements.

DIRECTORS' REPORT

SHARE CAPITAL

Details of the Company's share capital and movements during the year are set out in Note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year and Last Year, the Group's total revenue from its five largest customers accounted for approximately 55% (2020: less than 40%).

The information in respect of the Group's purchases attributable to the major suppliers for the Year and Last Year is as follows:

	Percentage of the Group's total sales/purchases	
	2021	2020
The largest supplier	**20%**	49%
Five largest suppliers in aggregate	**74%**	84%

None of the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the major suppliers disclosed above.

DIRECTORS

The Directors during the Year and up to the date of this annual report are as follows:

Executive Directors
Ms. Huang Wei *(chairlady)*
Mr. Dou Sheng

Independent non-executive Directors
Dr. Wu Wing Kuen, *B.B.S.*
Mr. Lee Lap Keung (formerly known as "Li Lap Keung")
Mr. So Yat Chuen

Pursuant to article 84 of the Articles of Association, Mr. Dou Sheng and. Mr. So Yat Chuen shall retire from office as executive Director and Independent non-executive Director respectively, by rotation at the 2021 AGM and, being eligible, offer themselves for re-election at the 2021 AGM.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out as follows:

EXECUTIVE DIRECTORS

Ms. Huang Wei (黃巍女士), aged 55, was appointed as an executive Director on 12 August 2019, as an authorised representative and a compliance officer of the Company on 24 October 2019 and as a chairlady on 30 September 2019. Ms. Huang obtained a Bachelor of Business (Accounting) degree from Central Queensland University in 1997. Ms. Huang has over 20 years of experience in financial management aspects. She is also a director of certain subsidiaries of the Group and is responsible for overall management and strategic planning of the Group.

Mr. Dou Sheng (竇勝先生), aged 43, was appointed as an executive Director on 24 October 2019. He obtained a Bachelor degree in Material Science and Engineering from the Henan University of Science and Technology* (河南科技大學) in 2002. He has over 10 years of experience in sales distribution and marketing in China. He is also a director of certain subsidiaries of the Group and is responsible for business development and marketing of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Lap Keung (李立強先生), aged 40, was appointed an independent non-executive Director on 22 February 2019. He is also the chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee. Mr. Lee has over 6 years' experience of external and internal audit in international accountancy firms and 2 years as a senior manager and head of auditing at Jimei International Entertainment Group Limited (now known as Starlight Culture Entertainment Group Limited), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1159). Mr. Lee has experience in financial and internal audit together with compliance aspects for private and listed companies for various industries. He is currently the company secretary of Hovel Services Group Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6093). He obtained his bachelor degree in Business Administration (Honours) in Accountancy from the City University of Hong Kong in 2008. He is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. So Yat Chuen (蘇溢泉先生), aged 54, was appointed an independent non-executive Director on 22 February 2019. He is also the chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee. Mr. So is a solicitor of the High Court of the Hong Kong Special Administrative Region and has over 22 years of experience in legal sector. Mr. So obtained a Bachelor of Laws degree from Peking University, a Post-graduate Diploma in English and Hong Kong Law from Manchester Metropolitan University in 2001 and a Master of Laws degree from the University of Greenwich in 2016.

* *For identification purpose only*

DIRECTORS' REPORT

Dr. Wu Wing Kuen, *B.B.S.* (**胡永權博士,** *B.B.S.*), aged 66, was appointed an independent non-executive Director on 16 January 2019. He is also a member of the Nomination Committee, Audit Committee and Remuneration Committee. Dr. Wu has over 25 years of experience in real estate investment. He has been serving as director of Jet View Investment Limited since December 1991 and as director of Jade Mind Investment Limited since October 2004. Both companies are principally engaged in real estate investments. Dr. Wu has also been serving as independent non-executive director of Nanfang Communication Holdings Limited (stock code: 1617) and HG Semiconductor Limited (stock code: 6908), the shares of which are listed on the Main Board of the Stock Exchange, since November 2016 and December 2016. Dr. Wu has also been serving as independent non-executive director of the EFT Solutions Holdings Limited (stock code: 8343), the shares of which are listed on the GEM of the Stock Exchange since March 2019. Dr. Wu obtained his doctoral degree in business administration from the Clayton University in the United States in June 1989.

SENIOR MANAGEMENT

Mr Wong Wai Chun, Alex (**王偉俊先生**), was appointed as company secretary and authorised representative of the Company on 3 September 2021. He obtained a bachelor degree in Accounting and Finance at the University of Glamorgan (now known as the University of South Wales) in the United Kingdom and has over 10 years of experience in auditing and accounting field. He is currently an independent non-executive director of North Mining Shares Company Limited (stock code: 433) and served as an independent non-executive director of China Gem Holdings Limited (stock code: 1191) from May 2017 to May 2020. Mr. Alex Wong is also a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Accountants.

DIRECTORS' SERVICE CONTRACTS

Ms. Huang Wei, the executive Director, has entered into a service agreement with the Company for a term of three years with effect from the date of appointment on 12 August 2019. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless either party has given at least three month's written notice of non-renewal before the expiry of the then existing term.

Mr. Dou Sheng, the executive Director, has entered into a service agreement with the Company for a term of three years with effect from the date of appointment 24 October 2019. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless either party has given at least three month's written notice of non-renewal before the expiry of the then existing term.

Each of the independent non-executive Director has entered into a letter of appointment with the Company for a term of one year from their dates of appointment and is subject to termination by either party giving not less than one month's written notice.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

INDEPENDENCE CONFIRMATION

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT AND HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five individuals with highest emoluments are set out in Note 11 to the consolidated financial statements.

For the Year, the remuneration of the senior management whose details are included in the "Biographical Details of The Directors and Senior Management" section of this annual report fell within the following bands:

Remuneration Bands	**Number of Individuals***
Below HK$1,000,000	3

* Resigned Senior Management during the Year are included

MANAGEMENT CONTRACTS

As at 31 December 2021, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

EMOLUMENT POLICY

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers 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.

The emoluments of the Directors and senior management are reviewed by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in Note 29 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are set out in Note 30 to the consolidated financial statements.

SHARE OPTION SCHEME

During the year ended 31 December 2020, 53,325,120 share options were granted to ten eligible participants comprising three customers, two suppliers, four consultants and one employee of the Company (the "Grantees") for the purpose of rewarding their contributions to the Group (the "Share Options").

The total number of shares available for issue under the Share Option Scheme was 55,325,120 shares. representing approximately 9.09% of the total enlarged issued shares of the Company (assuming full exercise of the Share Options) as at the date of the Annual Report. Details of the Share Options granted to the Grantees under the Share Option Scheme are as follows:

	Category of the Grantees as at the date of grant	No. of Share Options granted for the year ended 31 December 2020	No. of Share Options exercised for the year ended 31 December 2020	No. of shares which may be issued upon the exercise of the Share Options granted for the year ended 31 December 2020	The approximate percentage of the shares which may be issued upon the full exercise of the Share Options granted to the total issued share capital of the Company as at the date of grant	Reasons for granting of Share Options
1.	Customer A	5,332,512	5,332,512	5,332,512	1%	Recognition of its contribution in relation to the business referral for the wine business of the Group.
2.	Customer B	5,332,512	5,332,512	5,332,512	1%	Recognition of its contribution in relation to the business referral for the wine business of the Group.
3.	Customer C	5,332,512	5,332,512	5,332,512	1%	Recognition of its contribution in relation to the business referral for the wine business of the Group.
			Sub-total	***15,997,536***	***3%***	
4.	Supplier A	5,332,512	5,332,512	5,332,512	1%	Recognition of its contribution in relation to the preferential provision of wine selections at competitive pricing to the Group.
5.	Supplier B	5,332,512	5,332,512	5,332,512	1%	Recognition of its contribution in relation to the preferential provision of wine selections at competitive pricing to the Group.
			Sub-total	***10,665,024***	***2%***	

DIRECTORS' REPORT

	Category of the Grantees as at the date of grant	No. of Share Options granted for the year ended 31 December 2020	No. of Share Options exercised for the year ended 31 December 2020	No. of shares which may be issued upon the exercise of the Share Options granted for the year ended 31 December 2020	The approximate percentage of the shares which may be issued upon the full exercise of the Share Options granted to the total issued share capital of the Company as at the date of grant	Reasons for granting of Share Options
6.	Consultant A	5,332,512	5,332,512	5,332,512	1%	Recognition of its contribution in relation to valuable risk advisory services to the Group.
7.	Consultant B	5,332,512	5,332,512	5,332,512	1%	Recognition of its contribution in relation to valuable business advisory services to the Group.
8.	Consultant C	5,332,512	5,332,512	5,332,512	1%	Recognition of its contribution in relation to valuable business advisory services to the Group.
9.	Consultant D	5,332,512	5,332,512	5,332,512	1%	Recognition of its contribution in relation to valuable legal advisory services to the Group.
			Sub-total	***21,330,048***	***4%***	
10.	Employee A	5,332,512	5,332,512	5,332,512	1%	Recognition of his contribution in relation to his tenure as the director of the subsidiary of the Company.
			Sub-total	***5,332,512***	***1%***	
			Total	**53,325,120**	**10%**	

Details of the share option scheme of the Group are set out in Note 30 to the consolidated financial statement.

DIRECTORS' INTERESTS IN CONTRACT

Saved as disclosed under the section "Connected Transactions" below, no contract of significance to which the Company, or any of its holding company or subsidiaries was a party, and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Year or as at 31 December 2020.

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 December 2021, the interests or 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 (a) were required 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) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, 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 the Company

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

Saved as disclosed above, as at 31 December 2021, none of the Directors and chief executives of the Company had, or 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 (a) were required 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) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, 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.

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 Year 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 executives 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.

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 December 2021, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, no parties have interest or short position in the shares or underlying shares 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 were 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.

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.

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the Year are disclosed in Note 31 to the consolidated financial statements.

Save as disclosed in the section headed "Continuing Connected Transactions" of this annual report, none of the related party transactions constitute a connected transaction (as defined in the GEM Listing Rules) that is required to be disclosed.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain agreements with the Company's connected persons (as defined under Chapter 20 of the GEM Listing Rules) constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are disclosed in Note 31 and fully exempted under 20.71(1) of the GEM Listing Rules.

DIRECTORS' REPORT

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this annual report.

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 year. The Company was not aware of any non-compliance during the Year.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 and 1st revised on 30 December 2015 and 2nd revised on 20 December 2018 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 Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. 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 auditor 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, the Audit Committee performed duties including reviewing the financial reports and compliance procedures, the risk management and internal control systems and considering the re-election of auditor of the Company.

The Group's annual results for the Year have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the financial statements of the Company and the Group for the Year comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

AUDITOR

The financial statements for the year ended 31 December 2019, 2020 and 2021 has been audited by Elite Partners, who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Elite Partners as auditor of the Company will be proposed at the 2022 AGM.

By order of the Board
Palinda Group Holdings Limited

Huang Wei
Chairlady and executive Director

Hong Kong, 29 March 2022

CORPORATE GOVERNANCE REPORT

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 2021, 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.

BOARD OF DIRECTORS

Board Composition

The Board currently comprises five members, of which two are executive Directors namely Ms. Huang Wei (Chairlady) and Mr. Dou Sheng and three are independent non-executive Directors namely Mr. Lee Lap Keung (formerly known as "Mr. Li Lap Keung"), Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.*. Saved as the resigned Directors, each of the Directors' respective biographical details are set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

The Board included three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise during the year.

CHAIRLADY AND CEO

The roles of the Chairlady and CEO should be separated and should not be performed by the same individual to ensure their respective independence, accountability and responsibility. The Chairlady is responsible for the Group's strategic planning and the management of the operations of the Board, while the CEO takes the lead in the Group's operations and business development. There is a clear division of responsibilities between the Chairlady and CEO of the Company which provides a balance of power and authority.

Subsequent to the resignation of former CEO, the post has been vacant as at 31 December 2021, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are appointed for a fixed term of one year commencing from their dates of appointment for which Mr. Lee Lap Keung and Mr. So Yat Chuen whose term commenced on 22 February 2019 and Dr Wu Wing Kuen, *B.B.S.*, whose term commenced on 16 January 2019. The appointment can be terminated by either the Company or the independent non-executive Director giving to the other party not less than one month's prior written notice. The Company and the independent non-executive Director shall discuss whether to renew the term of appointment of the independent non–executive Director prior to the expiration of the relevant term of appointment. If either party disagrees with the renewal of the term of appointment of the independent non-executive Director, such party shall notify the other party in writing at least two months prior to the expiration of the relevant term of appointment. Subject to the consent of both parties, the term of appointment of the independent non-executive Director may be renewed automatically for one year on expiry of the initial term and for successive terms of one year each commencing on expiry of the then current term. Also, the independent non-executive Directors are subject to re-election on retirement by rotation at the AGM in accordance with the Articles of Association.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors namely Mr. Lee Lap Keung (formerly known as Mr. Li Lap Keung) and Mr. So Yat Chuen whose term commenced on 22 February 2019 and Dr Wu Wing Kuen, *B.B.S.*, whose term commenced on 16 January 2019 to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the Year.

ROLE AND FUNCTION OF THE BOARD

The Board is responsible for overall management of the Group's business, which assumes the responsibility for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising its affairs.

DELEGATION BY THE BOARD

The Board reserves for its decisions on all major matters of the Group, including the approval and monitoring of major policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The day-to-day management, administration and operation of the Group are delegated to the executive Directors and senior management. The delegated functions and work tasks are reviewed from time to time. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "Board Diversity Policy") in 2013 and revised in 2018 setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

NOMINATION POLICY

The Company also adopted a nomination policy (The "Nomination Policy") on 20 December 2018. The purpose of the Nomination Policy is to identify candidates who are suitable to become a member of the Board and to make recommendations to the Board on the selection of candidates nominated for directorships. The Board shall be composed of members with balance of skills, experience and diversity of perspectives appropriate to accomplish the Group's business development, strategies, operation, challenges and opportunities. The core criteria for selection include gender, age, cultural and education background, professional qualifications, skills, knowledge and industry and regional experience, number of directorship in other listed/public companies and in case of independent non-executive Directors, the number of years they have already served. According to the nomination procedure, the Nomination Committee is responsible for identifying potential new Directors and recommends to the Board for decision. The appointment shall be subject to the approval by the Board in accordance with the Company's Memorandum and Articles of Association, the GEM Listing Rules and the Nomination Policy.

PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interests and business of the Group and such induction materials will also be provided to the newly appointed Directors before their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on Directors' training. During the Year, all Directors have participated in continuous professional development by attending seminars/in-house briefing/reading materials to develop and refresh their knowledge and skills and provided a record of training to the Company. These covered a broad range of topics including Directors' duties, corporate governance and recent updates on the GEM Listing Rules.

Name of Directors	Attended seminars, briefing or read materials
Executive Directors	
Ms. Huang Wei	✓
Mr. Dou Sheng	✓
Independent non-executive Directors	
Mr. Lee Lap Keung	✓
Mr. So Yat Chuen	✓
Dr Wu Wing Kuen, *B.B.S.*	✓

BOARD MEETINGS

Notice of at least 14 days have been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the meeting. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

Minutes of Board meetings and Board committees meetings are kept by duly appointed secretaries of the respective meetings and all Directors have access to Board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

NUMBER OF MEETINGS AND ATTENDANCE RECORDS

For the Year, 12 Board meetings were held, out of which 4 were regular Board meetings for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Group. The attendance records of each Director at the Board meetings and Board committees' Meetings are set out in the table below:

	Meetings attended/Eligible to attend				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**AGM**
Executive Directors					
Ms. Huang Wei	11/11	–	–	–	1/1
Mr. Dou Sheng	11/11	–	–	–	1/1
Independent non-executive Directors					
Mr. Lee Lap Keung	11/11	4/4	1/1	1/1	1/1
Mr. So Yat Chuen	11/11	4/4	1/1	1/1	1/1
Dr. Wu Wing Kuen *B.B.S.*	11/11	4/4	1/1	1/1	1/1

BOARD COMMITTEE

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 2021, the Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.*. Mr. Lee 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.

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with paragraph B1.2 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 23 March 2012, the Board adopted a set of revised terms of reference of the Remuneration Committee in line with the GEM Listing Rules requirement. The revised terms of reference setting out the Remuneration Committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; and ensure none of the Directors determine their own remuneration. The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

As at 31 December 2021, the Remuneration Committee consists of three independent non-executive Directors, namely Mr. Mr. Lee Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.*. Mr. So Yat Chuen was the chairman of the Remuneration Committee. Details of the remuneration of Directors are set out in Note 12 to the consolidated financial statements. During the Year, 1 meeting of Remuneration Committee were held for, inter alia, reviewing the remuneration policy and structure and determining the annual remuneration packages of the Directors and the senior management and determining the annual remuneration packages of the newly appointed Directors and senior management, if any.

Nomination Committee

The Company established the Nomination Committee by the Board at the Board meeting held on 23 March 2012 with written terms of reference in compliance with paragraph A5.2 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 23 March 2012, 22 October 2013 and 20 December 2018, the Board adopted a set of the revised terms of reference of the Nomination Committee in line with the GEM Listing Rules requirement. The revised terms of reference setting out the Nomination Committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the Nomination Committee are to make recommendations to the Board on nomination and appointment of Directors and Board succession, with a view to appoint to the Board individuals with suitable experience and capabilities to maintain and improve the competitiveness of the Company.

Before the Nomination Committee was established, all Directors are responsible for making recommendations to the Board on nomination and appointment of Directors and Board succession, with a view to appoint to the Board individuals with suitable experience and capabilities to maintain and improve the competitiveness of the Company. Where vacancies on the Board exist, the Nomination Committee (or the Board before the Nomination Committee was established) will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an independent non-executive Director, the Company's needs and other relevant statutory requirements and regulations.

As at 31 December 2021, the Nomination Committee consists of three independent non-executive Directors, namely Mr. Lee Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.* Mr. So Yat Chuen was the chairman of the Nomination Committee. During the Year, 1 meeting of Nomination Committee were held for, inter alia, considering the retirement and re-election of the Directors and the appointment of the new Directors and senior management, if any. The Nomination Committee has also reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group has achieved the effectiveness of the Board Diversity Policy during the year.

Corporate Governance Function

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board at the Board meeting held on 23 March 2012 and is in compliance with paragraph D3.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. During the Year, the Board has reviewed the policy of the corporate governance and the corporate governance report of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions of the Company. Upon the Company's specific enquiry, each Director had confirmed that, they had fully complied with the required standard of dealings and there was no event of non-compliance for the Year.

AUDITOR'S REMUNERATION

For the Year, the fees paid/payable to Elite Partners, the auditor of the Company, and its affiliate companies in respect of audit and non-audit services provided by them to the Group were as follows:

Service rendered	**Fees paid/ payable** *HK$'000*
Audit services	430
Non-audit services:	
Other services	–
Total	430

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute assurance against misstatement or loss.

Given the relatively simple corporate and operation structure, the Group currently does not have an internal audit function.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management as well as overseeing the formation, implementation and monitoring of the risk management and internal control systems.

In addition, the Group engages independent professional advisor to conduct an annual review of the effectiveness of the Group's risk management and internal control system in various material aspects including financial, operational and compliance controls. The risk management report and internal control report are submitted and reviewed by the Audit Committee at least once a year. Summary of findings and recommendations are discussed at the Audit Committee meeting with a view to improve the Group's operations.

For the Year, the Board, through its Audit Committee, is satisfied that the Group's risk management and internal control systems (i) are adequate to meet the needs of the Group in its current business environment; and (ii) comply with the code provisions on internal control as set out in the GEM Listing Rules.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards. In preparing the consolidated financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

The statement of external auditor of the Company, Elite Partners, about its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report.

INVESTOR RELATIONS AND COMMUNICATION

The Board recognises the importance of good communications with all shareholders. The Company encourages two-way communications with both its institutional and private investors. A shareholder's communication policy was adopted by the Board at the Board meeting held on 23 March 2012 aiming at providing the shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. Extensive information about the Company's activities is provided in its interim report, quarterly reports and this annual report, which are sent to shareholders of the Company. The AGM provides a valuable forum for direct communication between the Board and the Company's shareholders. The Chairman of the Board as well as Chairmen of the Board Committees together with the auditor will present to answer shareholders' questions. The circular of the AGM is distributed to all shareholders at least 21 clear days before the meeting. Separate resolutions are proposed at general meetings on each separate issue and voting of which are taken by poll pursuant to the GEM Listing Rules. Any results of the poll are published on both the GEM website and the Company's website. All corporate communication with shareholders will be posted on the Company's website for shareholders' information.

The 2021 AGM was held on 27 May 2021. Save as the attendance of the Board disclosed under the paragraph headed "Number of Meetings and Attendance Records" above, the auditor also attended the 2021 AGM to answer questions of the shareholders.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's head office or by email to enquiry@palinda.com.

DIVIDEND POLICY

Subject to the approval of the shareholders and requirement of the relevant law, the Company shall pay annual dividends to the shareholders if the Group is profitable, operations environment is stable and there is no significant investment or commitment made by the Group. The aggregate amount of dividend per year shall not exceed 20% of the consolidated annual net profits (excluding extraordinary items, if any) attributable to the shareholders of the Company, taking into consideration the criteria described below. The remaining net profits will be used for Group's development and operations. The dividend policy allows the Company to declare special dividends from time to time in addition to the annual dividends.

The Company's ability to pay dividends will depend upon, among other things, the Group's current and future operations, financial position, development pipeline, prevailing economic environment, contractual restrictions, capital and other reserve requirements, dividends received from the Company's subsidiaries and associates/joint ventures, as well as any other conditions or factors which the Board deems relevant and having regard to the directors' fiduciary duties.

COMPANY SECRETARY

The Company Secretary, Mr. Wong Wai Chun, Alex, was appointed on 3 September 2021. He is responsible for facilitating the Board meeting process, as well as communications among Board members, with shareholders and management. Mr. Wong's biography is set out in the "Biographical Details of the Directors and Senior Management" section. During the Year, Mr. Wong undertook not less than 15 hours of professional training to update his skills and knowledge.

SHAREHOLDERS' RIGHT

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Article of Association, an EGM may be convened by the Board upon requisition by any shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary at the head office of the Company at Unit 306-A201, 3/F., Harbour Centre, Tower 1, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

The Board shall arrange to hold such general meeting within two (2) months after the receipt of such written requisition. Pursuant to the Article of Association, the Company shall serve requisite notice of the general meeting, including the time, place of meeting and particulars of resolutions to be considered at the meeting and the general nature of the business.

If within twenty-one (21) days of the receipt of such written requisition, the Board fails to proceed to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at a General Meeting

A shareholder shall make a written requisition to the Board or the Company Secretary at the head office of the Company at Unit 306-A201, 3/F., Harbour Centre, Tower 1, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/ business and its supporting documents.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at the head office of the Company at Unit 306-A201, 3/F., Harbour Centre, Tower 1, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong, or send email to enquiry@palinda.com Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the Year.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

TO THE MEMBERS OF PALINDA GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Palinda Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 131, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Impairment assessment of goodwill	
We identified the impairment of goodwill as a key audit matter due to the significance to the consolidated financial statements as a whole and significant judgement involved in the management's assessment process. As disclosed in note 17 to the consolidated financial statements, Impairment of goodwill of HK24,742,000 was recognised during the year ended 31 December 2021. In estimating the recoverable amount of the cash-generating units to which goodwill have been allocated, the management has made a number of key assumptions in the value in use calculation. The key assumptions include growth rates, discount rates applied and the forecast performance based on management's view of future business prospects. The disclosure of the goodwill are included in note 17 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of goodwill included: • We evaluated the independent external valuer's competence, capabilities and objectivity; • We obtained the valuation report and discussed with the independent external valuer for the methodologies and the relevant underlying key assumptions used; • We challenged the reasonableness of key assumptions based on our knowledge of the business and industry; • We evaluated the historical accuracy and the growth rate of the financial budget used in the discounted cash flows by comparing the historical budget to actual results; • We tested a selection of data inputs underpinning the cash flow forecasts against appropriate supporting evidence, such as approved budgets, to assess the accuracy and reliability; and • We assessed whether the disclosures of impairment assessment in the consolidated financial statements are sufficient and appropriate. Based on the procedures performed above, we found that judgement made by management were supportable by available evidence.

Key audit matter	How the matter was addressed in our audit
Impairment of property, plant and equipment	
We identified the impairment assessment of property, plant and equipment as a key audit matter due to the significant judgement involved by the management in impairment assessment. As disclosed in note 14 to the consolidated financial statements, the carrying amounts of property, plant and equipment at 31 December 2021 were HK$1,905,000. For the impairment assessment, the Group appointed an independent external valuer to assess the recoverable amount of property, plant and equipment. The disclosures of property, plant and equipment are included in note 14 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of property, plant and equipment included: • We assessed the value in use calculation methodology used and the appropriateness of the key assumptions adopted in the value in use calculation; • We obtained the valuation report and discussed with the independent external valuer for the methodologies and the relevant underlying key assumptions used; • We discussed with management whether any impairment indicator exists and basis for the impairment recognised; • We challenged the reasonableness of key assumptions based on our knowledge of the business and industry; • We checked the accuracy and relevance of input data used; and • We evaluated the independent external valuer's competence, capabilities and objectivity. Based on the procedures performed above, we considered that the key assumptions used in assessing the carrying value of property, plant and equipment are supported by the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Wai Nam, William with Practising Certificate number P05957.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong,
29 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	NOTES	2021 HK$'000	2020 HK$'000
Continuing operations			
Revenue	6	**147,633**	152,511
Other income	7	**337**	7,405
Cost of sales and inventories consumed		**(133,108)**	(109,123)
Employee benefits expenses	8	**(3,504)**	(34,893)
Other losses, net	8	**(73,703)**	(16,125)
Share option expenses to eligible person other than employees		**–**	(1,469)
Administrative expenses		**(9,248)**	(24,374)
Finance costs	9	**(3,672)**	(6,305)
Loss before tax	8	**(75,265)**	(32,373)
Income tax credit	10	**12,075**	2,917
Loss for the year from continuing operations		**(63,190)**	(29,456)
Discontinued operation			
Loss for the year from discontinued operation		**–**	(8,592)
Loss for the year		**(63,190)**	(38,048)

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

For the year ended 31 December 2021

	NOTE	2021 HK$'000	2020 HK$'000
Other comprehensive income (expense) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation foreign operations		**101**	1,121
Reclassification of foreign currency translation reserve upon disposal of subsidiaries		**–**	8,605
		101	9,726
Total comprehensive expense for the year		**(63,089)**	(28,322)
Loss for the year attributable to owners of the Company:			
From continuing operations		**(63,163)**	(25,120)
From discontinued operation		**–**	(8,592)
		(63,163)	(33,712)
Loss for the year attributable to non-controlling Interest:			
From continuing operations		**(27)**	(4,336)
From discontinuing operations		**–**	–
		(27)	(4,336)
		(63,190)	(38,048)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(63,062)**	(23,986)
Non-controlling interests		**(27)**	(4,336)
		(63,089)	(28,322)
Loss per share			
Basic and diluted (HK cent)	*13*		
From continuing operations		**(10.77)**	(4.61)
From discontinued operation		**–**	(1.58)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTES	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	14	**1,905**	57,122
Right-of-use assets	15	**4,433**	1,066
Investment properties	16	**6,700**	–
Goodwill	17	**–**	24,742
		13,038	82,930
Current assets			
Inventories	18	**393,123**	338,921
Biological assets	19	**–**	216
Loan and interest receivables	20	**–**	–
Trade receivables	21	**41,892**	32,846
Prepayments, deposits and other receivables	21	**2,442**	4,162
Income tax recoverable		**149**	1,948
Bank balances and cash	22	**4,039**	7,917
		441,645	386,010
Current Liabilities			
Trade payables	23	**64,562**	589
Other payables, accruals and deposit received	23	**14,250**	16,795
Borrowings	24	**65,591**	69,537
Promissory notes	25	**5,750**	–
Lease Liabilities	26	**2,705**	760
		152,858	87,681
Net current assets		**288,787**	298,329
Total assets less current liabilities		**301,825**	381,259

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2021

	NOTES	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Promissory notes	25	–	5,654
Lease liabilities	26	1,891	387
Deferred tax liabilities	27	–	12,195
		1,891	18,236
Net assets		299,934	363,023
Capital and reserves			
Share capital	28	58,658	58,658
Reserves		246,604	309,666
Equity attributable to owners of the Company		305,262	368,324
Non-controlling interests		(5,328)	(5,301)
Total equity		299,934	363,023

The consolidated financial statements on pages 44 to 131 were approved and authorised for issue by the board of directors on 29 March 2022 and are signed on its behalf by:

HUANG WEI
Director

DOU SHENG
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company									
	Share capital *HK$'000*	**Share premium** *HK$'000* *(Note (i))*	**Share options reserve** *HK$'000* *(Note (ii))*	**Capital reserve** *HK$'000* *(Note (iii))*	**Other reserve** *HK$'000* *(Note (iv))*	**Foreign currency translation reserve** *HK$'000* *(Note (v))*	**Accumulated losses** *HK$'000*	**Sub-total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2021	58,658	678,665	–	106	–	1,121	(370,226)	368,324	(5,301)	363,023
Loss for the year	–	–	–	–	–	–	(63,163)	(63,163)	(27)	(63,190)
Other comprehensive expenses for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	101	–	101	–	101
Total comprehensive expense for the year	–	–	–	–	–	101	(63,163)	(63,062)	(27)	(63,089)
At 31 December 2021	58,658	678,665	–	106	–	1,222	(433,389)	(305,262)	(5,328)	299,934
At 1 January 2020	41,493	663,838	–	106	(182)	(8,605)	(336,332)	360,318	(1,362)	358,956
Loss for the year	–	–	–	–	–	–	(33,712)	(33,712)	(4,336)	(38,048)
Other comprehensive expenses for the year										
Reclassification of foreign currency translation reserve upon disposal of subsidiary	–	–	–	–	–	8,605	–	8,605	–	8,605
Exchange differences arising on translation of foreign operations	–	–	–	–	–	1,121	–	1,121	–	1,121
Total comprehensive (expense) income for the year	–	–	–	–	–	9,726	(33,712)	(23,986)	(4,336)	(28,322)
Issue of consideration shares	6,300	7,560	–	–	–	–	–	13,860	–	13,860
Recognition of equity-settled share based payments	–	–	1,629	–	–	–	–	1,629	–	1,629
Exercise of share option	5,332	2,962	(1,629)	–	–	–	–	6,665	–	6,665
Issue of new shares by placing	5,533	4,426	–	–	–	–	–	9,959	–	9,959
Placing expenses	–	(121)	–	–	–	–	–	(121)	–	(121)
Disposal of subsidiaries	–	–	–	–	182	–	(182)	–	–	–
Deregistration of subsidiary	–	–	–	–	–	–	–	–	397	397
At 31 December 2020	58,658	678,665	–	106	–	1,121	(370,226)	368,324	(5,301)	363,023

Notes:

(i) Share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company which is governed by the Cayman Companies Law.

(ii) Share options reserve comprises the fair value of share options granted which are yet to be exercised. The amount will be transferred to accumulated losses when the related options are exercised, expired or forfeited.

(iii) 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.

(iv) Other reserve represents share of other reserve of associates.

(v) Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiaries whose functional currencies are currency other than Hong Kong dollar.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 *HK$'000*	2020 *HK$'000*
OPERATING ACTIVITIES		
Loss before tax		
From continuing operations	**(75,265)**	(32,373)
From discontinuing operation	**–**	(8,592)
	(75,265)	(40,965)
Adjustments for:		
Loss on fair value change of investment property	**104**	–
Depreciation of property, plant and equipment	**1,248**	1,621
Depreciation of right-of-use assets	**2,400**	1,011
Depreciation of investment properties	**–**	332
Gain on early termination of lease liabilities	**–**	(5)
Impairment loss on goodwill	**24,742**	3,218
Impairment loss on property, plant and equipment	**1,285**	–
Fair value on property, plant and equipment transferred to investment properties	**46,169**	–
Loss on disposal of property, plant and equipment	**1,229**	8,452
Loss on early redemption of promissory notes	**–**	3,946
Loss on deregistration of subsidiary	**–**	288
Loss on early termination of promissory notes	**–**	4,264
Share option expenses to employees	**–**	160
Share option expenses to eligible person other than employees	**–**	1,469
Finance costs	**3,672**	6,305
Loss on disposal of subsidiaries	**–**	3,543
Gain on disposal of associates	**–**	(4)
Loss on disposal of property, plant and equipment	**–**	930
Provision for impairment of trade receivables	**174**	84
Interest income on debt instruments at amortised cost	**–**	(124)
Bank interest income	**(32)**	(43)
Operating cash flows before movements in working capital	**5,726**	(5,518)
Increase in inventories	**(53,986)**	(30,092)
Decrease in loan and interest receivables	**–**	78
Increase in biological asset	**–**	(49)
(Increase)/decrease in trade receivables	**(9,220)**	12,365
Decrease in prepayments, deposit and other receivables	**1,720**	4,698
Increase/(decrease) in trade payables	**63,973**	(9,563)
(Decrease)/increase in other payables, accruals and deposits received	**(2,545)**	9,322
Cash generated from/(used in) operations	**5,668**	(18,759)
Interest paid	**(3,576)**	(3,118)
Income tax paid	**1,919**	(3,407)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**4,011**	(25,284)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
INVESTING ACTIVITIES		
Net cash outflow from acquisition of subsidiaries	–	(4,531)
Net cash inflow on disposal of subsidiaries	–	27,778
Purchase of property, plant and equipment	(1,614)	(1,787)
Repayment from associates	–	3,003
Bank interest received	32	43
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(1,582)	24,506
FINANCING ACTIVITIES		
Repayment of borrowings	(3,947)	(5,542)
Repayment of promissory notes including interest	–	(66,555)
Payment of lease liabilities	(2,315)	(1,010)
Proceeds from issue of new shares upon placing	–	9,959
Proceed from borrowings	–	66,000
Exercise of share options	–	6,665
Share issuing expenses	–	(121)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(6,262)	9,396
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,837)	8,618
Cash and cash equivalents at the beginning of the year	7,917	(1,822)
Effect of foreign exchange rate changes	(41)	1,121
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	4,039	7,917
Analysis of cash and cash equivalents at the end of the year		
Bank balances and cash	4,039	7,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Palinda Group 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 and provision of money lending business.

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")

(A) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

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

(B) New and Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendment to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

(B) New and Amendments to HKFRSs in issue but not yet effective (Continued)

(a) Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic that meets all of the following conditions:

– the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

– any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

– there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application is not expected to have impact on the Group's financial positions and performance as the Group does not intend to apply the practical expedient.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurement hat have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company (i) has power over the investee; (ii) is exposed, or rights, to variable returns from its involvement with the investee; and (iii) has the ability to use its power to affect its returns.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and cease when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive expenses of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interest entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for lease for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms o the lease which compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating unit ("CGU") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purpose and not longer than an operating segment.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contract with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contract with customers (Continued)

Performance obligations for contracts with customers

Revenue from sales and distribution of food products and sales of grapes, wine and ancillary wine-related products

Revenues from sales and distribution of food products and sales of grapes, wine and ancillary wine-related products are recognised at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Catering services income

Revenue from restaurant operation is recognised when the catering services are rendered to customers. Receipts in respect of services that have not been rendered are deferred and recognised as deposits received in the consolidated statement of financial position.

Money lending

Interest income charged on loan facilities is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases and of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable after the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

After the commencement date, lease liabilities are adjusted by interest accertion and lease payment.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as a lessor

Classification and measurement of leases

Lease for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lease, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and such costs are recognised as expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "foreign currency translation reserve" (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial assets), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share Based Payments

Equity-settled share-based payments transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. Share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share capital and share premium.

Shares/Share options granted to non-employees

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

(a) Retirement benefit schemes

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered services entitling them to the contributions. The Group operates an MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$30,000. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

(b) Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Biological assets

Biological assets comprise grapes before harvest in leased farms and are classified as current assets due to the short development period prior to harvest.

Biological assets are stated at fair value less costs to sell from initial measurement up to the point of harvest, except where fair value cannot be measured reliably due to unavailability of quoted market prices and no reliable alternative estimates exist to determine fair value, in which case the assets are held at growing cost incurred less impairment losses.

Once the fair value becomes reliably measurable, the biological assets are measured at fair value less costs to sell and changes in fair value are recognised in the consolidated statement of profit or loss for the period in which it arises.

Biological assets that meet the definition of bearer plants (i.e., grapevines) are within the scope of HKAS 16 Property, Plant and Equipment. Bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment before they are in the location and condition necessary to be capable of operating in the manner intended by management. After initial recognition, bearer plants are measured at accumulated cost less any impairment before maturity. Subsequently when the bearer plants are mature, they are measured at cost, less any subsequent accumulated depreciation and impairment, with changes recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Biological assets (Continued)

The grapevines are presented and accounted for as bearer plants, see "property, plant and equipment". However, the fresh fruit bunches growing on the grapevines are accounted for as biological assets until the point of harvest. Harvested grapes are transferred to inventories at fair value less costs to sell when harvested. Fair value at the point of harvest is based on the selling prices for similar fruits prevailing in the market as at or close to the harvest dates.

Costs to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but exclude finance costs and income taxes.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold land are not depreciated and are measured at cost less subsequent accumulated impairment loss.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of property, plant and equipments, and right-of-use assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, and right-of-use assets with finite useful live to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of property, plant and equipments, and right-of-use assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined using the weight-average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale included incremental costs directly attributable to the sale sand non-incremental costs which the Group must incur to make the sales.

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income and dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other losses, net” line item.

Impairment on financial assets

The Group recognises loss allowances for expected credit loss (“ECL”) on financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (i) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (ii) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Impairment on financial assets (Continued)

The Group has elected to measure loss allowances for trade receivables and loan and interest receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12 months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

(i) Definition of default

The Group considers that default has occurred when: (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial assets have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Impairment on financial assets (Continued)

(iii) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in case of trade receivables, when the amounts are over 1 year past due, whichever occur sooner. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(iv) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, borrowings, promissory notes and lease liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

On derecognition of financial assets at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when, and only when, the Group's obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value is material).

Related parties

A party is considered to be related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 4 to the consolidated financial statements, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated useful lives and impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at cost less accumulated depreciation or amortisation and impairment losses, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the asset belongs. Changing the assumptions and estimates, including discount rates or the growth rate in the cash flow projections, could materially affect the net recoverable amounts.

As at 31 December 2021, the carrying amounts of property and plant and equipment and right of use assets are approximately HK$1,905,000,and HK$4,433,000 (2020: HK$57,122,000 and 1,066,000) respectively. An impairment losses on property, plant and equipment of approximately HK$1,285,000 (2020: HK$8,452,000) and an impairment loss on derecognition of property, plant and equipment of approximately HK$46,169,000 (2020: nil) were recognised in respect of property, plant and equipment during the year ended 31 December 2021.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amounts of the CGU to which goodwill has been allocated which is higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss or future impairment loss may arise.

As at 31 December 2021, the carrying amount of goodwill was approximately HK$nil (2020: HK$24,742,000). An impairment loss on goodwill of approximately HK$24,742,000 (2020: HK$3,218,000) was recognised during the year ended 31 December 2021. Details of the impairment assessment are set at in note 17 to the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of financial assets at amortised cost

The Group's financial assets at amortised cost are assessed for impairment based on the ECL model required by HKFRS 9. The assessment made by the Group has taken into account relevant historical information adjusted for forward looking information available to the Group at the date of assessment (to the extent that such information is reasonable and supportable without undue cost or effort). Management has exercised judgment in estimating the amount of ECL. If the actual outcome is different from management's estimate, an additional impairment loss or reversal of impairment loss may arise.

6. REVENUE AND SEGMENT INFORMATION

Information reported by the board of directors, 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

Since the operating segments of Investments and Money lending did not contributed any revenue and contain any assets and liabilities during the year ended 31 December 2021, the CODM considered both operating segments are no longer reportable segments for the year ended 31 December 2021.

The segment of catering services was disposed and classified as discontinued operation during the year ended 31 December 2020.

Segment revenues and results

Segment revenue represents revenue derived from 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 distribution of wine products.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

The following is an analysis of the Group's revenues and results from continuous operations by reportable segments.

For the year ended 31 December 2021

Continuous operations

	Wine Business	**Food Products Operation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	145,284	2,349	147,633
Segment result	(61,251)	(786)	(62,037)
Unallocated income			6
Unallocated expenses			(13,005)
Finance costs			(229)
Loss before tax			(75,265)

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 December 2020

	Continuing operations				Discontinued Operation		
	Wine Business	Food Products Operation	Investments	Money Lending	Catering Services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	96,642	55,820	–	49	–	–	152,511
Segment result	1,665	(14,053)	–	(43)	–	–	(12,431)
Unallocated income					–	10,026	10,026
Unallocated expenses					–	(15,124)	(15,124)
Share option expenses					–	(1,629)	(1,629)
(Loss)/gain 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)
Impairment loss on goodwill					–	–	(3,218)
Finance costs					–	(3,243)	(6,305)
Loss before tax							(40,965)

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

Disaggregation of revenue from contracts with customers:

	Wine Business *HK$'000*	Food Products Operation *HK$'000*	Total *HK$'000*
Year ended 31 December 2021			
Types of goods or services			
Sales and distribution of wine products	144,872	–	144,872
Sales of ancillary wine-related products	412	–	412
Sales and distribution of food products	–	2,349	2,349
Revenue from contracts with customers	145,284	2,349	147,633
Loan interest income under effective interest rate	–	–	–
Segment revenue	145,284	2,349	147,633
Sales channel			
Retail	4,819	2,349	7,168
Wholesale	140,465	–	140,465
Revenue from contracts with customers	145,284	2,349	147,633

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	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*
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

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 4 to the consolidated financial statements. Segment results 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, and certain finance costs. This is the measure reported by the CODM for the purposes of resource allocation and performance assessments.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	Wine Business *HK$'000*	Food Products Operation *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
As at 31 December 2021				
ASSETS				
Segment assets	447,169	4,877	–	452,046
Unallocated corporate assets	–	–	2,637	2,637
Consolidated total assets				454,683
LIABILITIES				
Segment liabilities	128,163	3,140	–	131,303
Promissory notes	–	–	5,750	5,750
Unallocated corporate liabilities	–	–	17,696	17,696
Consolidated total liabilities				154,749

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	Continuing operations				Discontinued Operation		
	Wine Business	Food Products Operation	Investments	Money Lending	Catering Services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*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	–	–	–	–	–	4,170	4,170
Consolidated total liabilities							105,917

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, certain prepayments, deposits and other receivables, 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.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

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 For the year ended 31 December		Non-current assets As at 31 December	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**147,420**	151,581	**5,921**	25,971
Australia	**213**	930	**7,117**	56,959
	147,633	152,511	**13,038**	82,930

Information about major customers

For the year ended 31 December 2021, revenue attributable to the Goup's largest customer accounted for 11% (2020: 19%) of the Group's total revenue and aggregate revenue attributable to the five largest customers of the Group account for 55% (2020: 59%) of the Group's total revenue.

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December	
	2021	2020
	HK$'000	*HK$'000*
Customer A – Wines Business	**16,496**	12,509
Customer B – Wines Business	**14,710**	13,291
Customer C – Wines Business	**14,610**	13,854
Customer D – Food products Business	**–**	28,889
Customer E – Food products Business	**–**	21,698

note: the corresponding revenue did not contribute over 10% of total revenue of the Group for the year ended 31 December 2021.

Except for disclosed above, no other customers contributed 10% or more to the Group's total revenue for both years.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

Amount included in the measure of segment' results or segment assets:

	Wine Business	Food Products Operation	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2021				
Loss of disposal of property, plant and equipment	–	1,229	–	1,229
Depreciation of property, plant and equipment	1,120	128	–	1,248
Depreciation of right-of-use assets	1,803	468	129	2,400
Impairment loss on goodwill	24,742	–	–	24,742
Provision for impairment on trade receivables	174	–	–	174
Impairment loss on property, plant and equipment	1,285	–	–	1,285
Fair value loss of property, plant and equipment transferred to investment properties	46,169	–	–	46,169

6. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	Continuing operations				Discontinued Operation		
	Wine Business	Food Products Operation	Investments	Money Lending	Catering Services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020							
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
Impairment loss on property, plant and equipment	8,452	–	–	–	–	–	8,452

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

	Wine Business	Food Products Operation	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2021				
Interest income	11	20	1	32
Finance costs	3,396	47	229	3,672
Income tax credit	(12,075)	–	–	(12,075)

6. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	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*
Year ended 31 December 2020							
Interest income	(132)	–	–	–	–	(35)	(167)
Finance costs	2,799	263	–	–	–	3,243	6,305
Income tax credit	(2,917)	–	–	–	–	–	(2,917)

7. OTHER INCOME

	2021 *HK$'000*	2020 *HK$'000*
Continuing operations		
Bank interest income	**32**	43
Interest income on debt instruments at amortised cost	**–**	124
Management fee income	**–**	1,129
Rental income *(Note 1)*	**300**	161
Sundry income	**5**	195
Government grants *(Note 2)*	**–**	5,753
	337	7,405

Notes:

1) No direct operating expenses incurred for investment properties that generated rental income during the years.

2) During the year ended 31 December 2021, no grants was recognised (2020: HK$5,753,000) in respect of COVID-19 related subsidies.

8. LOSS BEFORE TAX

	2021	2020
	HK$'000	*HK$'000*
Continuing operations		
Loss before tax has been arrived at after (crediting) charging:		
Other losses,net		
Gain on disposal of subsidiaries	**–**	(5,048)
Gain on disposal of associates	**–**	(4)
Loss on fair value change of investment property	**104**	–
Loss on disposal of property, plant and equipment	**1,229**	930
Loss on deregistration of subsidiary	**–**	288
Provision for impairment on trade receivables	**174**	84
Gain on early termination of lease liabilities	**–**	(5)
Impairment loss on goodwill	**24,742**	3,218
Impairment loss on property, plant and equipment	**1,285**	8,452
Fair value loss of property, plant and equipment transferred to investment property	**46,169**	–
Loss on early redemption of promissory notes	**–**	3,946
Loss on early termination of promissory notes	**–**	4,264
	73,703	16,125
Employee benefits expenses (including directors' and chief executive's emoluments)		
Salaries, wages and other benefits	**3,359**	33,439
Share option expenses to employees	**–**	160
Contributions to retirement benefits schemes		
Defined contribution plan	**145**	1,294
	3,504	34,893
Share option expenses to eligible person other than employees	**–**	1,469
Auditor's remunerations	**430**	600
Depreciation of property, plant and equipment	**1,248**	1,621
Depreciation of investment properties	**–**	332
Depreciation of right-of-use of assets	**2,400**	1,011
Expenses relating to short-term lease	**–**	1,945

9. FINANCE COST

	2021 HK$'000	2020 HK$'000
Continuing Operations		
Interests on borrowings	**3,379**	3,117
Interests on promissory notes	**96**	3,092
Interest on lease liabilities	**197**	96
	3,672	6,305

10. INCOME TAX CREDIT

	2021 HK$'000	2020 HK$'000
Continuing Operations		
Current income tax-Hong Kong:		
Current year provision	**120**	–
Over provision in prior years	**–**	(20)
	120	(20)
Deferred tax:		
Credit for year	**(12,195)**	(2,897)
	(12,075)	(2,917)

Under the two-tiered profits tax rates regime of Hong Kong Profits tax, 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 years ended 31 December 2021 and 2020 is calculated in accordance with the two-tiered tax regime.

10. INCOME TAX CREDIT (Continued)

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 **HK$'000**	2020 HK$'000
Loss before tax	**(75,265)**	(32,373)
Tax at tax rates applicable to the jurisdiction concerned	**(19,008)**	(5,342)
Tax effect of income not taxable for tax purpose	**(5)**	(1,811)
Tax effect of expenses not deductible for tax purpose	**6,240**	4,210
Tax effect of deductible temporary differences not recognized	**(298)**	(178)
Tax effect of estimated tax losses not recognised	**996**	224
Over-provision in prior years	**–**	(20)
Income tax credit for the year	**(12,075)**	(2,917)

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments for the years ended 31 December 2021 and 2020, disclosed pursuant to the applicable Listing rules and the Hong Kong Companies Ordinance, is as follows:

	Fees		Salaries, other benefits		Contributions to retirement benefits scheme – defined contribution plan		Discretionary bonus		Total	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Executive directors:										
Ms. Huang Wei	**–**	–	**240**	240	**12**	–	**–**	–	**252**	240
Mr. Dou Sheng	**–**	–	**264**	186	**13**	–	**–**	–	**277**	186
Independent non-executive directors:										
Mr. Li Lap Keung	**120**	120	**–**	–	**–**	–	**–**	–	**120**	120
Mr. So Yai Chuen	**120**	120	**–**	–	**–**	–	**–**	–	**120**	120
Dr. Wu Wing Kuen *B.B.S*	**120**	120	**–**	–	**–**	–	**–**	–	**120**	120
	360	360	**504**	426	**25**	–	**–**	–	**889**	786

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were their services as directors of the Company.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The five highest paid individuals included two directors (2020: two). Details of the emoluments of the five highest paid individuals were as follows:

	2021	2020
	HK$'000	*HK$'000*
Salaries and other benefits	**1,311**	1,229
Contributions to retirement benefits scheme – defined contribution plan	**38**	–
	1,349	1,229

Their emoluments were within the following bands:

	2021	2020
Nil to HK$1,000,000	**3**	3
	3	3

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to the five highest paid individuals, directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office. No other directors, the chief executive or the five highest paid individuals waived or agreed to waive any emoluments paid by the Group.

The remuneration of the directors and the chief executive is determined by the remuneration committee having regard to the performance of individual and market trends.

12. DIVIDENDS

No dividend was paid or proposed for ordinary share of the Company during the year ended 31 December 2021 nor has any dividend been proposed since the end of the reporting period (2020: nil).

13. 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:

	2021	2020
	HK$'000	*HK$'000*
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	**(63,163)**	(25,120)
– From discontinued operation	**–**	(8,592)
	(63,163)	(33,712)

	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**586,576,334**	545,125,166

The calculation of basic loss per share for the years ended 31 December 2021 and 2020 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 2021 and 2020.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land *HK$'000*	Building *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Bearer plant *HK$'000*	Total *HK$'000*
COST						
1 January 2020	–	–	2,567	2,754	–	5,321
Acquisition through business combinations	40,553	22,709	–	–	1,850	65,112
Additions	–	–	–	1,787	–	1,787
Written-off/disposal	–	–	–	(2,463)	–	(2,463)
At 31 December 2020 and at 1 January 2021	40,553	22,709	2,567	2,078	1,850	69,757
Addition	–	–	1,186	428	–	1,614
Transfer to investment properties	(40,553)	(22,709)	–	–	–	(63,262)
Written-off/disposal	–	–	–	(1,787)	–	(1,787)
At 31 December 2021	–	–	3,753	719	1,850	6,322
ACCUMULATED DEPRECIATION/ ACCUMULATION IMPAIRMENT	–	–	2,567	1,528	–	4,095
Provided for the year	–	1,135	–	415	71	1,621
Impairment	8,348	104	–	–	–	8,452
Eliminated on written-off/disposal	–	–	–	(1,533)	–	(1,533)
At 31 December 2020 and 1 January 2021	8,348	1,239	2,567	410	71	12,635
Provided for the year	–	606	97	468	77	1,248
Impairment loss	–	–	–	–	1,285	1,285
Fair value loss on property, plant and equipment transferred to investment property	27,781	18,388	–	–	–	46,169
Transfer to investment properties	(36,129)	(20,233)	–	–	–	(56,362)
Written-off/disposal	–	–	–	(558)	–	(558)
At 31 December 2021	–	–	2,664	320	1,433	4,417
CARRYING VALUES						
At 31 December 2021	–	–	1,089	399	417	1,905
At 31 December 2020	32,205	21,470	–	1,688	1,779	57,122

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Freehold land	N/A
Building	2.5% or unexpired term of lease, whichever is shorter
Leasehold improvements	20% or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	20%
Bear plant	25 years

15. RIGHT-OF-USE ASSETS

	HK$'000
Cost	
At 1 January 2020	2,249
Addition	1,481
Written off	(2,189)
At 31 December 2020 and 1January 2021	1,541
Addition	5,759
Written off	(60)
At 31 December 2021	7,240
ACCUMULATED DEPRECIATION	
At 1 January 2020	304
Provided for the year	1,011
Written off	(840)
At 31 December 2020 and at 1 January 2021	475
Provide for the year	2,400
Written off	(68)
At 31 December 2021	2,807
CARRYING VALUE	
At 31 December 2021	4,433
At 31 December 2020	1,066

15. RIGHT-OF-USE ASSETS (Continued)

During the year ended 31 December 2021, the total cash outflow for leases, including payments of principal and interest portion of lease liabilities, short-term leases, and payments of lease payments on or before lease commencement date, was approximately HK$2,315,000 (2020: HK$1,010,000).

For the years ended 31 December 2021 and 2020, the Group leases office premises and warehouses for its operations. Lease contracts are entered into for fixed term of one year to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has no extension option in a number of leases during the years ended 31 December 2021 and 2020.

16. INVESTMENT PROPERTIES

	HK$'000
1 January 2020	27,156
Disposal of subsidiaries	(27,156)
At 31 December 2020 and 1 January 2021	–
Transfer from party, plant and equipment	6,900
Change in fair value of investment property	(104)
Exchange difference	(96)
At 31 December 2021	6,700

During the year ended 31 December 2020, the Group disposed investment properties through disposal of subsidiaries of total consideration of HK$28,000,000.

During the year ended 31 December 2021, the Group changed the use of land and building from operation assets to the investment properties for rental purpose located in Australia with transferring from property, plant and equipment with fair value of approximately HK$6,900,000.

The fair value of the Group's investment property as at 31 December 2021 was approximately HK$6,700,000. The fair value performed by Goodview Consulting Limited, a firm of independent professional valuers. The fair value has been determined by reference to recent market prices of similar properties in the similar locations and conditions. In estimating the fair value of the property, the highest and best use of the property is their current use.

16. INVESTMENT PROPERTIES (Continued)

There were no transfers between level of fair value hierarchy during the year.

The following table gives information about how the fair values of the investment properties are determined:

	Fair value hierarchy	Fair value as at 31 December 2021 *HK$'000*	Fair value as at 31 December 2020 *HK$'000*	Valuation technique and key inputs
Investment property A	Level 2	6,700	N/A	Market comparison approach – by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available

17. GOODWILL

	HK$'000
COST	
At 1 January 2020	43,358
Arising from business combination	768
At 31 December 2020, 1 January 2021 and at 31 December 2021	44,126
IMPAIRMENT	
At 1 January 2020	16,166
Impairment loss recognised during the year	3,218
At 31 December 2020 and 1 January 2021	19,384
Impairment loss recognised during the year	24,742
At 31 December 2021	44,126
CARRYING VALUE	
At 31 December 2021	–
At 31 December 2020	24,742

17. GOODWILL (Continued)

The carrying value of goodwill, net of accumulated impairment allocated to the following CGUs:

	2021 *HK$'000*	2020 *HK$'000*
Wine business:		
– Retail	**–**	–
– Wholesale	**–**	23,974
– Vineyard	**–**	768
	–	24,742

The basis of the recoverable amounts of the above CGUs and the major underlying assumptions are summarised below:

Wine business – retail, wholesale and Vineyard

The recoverable amount of these CGUs has been determined based on value in use calculations with reference to valuations performed by Goodview Consulting Limited (the "Goodview"), a firm of independent professional valuers.

These calculations use cash flows projections based on financial budgets approved by the management covering a 5-year period and a pre-tax discount. Cash flows beyond the 5-year period have been extrapolated using a steady growth rate. The pre-tax discount and growth rate used in the cash flows projections for each CGU as follow:

CGU	**Pre-tax discount**		**Growth rate**	
	2021	2020	**2021**	2020
Retail	**N/A**	16.5%	**N/A**	3%
Wholesale	**16%**	16.5%	**2.5%**	3%
Vineyard	**14.5%**	30%	**2.5%**	3%

These growth rate is based on relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

17. GOODWILL (Continued)

Wine business – retail, wholesale and Vineyard (Continued)

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/ outflows which include budgeted sales and gross profit margin, such estimation is based on these units' past performance and the management's expectations for the market development.

As a result, impairment losses have been recognised during the year ended 31 December 2021 of approximately HK$23,979,000 and 768,000 for wholesale and Vineyard CGU respectively (2020: HK$3,218,000 for retail CGU).

18. INVENTORIES

	2021	2020
	HK$'000	*HK$'000*
Food and beverages	**–**	546
Wines	**393,123**	338,375
	393,123	338,921

19. BIOLOGICAL ASSETS

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

	2021	2020
	HK$'000	*HK$'000*
At 1 January,	**216**	–
Additions through business combinations	**–**	167
Increase due to cultivation	**–**	287
Decrease due to sales	**(216)**	(238)
At 31 December	**–**	216

20. LOAN AND INTEREST RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**–**	–
Interest receivables	**–**	–
	–	–

The Group seeks to maintain strict control over its outstanding loan and interest receivables so as to minimise credit risk. The granting of loans is subject to approval by the directors and/or the director of the subsidiary, where appropriate, whilst overdue balances are reviewed regularly by senior management of the Group. As at 31 December 2021, no loan and interest receivables is outstanding or overdue.

The movement in the provision for impairment is set out below:

	2021	2020
	HK$'000	*HK$'000*
At 1 January	**–**	257
Reversal during the year	**–**	(257)
At 31 December	**–**	–

Included in the provision for impairment on loan and interest receivables are individually impaired loan and interest receivables with an aggregate balance of approximately HK$257,000 related to customers that are in severe financial difficulties in prior year. The impairment on loan and interest receivables are fully reversed during the year ended 31 December 2020.

21. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**42,230**	33,010
Less: impairment allowance under ECL	**(338)**	(164)
Trade receivables, net	**41,892**	32,846
Prepayments, deposits and other receivables	**2,442**	4,162
	44,334	37,008

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

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**34,618**	30,351
31-60 days	**1,477**	2,155
61-90 days	**5**	–
Over 90 days	**5,792**	340
	41,892	32,846

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

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

Details of the impairment assessment of trade receivables, deposits and other receivables are set out in note 35 to the consolidated financial statements.

22. BANK BALANCES AND CASH

Cash at banks carries interest at prevailing market rates and is placed with credit worthy banks with no recent history of default.

Details of the impairment assessment of bank balances are set out in note 34 to the consolidated financial statements.

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

	2021 ***HK$'000***	2020 *HK$'000*
Trade payables	**64,562**	589
Other payables	**11,009**	2,015
Accruals	**2,385**	14,492
Deposits received	**856**	288
	14,250	16,795
	78,812	17,384

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:

	2021 ***HK$'000***	2020 *HK$'000*
Within 30 days	**64,502**	403
31-60 days	**60**	1
61-90 days	**–**	–
Over 90 days	**–**	185
	64,562	589

24. BORROWINGS

	2021	2020
	HK$'000	*HK$'000*
Borrowings		
Instalment loans	**65,591**	69,537
	65,591	69,537

	2021	2020
	HK$'000	*HK$'000*
The carrying amount of the Group's borrowings that contain repayable on demand clause (shown under current liabilities), but repayable:		
– Within one year	**2,509**	3,947
– After one year but within two years	**3,082**	2,508
– After two years but within five years	**–**	3,082
– More than five years	**60,000**	60,000
	65,591	69,537

As at 31 December 2021 and 2020, the facility agreements of instalment loans contained repayment on demand clauses pursuant to which the banks could at their discretion demand repayment of the entire outstanding balances from the Group in the absence of any defaults. The whole balance is therefore recognised under current liabilities.

Instalment loans are interest bearing which are ranged from 2.5% below the banks's HKD best lending rate to 5% per annum as at 31 December 2021 and 2020.

24. BORROWINGS (Continued)

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

	2021	2020
	HK$'000	*HK$'000*
Instalment loans	**2.75%-5%**	2.75%-5%

As at 31 December 2021, the Group had aggregate banking facilities of approximately HK$71,000,000 (2020: HK$71,000,000), of which the available facilities were fully utilised amounting to HK$65,591,000 (2020: HK$69,537,000). These banking facilities are secured by:

(a) a floating charge on inventories;

(b) a limited corporate guarantee by the Company; and

(c) unlimited guarantees from a director of a subsidiary;

25. PROMISSORY NOTES

	PN B	PN F	PN G	PN H	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2020	5,147	44,995	29,146	–	79,288
Issue	–	–	–	33,217	33,217
Interest charge	17	2,339	335	401	3,092
Loss on early redemption	–	–	–	3,946	3,946
Termination including Interests	–	(47,334)	–	–	(47,334)
Repayment including Interests	(5,164)	–	(23,827)	(37,564)	(66,555)
At 31 December 2020					
– current	–	–	–	–	–
– non-current	–	–	5,654	–	5,654
	–	–	5,654	–	5,654
At 1 January 2021	**–**	**–**	**5,654**	**–**	**5,654**
Interest charge	**–**	**–**	**96**	**–**	**96**
Repayment including Interests	**–**	**–**	**–**	**–**	**–**
At 31 December 2021					
– current	**–**	**–**	**5,750**	**–**	**5,750**
– non-current	**–**	**–**	**–**	**–**	**–**

Promissory Note B ("PN B")

The Company issued promissory note of HK$41,800,000 bearing interest at 2% per annum on 2 September 2018 to a company owned by the director of a subsidiary of the Company for general working capital purposes. The PN B is denominated in Hong Kong dollars with maturity on the second anniversary from the date of issue.

During the year ended 31 December 2020, the balance and accrued interest was fully repayment by the Group.

25. PROMISSORY NOTES (Continued)

Promissory Note F ("PN F")

The Company issued promissory note denominated in Hong Kong dollar with the principal amount of HK$60,320,000 as the consideration for entering into a master supply agreement, pursuant to which an independent third party, as the supplier agreed to supply and, the Company, as the customer, agreed to source wines including but not limited to red wine, white wine, sparkling wine or any kind of alcoholic drinks made from fermented grapes, under a measurable unit of 750 milliliter per bottle (the "Goods"). The Goods can be supplied partially and shall be supplied to the Company upon request, the supplier shall deliver the Goods at its own cost to a designated location of the Company or its assigned party.

Promissory Note F carry interest at 5% per annum and mature on the third anniversary from the date of issue. Based on the valuation carried out by a firm of independent professional valuers, the fair value of PN F at the date of issue is approximately HK$51,598,000 with effective interest rate of 11% per annum, and the Group recognised prepayment for the Goods of approximately HK$51,598,000.

The remaining balance of PN F was terminated during the year ended 31 December 2020.

Promissory Note G ("PN G")

The Company issued promissory note denominated in Hong Kong dollar with the principal amount of approximately HK$28,616,000 to a company owned by the director of a subsidiary of the Company for cash for general working capital purposes. PN G carry interest at 2% per annum and mature on the second anniversary from the date of issue.

On 31 August 2021, the Company and the noteholder mutually agreed to extend the maturity date of the PN G to 30 September 2022. Saved as the maturity date, other terms and conditions are remained unchanged.

Promissory Note H ("PN H")

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 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 ("PN H") by the purchaser to the vendor to the value of approximately HK$37,360,000 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. The PN H was fully redeemed during the year end 31 December 2020 resulting in a loss on early redemption of approximately HK$3,946,000.

26. LEASE LIABILITIES

	2021 *HK$'000*	2020 *HK$'000*
Lease liabilities payables:		
Within one year	**2,705**	760
Within a period of more than one year but not more than two years	**1,891**	387
	4,596	1,147
Less: Amount due for settlement with 12 months shown under current liabilities	**(2,705)**	(760)
Amount due for settlement with 12 months shown under non-current liabilities	**1,891**	387

The weighted average incremental borrowing rate applied to lease liabilities ranged from 3.5% to 7.4% (2020: 7.40% to 9.07%).

27. DEFERRED TAX

The analysis of deferred tax liabilities is as follows:

	2021 *HK$'000*	2020 *HK$'000*
Deferred tax liabilities	**–**	12,195

27. DEFERRED TAX (Continued)

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior reporting periods:

	Fair value adjustments arising from acquisition of subsidiary *HK$'000*
Deferred tax liabilities	
At 1 January 2020	–
Acquisition of a subsidiary	15,027
Credit to profit or loss	(2,832)
At 31 December 2020 and 1 January 2021	12,195
Credit to profit or loss	(12,195)
At 31 December 2021	–

28. SHARE CAPITAL

	Nominal value per share	**Number of shares**	**Nominal value** *HK$'000*
Authorised share capital:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	HK$0.01	10,000,000,000	100,000
Issued Share Capital:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	HK$0.10	1,000,000,000	100,000
At 1 January 2020	HK$0.10	414,931,214	41,493
Issue of shares upon exercise of share option *(Note (i))*	HK$0.10	53,325,120	5,333
Issue of consideration shares *(Note (ii))*	HK$0.10	63,000,000	6,300
Placing of new shares *(Note (iii))*	HK$0.10	55,320,000	5,532
At 31 December 2020, 1 January 2021 and 31 December 2021		586,576,334	58,658

28. SHARE CAPITAL (Continued)

Notes:

(i) During the year ended 31 December 2020, 53,325,120 share options had been exercised by holders of the share options at exercise price of HK$0.125 per option, to subscribe for 53,325,120 ordinary shares of the Company at a total aggregated consideration of approximately HK$6,665,000. Details of the share options are set out in note 30 to the consolidated financial statements.

(ii) On 3 January 2020, the Company issued 63,000,000 ordinary shares to Mr. Chow Yat Too, being the vendor for the acquisition of Win Everest Holdings Limited, as part of the consideration for the acquisition of Win Everest Holdings Limited.

(iii) On 31 March 2020, a total of 55,320,000 placing Shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.18 per placing share pursuant to the terms and conditions of the placing agreement.

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

29. SHARE OPTION SCHEME

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

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

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

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

29. SHARE OPTION SCHEME (Continued)

Where the proposed grant of option to a director, chief executive, substantial shareholder and/or an independent non-executive director of the Company or any of their respective associates would result in such person in any 12-month period up to and including the date of grant: (i) representing in aggregate over 0.1% of the total issued shares at the date of grant; and (ii) having an aggregate value, based on the closing price of the shares at the date of grant, in excess of HK$5 million, then such grant must be subject to the approval of the shareholders in general meeting taken on a poll.

The total number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of grant of each eligible participant shall not exceed 1% of the total issued shares unless (i) a shareholders' circular is dispatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the 1% limit referred to in this paragraph; and (iii) the relevant eligible participant and its associates abstain from voting on such resolution.

The exercise price of the option shares granted under the Share Option Scheme may be determined by the board of directors (the "Board") at its absolute discretion but in any event will not be less than the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.

The Share Option Scheme will remain in force for a period of 10 years commencing from 9 December 2011 unless terminated by the Company.

Options granted under the Share Option Scheme must be taken up within 28 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK$1 to the Company as consideration for the grant. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised, but the Board may, subject to the provisions of the GEM Listing Rules, in its absolute discretion when granting the option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as it may think fit.

No share options had been granted exercised and remained outstanding under the Share Option Scheme as at 31 December 2021.

29. SHARE OPTION SCHEME (Continued)

Details of the share options granted are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Adjusted exercise price *(Note)*	Closing price of the share immediately before the date of grant
22 June 2020	N/A	1 year from the date of grant	HK$0.125	N/A	HK$0.106

The following table discloses movements of the Company's share options held by the directors, employees and other individuals during the year:

	Date of grant	Exercise price per option *HK$*	Exercise period	As at 1 January 2020	Granted during the year	Exercised during the year	At 31 December 2020, 1 January 2021 and 31 December 2021
Employees	22 June 2020	0.125	1 year from the date of grant	–	5,332,512	(5,332,512)	–
Individuals and companies	22 June 2020	0.125	1 year from the date of grant	–	47,992,608	(47,992,608)	–
				–	53,325,120	(53,325,120)	–
Exercisable at the end of the reporting period				–			–
Weighted average exercise price (HK$)				–	0.125	0.125	–

29. SHARE OPTION SCHEME (Continued)

In respect of the share options exercised during the year ended 31 December 2020, the weighted average share price at the date of exercise is HK$0.125 and the weighted average share price at the dates immediately before the exercise is HK$0.125.

During the years ended 31 December 2021 and 2020, no share options were lapsed nor forfeited.

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

Date of grant	**20 June 2020**
Closing share price at the date of grant	HK$0.1060
Exercise price	HK$0.125
Expected volatility	88.3%
Expected life	1 year
Risk-free rate	0.30%
Expected dividend yield	0%
Fair value of the options grant	HK$1,629,000

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately HK$1,629,000 for the year ended 31 December 2020 in relation to share options granted by the Company.

30. RETIREMENT BENEFIT SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the Group is required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 per employee. Contributions to the MPF Scheme vest immediately.

The total expense recognised in profit or loss of approximately HK$145,000 (2020: HK$1,294,000) represents contributions payable to these schemes by the Group from continuing operations in respect of the current accounting period at rates specified in the rules of the plans. At the end of the reporting period, there are no forfeited contributions.

31. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties:

(a) Transactions with related parties

The Group had the following significant transactions with the related parties during both years:

	Notes	2021 HK$'000	2020 HK$'000
Operating lease rentals paid to related companies	*(i)*	**1,992**	1,966
Addition of right-of-use assets	*(i)*	**2,343**	1,481

Notes:

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

(b) Compensation to key management personnel

The remuneration of the directors and other members of key management during the years ended 31 December 2021 and 2020 are as follows:

	2021 HK$'000	2020 HK$'000
Short-term benefits	**1,470**	1,589
Post-employment benefits	**–**	–
	1,470	1,589

32. ACQUISITION OF BUSINESS

For the year ended 31 December 2020

On 4 October 2019, the Group entered into an agreement for acquisition of entire equity interest in Win Everest Holdings Limited ("Win Everest") and its subsidiary, which is s principally engaged in supply of self-cultivated grapes for winery business and provision of short stay accommodation service and has a vineyard located in the Margaret River region in Australia. The acquisition of Win Everest was completed on 3 January 2020. The consideration for the Win Everest was HK$60,000,000, which will be satisfied as to (i) HK$5,000,000 by cash; (ii) HK$17,640,000 by the issue and allotment of the 63,000,000 Consideration Shares at the Issue Price of HK$0.28 per Consideration Share; and (iii) HK$37,360,000 by issue of the Promissory Note.

	HK$'000
Consideration	
Cash	5,000
Consideration shares *(Note)*	13,860
Promissory notes, at fair value	33,217
Total consideration	52,077

Notes:

The fair value of 63,000,000 ordinary shares of the Company issued as of the Consideration which was based on the spot price of the Company's share price as at the completion date, which was HK$0.22 per share.

32. ACQUISITION OF BUSINESS (Continued)

For the year ended 31 December 2020 (Continued)

Assets acquired and liabilities assumed recognised at the completion date is as follows:

	HK$'000
Net assets acquired, at fair value	
Property, plant and equipment	65,112
Biological assets	167
Inventories	839
Trade and other receivables	721
Cash and bank balances	469
Trade and other payables	(972)
Shareholder's loan	(16,957)
Deferred tax liabilities	(15,027)
Total identifiable net assets	34,352
Shareholder's loan	16,957
Goodwill	768
Total consideration	52,077
Net cash outflow from acquisition of business	
Cash consideration	(5,000)
Cash and bank balances	469
	(4,531)

Notes:

(a) Trade receivables acquired in this acquisition was the same as the related gross contractual amount and the best estimate at acquisition date of the contractual cash flows expected to be collected.

(b) Included in the Group's revenue and loss for the year are HK$930,000 and HK$485,000 respectively, attributed from Win Everest since the acquisition date.

Goodwill arose in these acquisitions because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of acquired businesses. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

32. ACQUISITION OF BUSINESS (Continued)

For the year ended 31 December 2020 (Continued)

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Had these business been consolidated on 1 January 2020, the Group's revenue and loss for the year would have been approximately HK$930,000 and HK$485,000 respectively. The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and loss for the year, the directors have calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for these business combinations rather than the carrying amounts recognised in the pre-acquisition financial statements.

33. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2020

(i) Eternity Rise Investments Limited ("ERI Limited")

On 12 February 2020, the Group disposed of its entire equity interest in ERI Limited, at an aggregate cash consideration of HK$16,800,000. The disposal of ERI Limited was completed on 26 June 2020 and upon completion of the disposal, ERI Limited ceased to be a wholly-owned subsidiary of the Group. The net liabilities disposed of are as follows:

(ii) Eternity Rise Property Limited ("ERP Limited")

On 12 February 2020, the Group disposed of its entire equity interest in ERP Limited, at an aggregate cash consideration of HK$11,200,000. The disposal of ERP Limited was completed on 26 June 2020 and upon completion of the disposal, ERP Limited ceased to be a wholly-owned subsidiary of the Group. The net liabilities disposed of are as follows:

(iii) Happy Credit Limited ("Happy Credit")

On 2 April 2020, the Group disposed of its entire equity interest in Happy Credit, at an aggregate cash consideration of HK$50,000. The disposal of Happy Credit was completed on 2 April 2020 and upon completion of the disposal, Happy Credit ceased to be a wholly-owned subsidiary of the Group. The net liabilities disposed of are as follows:

(iv) Brilliant Forever Limited ("BFL")

On 1 April 2020, the Group disposed of its entire equity interest in BFL, at an aggregate cash consideration of HK$8. The disposal BFL was completed on 1 April 2020 and upon completion of the disposal, BFL ceased to be a wholly-owned subsidiary of the Group. The net liabilities disposed of are as follows:

33. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2020 (Continued)

Analysis of assets and liabilities over which control was lost:

	ERI Limited *HK$'000*	**ERP Limited** *HK$'000*	**Happy Credit** *HK$'000*	**BFL** *HK$'000*
Investment properties	15,094	10,062	–	–
Prepayment and deposit	4	3	14	–
Loan and interest receivables	–	–	2,406	–
Cash and bank balances	–	–	8	–
Deposit received	–	–	(1,976)	–
Accruals and other payables	–	–	(2,913)	(13)
Amount due to fellow subsidiaries	(15,853)	(10,651)	(40,807)	(135)
Net Liabilities disposed of	(755)	(586)	(43,268)	(148)

Analysis of gain (loss) on disposal

	ERI Limited *HK$'000*	**ERP Limited** *HK$'000*	**Happy Credit** *HK$'000*	**BFL** *HK$'000*
Cash consideration	16,800	11,200	50	–
Net liabilities disposal of	755	586	43,268	148
Foreign Currency translation reserve	–	–	–	(8,605)
Amount due to fellow subsidiaries	(15,888)	(10,651)	(40,807)	(135)
Expenses in relation to the disposal Incurred by the Group	(140)	(124)	–	–
Gain (loss) on disposal	1,527	1,011	2,511	(8,592)

33. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2020 (Continued)

Analysis of net cash inflow from disposal

	ERI Limited *HK$'000*	ERP Limited *HK$'000*	Happy Credit *HK$'000*	BFL *HK$'000*
Consolidation received	16,800	11,200	50	–
Less: bank balance and cash disposed and expenses in related to the disposal incurred by the Group	(140)	(124)	(8)	–
Net cash inflow from disposal	16,660	11,076	42	–

34. CAPITAL RISK MANAGEMENT

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 year.

The capital structure of the Group consists of total debts (including borrowings, promissory notes and lease liabilities), 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 semi-annual 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 shares as well as the undertaking of new debts. Gearing ratio is calculated as net debt (borrowings, promissory notes and lease liabilities, less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interests).

34. CAPITAL RISK MANAGEMENT (Continued)

The gearing ratios as at 31 December 2021 and 2020 are as follows:

	2021	2020
	HK$'000	*HK$'000*
Loss:		
Total debt	**75,937**	76,338
Bank balances and cash	**(4,039)**	(7,917)
Net debt	**71,898**	68,421
Equity attributable to owners of the Company	**305,602**	368,324
Gearing ratio	**24%**	19%

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	2021	2020
	HK$'000	*HK$'000*
Financial assets		
Financial assets at amortised cost	**47,450**	44,210
Financial liabilities		
Financial liabilities at amortised cost	**153,893**	93,434

(b) Financial risk management objectives and policies

The Group's major financial instruments include loan and interest receivables, trade receivables, deposits and other receivables, bank balances and cash, trade payables, other payables and accruals, borrowings, promissory notes and lease liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

Interest rate risk

As at 31 December 2021 and 2020, the Group is exposed to fair value interest rate risk in relation to loan receivables, secured bank borrowings, promissory notes and lease liabilities which carried at fixed rates.

As at 31 December 2021 and 2020, the Group is also exposed to cash flow interest rate risk in relation to bank balances and borrowings, and details of which are set out in notes 22 and 24 to the consolidated financial statements respectively. It is the Group's policy to keep them at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR"), Hong Kong Prime Rate ("Prime Rate") and the best lending rate of respective banks arising from the Group's secured bank borrowings respectively.

The Group's exposure to cash flow interest rate risk in relation to bank balances is minimal as these balances have a short maturity period.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate secured bank borrowings at the end of the reporting period. The analysis is prepared assuming these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2020: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

An increase/decrease of 100 basis points (2020: 100 basis points) in interest rates, with all other variables were held constant, would increase/decrease the Group's loss before tax for the year by approximately HK$759,000 (2020: HK$695,000).

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

As at 31 December 2021 and 2020, the Group had not breached any of the covenant clauses of its obligations under borrowings.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	At 31 December 2021				
	Weighted average effective Interest rate	Within one year or On demand *HK$'000*	1-5 years *HK$'000*	Total Undiscounted Cash flow *HK$'000*	Carrying Amount *HK$'000*
Non-derivative financial liabilities					
Trade payables	–	64,562	–	64,562	64,562
Other payables and accruals	–	14,250	–	14,250	14,250
Borrowings *(Note (i))*	4.73%	65,591	11,905	77,496	65,591
Promissory notes	2%	5,822	–	5,822	5,750
Lease liabilities	4.04%	2,817	1,939	4,756	4,596
		153,042	13,844	166,886	154,749

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	At 31 December 2020				
	Weighted average effective Interest rate	Within one year or On demand *HK$'000*	1-5 years *HK$'000*	Total Undiscounted Cash flow *HK$'000*	Carrying Amount *HK$'000*
Non-derivative financial liabilities					
Trade payables	–	589	–	589	589
Other payables and accruals	–	16,507	–	16,507	16,507
Borrowings *(Note (i))*	4.41%	72,810	–	72,810	69,537
Promissory notes	2.30%	5,784	–	5,784	5,654
Lease liabilities	8.23%	1,241	–	1,241	1,147
		96,931	–	96,931	93,434

Notes:

(i) As at 31 December 2021, instalment loans with repayment on demand clause are included in the "within one year or on demand" time band in the above maturity analysis and at 31 December 2021, the aggregate undiscounted principal amount of the instalment loans amounted to approximately HK$65,591,000 (2020: HK$69,537,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that the instalment loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$77,496,000 (2020: HK$72,810,00).

(ii) Weighted average effective interest rate is determined based on variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables and bank balances. The Group's exposure to credit risk arising from bank balances is limited because the counterparties are large banks that have low credit risk.

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Loan and interest receivables

The Group's credit policy specifies the credit approval, review and monitoring processes. All new customers of the Group are subject to account opening procedures which include financial background checks for credit verification purpose. Credit limit applications are guided by a set of credit principles and these applications are subject to regular independent review. The directors are responsible to ensure the credit policies and operation manual are appropriate to the market need and the Group's loans department ensures the credit approval, review and monitoring processes as per stipulated in the manual are properly followed by the operation staff.

The Group also adopts a "two eyes" process requiring credit approval at successively higher levels or committees depending on, among other things, the size and nature of the proposed transactions.

The credit quality classification of gross loans and interest receivable (before impairment allowance) using the Group's credit rating system is set out in the table below:

	2021 ***HK$'000***	2020 *HK$'000*
Performing	**–**	–
Doubtful	**–**	–
	–	–

The Group considers all loan receivables as doubtful if the repayment of principal and/or interest has been overdue for more than 3 months and principal, accrued interest and/or future interest may not be fully secured by the fair value of collateral at its prevailing market price. The Group considers the loan and interest receivables as loss if the repayments of principal and/or interest have been overdue for more than 6 months for all types of loan and interest receivables; and in cases the collection of principal and/or interest in full is improbable after taking into account the fair values of the collateral at prevailing market prices.

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Loan and interest receivables (Continued)

An analysis of changes in the gross amount of loans and interest receivables is as follows:

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
At 1 January 2020	2,483	6	252	2,741
Loans/financing derecognised or repaid during the year (other than write-offs)	(2,483)	(6)	(252)	(2,741)
At 31 December 2020, 1 January 2021 and 31 December 2021	–	–	–	–

An analysis of changes in the corresponding ECL allowances is as follows:

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
At 1 January 2020	5	–	252	257
Loans/financing derecognised or repaid during the year (other than write-offs)	(5)	–	(252)	(257)
At 31 December 2020, 1 January 2021 and 31 December 2021	–	–	–	–

The credit risk on bank and cash balances and other receivables is limited because the counterparties are banks with high credit-ratings.

The Group does not provide any guarantees to members or entity outside of the Group which would expose the Group to credit risk.

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables

The Group's trade receivables, before impairment, consist of approximately HK$42,223,000 (2020: HK$33,010,000) from wine business segment.

The directors have reviewed the creditability of the trade receivable balances from the food product operation segment and customers considered the exposure on credit risks associated with these customers are minimal as most of these customers are reputable companies with no history of default.

For wine trading segment, the Group uses customers' ageing to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL.

	At 31 December 2021			At 31 December 2020		
	Gross Expected loss rate	Gross carrying amount	Loss allowance	Gross Expected loss rate	Gross carrying amount	Loss allowance
	%	HK$'000	HK$'000	%	HK$'000	HK$'000
Not yet due	0.54	34,842	224	0.54	30,351	164
1-30 days past due	0.86	1,490	13	–	–	–
31-60 days past due	1.07	6	1	–	2,156	–
Over 60 days past due	1.70	5,892	100	–	503	–
		42,230	338		33,010	164

None of the Group's trade receivables balance was credit-impaired at the end of the reporting period.

The Group has concentration of credit risk as 25.1% (2020: –%) and 55% (2020: 62%) of the trade receivables was due from the Group's largest customer and five largest customers respectively.

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12 months ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies.

Deposits and other receivables

For deposits and other receivables, the directors make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provide impairment based on 12 months ECL. For the years ended 31 December 2021 and 2020, the Group assessed ECL for deposits and other receivables were insignificant and thus no loss allowance was recognised.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The tables below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	At 1 January 2021 *HK$'000*	Financing cash flow *HK$'000*	New Lease entered *HK$'000*	Interest expenses incurred *HK$'000*	At 31 December 2021 *HK$'000*
Borrowings (excluding bank overdraft)	69,538	(3,947)	–	–	65,591
Promissory notes	5,654	–	–	96	5,750
Lease liabilities	1,147	(2,515)	5,767	197	4,596
	76,339	(6,462)	5,767	293	75,937

	At 1 January 2020 *HK$'000*	Financing Cash flow *HK$'000*	New Lease entered *HK$'000*	Termination of Prepayment *HK$'000*	Loss on early termination of promissory note *HK$'000*	Interest Expenses incurred *HK$'000*	Loss on early redemption of promissory notes *HK$'000*	Acquisition of businesses *HK$'000*	Termination of lease liabilities *HK$'000*	At 31 December 2020 *HK$'000*
Borrowings (excluding bank overdraft)	9,080	60,458	–	–	–	–	–	–	–	69,538
Promissory notes	79,288	(66,555)	–	(51,598)	4,264	3,092	3,946	33,217	–	5,654
Lease liabilities	1,934	(1,000)	1,471	–	–	96	–	–	(1,354)	1,147
	90,302	(7,097)	1,471	(51,598)	4,264	3,188	3,946	33,217	(1,354)	76,339

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2021 *HK$'000*	2020 *HK$'000*
Non-current assets		
Investment in subsidiaries	–	20
Property, plant and equipment	14	3
	14	23
Current assets		
Prepayments	1,560	250
Amounts due from subsidiaries	102	313,977
Bank balances and cash	199	196
	1,861	314,423
Current liabilities		
Other payables and accruals	1,031	1,138
Amount due to a subsidiary	–	–
Promissory notes	5,750	–
	6,781	1,138
Net current (liabilities)/assets	(4,920)	313,285
Total assets less current liabilities	(4,906)	313,308
Non-current liability		
Promissory notes	–	5,654
Net (liabilities)/assets	(4,906)	307,654
Capital and reserves		
Share capital	58,658	58,658
Reserves	(63,564)	248,996
Total equity	(4,906)	307,654

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium	Share options reserve	Capital reserve	Accumulated losses	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2020	663,838	–	12,706	(425,207)	251,337
Loss and total comprehensive expenses for the year	–	–	–	(17,168)	(17,168)
Recognition of equity-settled share based payments	–	1,629	–	–	1,629
Issue of consideration shares	7,560	–	–	–	7,560
Issue of new shares upon rights issue	4,426	–	–	–	4,426
Issue of share upon exercise of share options	2,962	(1,629)	–	–	1,333
Share issuing expenses	(121)	–	–	–	(121)
At 31 December 2020 and 1 January 2021	**678,665**	**–**	**12,706**	**(442,375)**	**248,996**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**(312,560)**	**(312,560)**
At 31 December 2021	**678,665**	**–**	**12,706**	**(754,935)**	**(63,564)**

Note: The capital reserve represents the difference between the nominal value of the shares issued for the acquisition of equity interests in the subsidiaries as part of re-organisation and the consolidated equity of the subsidiaries acquired by the Company.

38. PARTICULAR OF SUBSIDIARIES OF THE COMPANY

Particulars of subsidiaries of the Company as at 31 December 2021 and 2020 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
			2021		2020		**2021**	2020	
			Direct	**Indirect**	Direct	Indirect			
Arrow Vision Limited	BVI	US$1	**100%**	**–**	100%	–	**100%**	100%	Investment holding
Excellent Catering Management Limited ("Excellent Catering") *(Note i)*	Hong Kong	HK$10,000	**–**	**48%**	–	48%	**60%**	60%	Production, sales and distribution of food products
Food Idea Food Trading Limited	Hong Kong	HK$41	**–**	**100%**	–	100%	**100%**	100%	Securities holding
Food Idea Group Limited	BVI	US$1	**100%**	**–**	100%	–	**100%**	100%	Investment holding
Happy Profit	BVI	US$1	**–**	**100%**	–	100%	**100%**	–	Investment holding
Irving Global	BVI	US$10,000	**–**	**100%**	–	100%	**100%**	–	Investment holding
Lucky Great Investment Limited ("Lucky Great")	Hong Kong	HK$3,750,000	**–**	**83%**	–	83%	**100%**	100%	Investment holding
Nicecity Limited ("Nicecity") *(Note (i))*	Hong Kong	HK$50,000	**–**	**48%**	–	48%	**60%**	60%	Production, sales and distribution of food products
Palinda HK	Hong Kong	HK$10,000	**–**	**100%**	–	100%	**100%**	100%	Trading of wine products
Palinda Holding	BVI	US$6,000	**–**	**100%**	–	100%	**100%**	100%	Investment holding
Palinda Investment Company Limited	Hong Kong	HK$10,000	**100%**	**–**	100%	–	**100%**	100%	Investment holding
Palinda Wines Limited	Hong Kong	HK$100	**–**	**100%**	–	100%	**100%**	100%	Retailing of wine products
Phini Holdings Limited	Hong Kong	HK$210,000	**–**	**99.62%**	–	100%	**100%**	100%	Trading of wine and ancillary wine-relate products
Win Everest Holdings Limited	BVI	US$10,000	**–**	**100%**	–	100%	**100%**	100%	Investment holding
Adinfern Margaret River Pty Ltd	Australia	AU$3,100,000	**–**	**100%**	–	100%	**100%**	100%	Vineyard and investment property

All subsidiaries are companies incorporated with limited liability in their respective place of incorporation.

None of the subsidiaries had issued any debt securities subsisting at the end of both years or at any time during both years.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

38. PARTICULAR OF SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

(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.

The directors considered that the non-controlling interest of non-wholly owned subsidiaries of the Group were insignificant to the Group and thus are not separately presented in these consolidated financial statements. In addition, no separate financial information of these non-wholly owned subsidiaries are required to present.

39. MAJOR NON-CASH TRANSACTION

The Group entered into the following major non-cash investing and financing activities, which were not reflected in the consolidated statement of cash flows:

(a) On 3 January 2020, the Group completed the acquisition of Win Everest at the aggregate consideration of approximately HK$52,077,000, satisfied by (i) issue of 6,300,000 considerations shares and (ii) issue of 2020 Promissory Note H and (iii) HK$5,000,000 by cash. Details of the acquisition are set out in note 34 to the consolidated financial statements.

(b) During the year ended 31 December 2020, the Group entered into new lease agreements for the use of leased properties for two years. On the lease commencement, the Group recognized right-of-use assets and lease liabilities of approximately HK$1,481,000 and HK$1,471,000 respectively.

SUMMARY OF FINANCIAL INFORMATION

	Year ended 31 December				
RESULTS	**2021**	2020	2019	2018	2017
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Revenue	**147,633**	152,511	230,692	184,834	111,148
Loss before tax	**(75,265)**	(40,965)	(52,498)	(100,335)	(79,470)
Income tax credit (expenses)	**12,075**	2,917	(835)	–	(131)
Loss for the year	**(63,190)**	(38,048)	(53,333)	(100,335)	(79,601)

	As at 31 December				
ASSETS AND LIABILITIES	**2021**	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	**441,645**	386,010	422,403	383,102	312,218
Non-current assets	**13,038**	82,930	60,127	83,343	162,517
Total assets	**454,683**	468,940	482,530	466,445	474,735
Current liabilities	**152,858**	87,681	48,581	51,369	31,209
Non-current liabilities	**1,891**	18,236	74,993	67,689	–
Total liabilities	**154,749**	105,917	123,574	119,058	31,209
Net assets	**299,934**	363,023	358,956	347,387	443,526
Equity attributable to owners of the Company	**305,262**	368,324	360,318	348,995	442,085
Non-controlling interests	**(5,328)**	(5,301)	(1,362)	(1,608)	1,441
	299,934	363,023	358,956	347,387	443,526