

# FIRST QUARTERLY REPORT 2022



**PALINDA GROUP HOLDINGS LIMITED**  
**百利達集團控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8179



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

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2022 (the “First Quarterly Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2021, as follows:

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

*For the three months ended 31 March 2022*

		<b>For the three months ended 31 March</b>	
		<b>2022</b>	2021
		<b>HK\$'000</b>	HK\$'000
	<i>Notes</i>	<b>(Unaudited)</b>	(Unaudited)
Revenue	3	<b>42,877</b>	32,980
Other income		<b>1</b>	42
Cost of sales and inventories consumed		<b>(39,208)</b>	(29,386)
Direct cost on vineyard		<b>–</b>	(10)
Employee benefits expenses		<b>(727)</b>	(868)
Depreciation		<b>(146)</b>	(405)
Operating lease rentals and related expenses		<b>(763)</b>	(609)
Administrative Expenses		<b>(1,327)</b>	(911)
Finance costs	4	<b>(1,002)</b>	(1,175)
Loss before tax	5	<b>(295)</b>	(342)
Income tax expenses	6	<b>–</b>	(20)
Loss for the period		<b>(295)</b>	(362)

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

For the three months ended 31 March 2022

	Note	For the three months ended 31 March	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Other comprehensive income (expenses) for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		575	(1,550)
		575	(1,550)
Total comprehensive income (expenses) for the period		280	(1,912)
(Loss) profit for the period attributable to Owners of the Company		(307)	(347)
Non-controlling interests		12	(15)
		(295)	(362)
Total comprehensive income (expenses) for the period attributable to Owners of the Company		268	(1,897)
Non-controlling interests		12	(15)
		280	(1,912)
Loss per share		2022	2021
Basic and diluted (HK cents)	7	0.05	0.06

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

For the three months ended 31 March 2022

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Shares options reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	Note (i) (Unaudited)	Note (ii) (Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2022	58,658	678,665	-	106	-	1,222	(433,389)	305,262	(5,328)	299,934
Loss for the period	-	-	-	-	-	-	(307)	(307)	12	(285)
Other comprehensive income for the period										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	575	-	575	-	575
Total comprehensive income (expenses) for the period	-	-	-	-	-	575	(307)	268	12	280
Balance at 31 March 2022	58,658	678,665	-	106	-	1,797	(433,696)	305,530	(5,316)	300,214
Balance at 1 January 2021	58,658	678,665	-	106	-	1,121	(370,226)	368,324	(5,301)	363,023
Loss for the period	-	-	-	-	-	-	(347)	(347)	(15)	(362)
Other comprehensive income for the period										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,550)	-	(1,550)	-	(1,550)
Total comprehensive income (expenses) for the period	-	-	-	-	-	(1,550)	(347)	(1,897)	(15)	(1,912)
Balance at 31 March 2021	58,658	678,665	-	106	-	(429)	(370,573)	366,427	(5,316)	361,111

## Notes:

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

# NOTES TO THE FIRST QUARTERLY FINANCIAL STATEMENTS

*For the three months ended 31 March 2022*

*Notes:*

## **1. GENERAL INFORMATION**

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

The Company's principal activity during the period was investment holding. The Group's principal activities during the period were trading of wine products and grapes, production, sales and distribution of food products.

## **2. BASIS OF PREPARATION**

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

The accounting policies and methods of computation used in the preparation of the First Quarterly Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2021 (the "2021 Annual Report"), except for the adoption of the new and revised HKFRSs, which are effective for the financial year beginning on or after 1 January 2021. The adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required. The First Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2021 Annual Report.

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

### 3. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold or services rendered which is also consistent with the basis of organisation of the Group. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- (i) Wine business – The operation of sales and distribution of wine products and grapes.
- (ii) Food products operation – The production, sales and distribution of food products, such as barbecued food and Taiwanese Lou Mei.

#### Segment turnover, revenue and results

Segment revenue represents revenue derived from the sales of wine and grapes, production and distribution of food products.

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment results represent the results from each segment without allocation of certain other income, central administrative costs, share option expenses, share of loss of associates / joint ventures and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessments.

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

#### For the three months ended 31 March

	Wine business		Food products operation		Unallocated		Consolidated	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
SEGMENT TURNOVER	41,447	32,980	1,430	-	-	-	42,877	32,980
SEGMENT REVENUE	41,447	32,980	1,430	-	-	-	42,877	32,980
Segment results	586	615	(66)	(44)	-	-	520	571
Unallocated income					-	-	-	-
Unallocated corporate expenses					(763)	(889)	(763)	(889)
Share of loss of associates					-	-	-	-
Finance costs					(52)	(24)	(52)	(24)
(Loss) before tax							(295)	(342)

### 3. SEGMENT INFORMATION (CONTINUED)

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.

	<b>Revenue from External customers For the year ended 31 March</b>	
	<b>2022 HK\$'000 (Unaudited)</b>	<b>2021 HK\$'000 (Unaudited)</b>
Hong Kong (place of domicile)	42,811	32,980
Australia	66	–
	<b>42,877</b>	<b>32,980</b>

### 4. FINANCE COSTS

	<b>For the three months ended 31 March</b>	
	<b>2022 HK\$'000 (Unaudited)</b>	<b>2021 HK\$'000 (Unaudited)</b>
Interests on borrowings	979	1,151
Interests on promissory note	23	24
	<b>1,002</b>	<b>1,175</b>

### 5. LOSS BEFORE TAX

	<b>For the three months ended 31 March</b>	
	<b>2022 HK\$'000 (Unaudited)</b>	<b>2021 HK\$'000 (Unaudited)</b>
Loss before tax has been arrived at after charging the following:		
Loss on early redemption of promissory note	–	–
Depreciation	146	405
Operating lease rental relating to short-term lease and low-value lease upon application of HKFRS 16	763	609



## 6. INCOME TAX EXPENSES

	For the three months ended 31 March	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current income tax	–	20
Deferred income tax	–	–
	<b>–</b>	<b>20</b>

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 period ended 31 March 2022 and 2021 is calculated in accordance with the two-tiered tax regime.

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

## 7. LOSS PER SHARE

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

	For the three months ended 31 March	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share, being loss for the period attributable to the owners of the Company	(307)	(347)
	<b>2022</b>	<b>2021</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	586,576,334	586,576,334

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

## 8. DIVIDEND

No dividend were paid or proposed for the three months ended 31 March 2022 nor have any dividend been proposed since the end of the reporting period (2021: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's first quarterly results for the three months ended 31 March 2022 (the "2022 Period").

### **Business Review**

The Group's principal activities during the 2022 Period were (i) wine trading; (ii) production, sales and distribution of food products in Hong Kong.

#### ***Wine Trading***

The Group's wine trading segment continued as the major revenue segment during the 2022 period. The Board believes the development of the wine trading business represents a good opportunity to further expand its distribution and wholesale channels and help diversify the Group's business. The Group's wines are mainly from various reputable vineyards and wineries from Australia, with a focus on premium quality wine as the major product. During the three months ended 31 March 2022, the wine trading operation has achieved stable results and recorded a slight increase in revenue to approximately HK\$41 million (2021: approximately HK\$33 million) with a segment profit of approximately HK\$586,000 (2021: profit HK\$615,000).

#### ***Food products operation***

During the 2022 Period, the revenue from the food products operation accounted for approximately HK\$1.4 million (2021: no reported revenue) as two shops had started operation since July and August 2021. And this segment generated a loss of approximately HK\$66,000 (2021: loss HK\$44,000). During the 2022 Period, this business segment was continuously clouded by the COVID-19 pandemic which resulted in lack of social gatherings, corporate functions and public events plus increased competition.

## Financial Review

During the 2022 Period, the Group's revenue amounted to approximately HK\$43 million which was approximately 30% more than that of the last corresponding period. The increase was mainly due to the increase in revenue from wine business from approximately HK\$33 million for the 2021 Period to HK\$41 million for the 2022 Period and the increase in revenue from food products operation from approximately HK\$1.4 million since this segment had started the operation in the second quarter of 2021.

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\$9.8 million, or approximately 33% from approximately HK\$29 million for the 2021 Period to approximately HK\$39 million for the 2022 Period. 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 2022 Period.

Employee benefits expenses decreased by approximately HK\$141,000, or approximately by 16.2% from approximately HK\$868,000 for the 2021 Period to approximately HK\$727,000 for the 2022 Period. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

Administrative expenses mainly included advertising and promotion fee, bank facility fee, legal and professional fee and other administrative expenses. The Group recorded increase in administrative expenses by approximately HK\$416,000, or approximately 46% from approximately HK\$911,000 for the 2021 Period to approximately HK\$1,327,000 for the 2022 Period.

Finance costs mainly included interest on bank borrowings, interest on promissory notes and interest on lease liabilities. The Group recorded decrease in finance costs by approximately HK\$173,000, or approximately 15% from approximately HK\$1,175,000 for the 2021 Period to approximately HK\$1,002,000 for the 2022 Period.

## Outlook and Prospects

In view of the less volatile results in wine trading segment for the 2022 Period and the positive future prospects of the wine industry in Hong Kong, wine trading represents a good opportunity for the Group to further expand its distribution and wholesale channels which will help diversify the businesses of the Group. As such, it is the intention of the Group to further strengthen its sales capability in wine trading with more advertisement and promotions targeting the Asia Pacific Economic Cooperation (“APEC”) wine market. Apart from continuing efforts in product portfolio expansion and on-line marketing, the Group will seek acquisition opportunities to enhance the operating scale and performance of the wine trading segment. The Group is of the view that such acquisition would bring positive effects in the development of the existing wine trading business by expanding our APEC customer base and wine supply channels and the introduction and cultivation of expertise with relevant skill sets and connections in the wine trading industry.

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

The Group will closely monitor and review the performance of existing businesses in order to concentrate our limited resources to develop business with the greater potential for growth and profitability. The management strives to diversify the Group’s existing businesses and broaden its source of income.

## **Liquidity, Financial and Capital Resources**

### ***Capital structure***

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

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

### ***Proposed rights issue***

On 28 April 2022, the Company proposes to implement the Rights Issue on the basis of one Rights Share for every two existing Shares held on 10 June 2022 at the Subscription Price of HK\$0.10 per Rights Share, to raise up to approximately HK\$29.3 million (before expenses) by issuing up to 293,288,167 Rights Shares to the Qualifying Shareholders.

The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$25.9 million. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$18.4 million for repaying certain borrowings and other payables; (ii) approximately HK\$4.0 million as business development expenses to further develop the Group's customer network and strengthen brand awareness; and (iii) the balance of approximately HK\$3.5 million as general working capital of the Group.

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

### ***Cash position***

As at 31 March 2022, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$5.2 million (31 December 2021: approximately HK\$4.0 million).

## ***Borrowings***

As at 31 March 2022, the carrying amount of the Group's borrowings was approximately HK\$100.3 million (31 December 2021: approximately HK\$71.34 million). The Group had aggregate banking facilities of approximately HK\$101 million (31 December 2021: HK\$71 million).

## ***Gearing ratio***

Gearing ratio is calculated as net debt (borrowings and promissory notes less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interests). As at 31 March 2022, the gearing ratio of the Group was approximately 33% (31 December 2021: 23%).

## ***Exchange Rate Exposure***

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

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

## **Capital Expenditure and Commitments**

Saved as disclosed above, there was no capital commitments for the Group as at 31 March 2022.

## **Charges on Assets**

As at 31 March 2022, the Group had aggregate banking facilities utilised of approximately HK\$95 million (31 December 2021: HK\$66 million), of which the available facilities are secured by limited guarantee from the Company, floating charge on inventories, and unlimited guarantee from a director of a subsidiary.

## **Contingent Liabilities**

Save as disclosed elsewhere in the First Quarterly Financial Statements, there were no other significant contingent liabilities of the Group as at 31 March 2022.

## **Dividend**

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

## **Employees Numbers and Remuneration Policy**

As at 31 March 2022, the Group had around 17 employees. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

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

Saved as the above and others disclosed elsewhere in this report by the Group, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the 2022 Period.

## **Events After Reporting Period**

Saved as the above and others disclosed elsewhere in this report including the rights issue, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2022 and up to the date of this report by the Group.

## **SHARE OPTION SCHEME**

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

As at 31 March 2022, no share options had been granted, exercised and remained outstanding under the Share Option Scheme.

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

As at 31 March 2022, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

### Long positions in shares and underlying shares of the Company

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

Saved as disclosed above, as at 31 March 2022, none of the Directors and the chief executives of the Company had, or was deemed to have, any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.



## **SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

So far as the Directors are aware, as at 31 March 2022, there are no person other than the Directors and chief executives of the Company whose have interests and short positions in the shares, underlying shares or debentures of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who was expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and chief executives' interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, at no time during the three months ended 31 March 2022 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## **PURCHASE, SALE OR REDEMPTION OF THE SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the three months ended 31 March 2022.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the Directors and their respective associates had an interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group or had any other conflicts with the Group during the three months ended 31 March 2022.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rule 5.48 to Rule 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review. The Company was not aware of any non-compliance during the three months ended 31 March 2022.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules during the three months ended 31 March 2022.

## AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015 and 20 December 2018, the Board adopted a set of revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement in relation to the internal control by introducing the concept of the risk management. The primary duties of the Audit Committee, among other things, are to assist the Board in overseeing and reviewing (i) the effectiveness of the Group's risk management and internal control systems and regulatory compliance of the Group; (ii) the integrity of the Company's financial statements and application of accounting standards and significant judgements contained in the financial statements; and (iii) the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

As at 31 March 2022, 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 is the chairman of the Audit Committee.

The Audit Committee had reviewed the unaudited First Quarterly Financial Statements for the 2022 Period and is of the opinion that the First Quarterly Financial Statements comply with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 12 May 2022

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