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佳寧娜集團控股有限公司

CARRIANNA GROUP HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00126)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2022**

RESULTS

The board of directors (the “Board”) of Carrianna Group Holdings Company Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2022, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
REVENUE	3	781,170	796,026
Cost of sales		<u>(407,152)</u>	<u>(429,547)</u>
Gross profit		374,018	366,479
Other income and gains, net		54,559	236,271
Selling and distribution expenses		(140,231)	(176,269)
General and administrative expenses		(135,146)	(110,894)
Other expenses, net		(87,240)	(29,444)
Finance costs	4	(53,199)	(59,390)
Share of profit/(losses) of associates		<u>35,991</u>	<u>(59,692)</u>
PROFIT BEFORE TAX	5	48,572	167,061
Income tax expense	6	<u>(23,461)</u>	<u>(56,524)</u>
PROFIT FOR THE YEAR		<u>25,111</u>	<u>110,537</u>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Attributable to:			
Owners of the parent		3,822	81,004
Non-controlling interests		<u>21,289</u>	<u>29,533</u>
		<u><u>25,111</u></u>	<u><u>110,537</u></u>
 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	<i>8</i>		
– Basic		<u>HK cents 0.25</u>	<u>HK cents 6.44</u>
– Diluted		<u>HK cents 0.25</u>	<u>HK cents 6.44</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>25,111</u>	<u>110,537</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations and reclassification adjustment on disposal and deregistration of foreign operations	56,731	192,257
Share of other comprehensive income/(loss) of associates	<u>133,908</u>	<u>(89,023)</u>
	<u>190,639</u>	<u>103,234</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	(27,105)	7,879
Gain on property revaluation	<u>–</u>	<u>27,218</u>
	<u>(27,105)</u>	<u>35,097</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>163,534</u>	<u>138,331</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>188,645</u></u>	<u><u>248,868</u></u>
Attributable to:		
Owners of the parent	167,022	218,598
Non-controlling interests	<u>21,623</u>	<u>30,270</u>
	<u><u>188,645</u></u>	<u><u>248,868</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		899,700	756,137
Investment properties		2,522,690	2,515,637
Right-of-use assets		120,777	109,813
Goodwill		64,470	67,703
Interests in associates		1,083,728	842,691
Equity investment designated at fair value through other comprehensive income		119,492	119,511
Properties under development		337,320	313,607
Deferred tax assets		18,999	12,106
Other receivables, deposits and prepayments		46,405	29,485
		<hr/>	<hr/>
Total non-current assets		5,213,581	4,766,690
CURRENT ASSETS			
Properties held for sale		487,200	469,401
Inventories		39,107	33,806
Tax recoverable		78	140
Trade receivables	9	29,442	31,662
Other receivables, deposits and prepayments		472,201	299,851
Due from directors		5,109	4,779
Due from non-controlling shareholders		15,253	8,280
Due from an associate		300,974	290,305
Financial assets at fair value through profit or loss		159,941	223,990
Equity investment designated at fair value through other comprehensive income		35,553	34,657
Structured deposits		–	149,649
Restricted cash		92	106
Pledged time deposits		43,473	44,823
Cash and bank balances		279,616	413,573
		<hr/>	<hr/>
Total current assets		1,868,039	2,005,022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	<i>10</i>	(44,597)	(43,945)
Other payables, accruals and deposits received		(367,618)	(419,862)
Provisions		(670)	(820)
Due to directors		(4,349)	–
Due to non-controlling shareholders		(39,756)	(35,353)
Interest-bearing bank borrowings		(943,028)	(1,079,859)
Lease liabilities		(40,754)	(45,536)
Deferred income		(34,491)	(34,640)
Tax payable		(325,397)	(287,947)
		<hr/>	<hr/>
Total current liabilities		(1,800,660)	(1,947,962)
		<hr/>	<hr/>
NET CURRENT ASSETS		67,379	57,060
		<hr/>	<hr/>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		5,280,960	4,823,750
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Accruals and deposits received		(7,073)	(4,372)
Convertible bonds		(58,171)	–
Interest-bearing bank borrowings		(686,158)	(558,340)
Lease liabilities		(56,767)	(42,111)
Deferred income		(92,247)	(86,583)
Deferred tax liabilities		(297,255)	(298,567)
Provisions		(4,884)	(2,569)
		<hr/>	<hr/>
Total non-current liabilities		(1,202,555)	(992,542)
		<hr/>	<hr/>
Net assets		4,078,405	3,831,208
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
<i>Equity attributable to owners of the parent</i>			
Issued capital		157,136	138,280
Reserves		3,929,537	3,698,666
		<hr/>	<hr/>
		4,086,673	3,836,946
		<hr/>	<hr/>
Non-controlling interests		(8,268)	(5,738)
		<hr/>	<hr/>
Total equity		4,078,405	3,831,208
		<hr/> <hr/>	<hr/> <hr/>

NOTES

31 March 2022

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain leasehold land and buildings, investment properties and certain financial assets which have been measured at fair value. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Operating cycle

The operating cycle of the Group for the property investment and development business is the period between the acquisition of assets and their realisation. Due to the nature of such business, its normal operating cycle may be longer than 12 months. The Group’s current assets include assets (such as properties under development and properties held for sale) which are sold, consumed or realised as part of the normal operating cycle for the property investment and development business even when they are not expected to be realised within 12 months after the end of the reporting period.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9,
HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

As at 31 March 2022, the Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”). The Group expects HIBOR will continue to exist and there is no impact on the Group’s HIBOR-based borrowings.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has adopted the amendment on 1 April 2021 and applied the practical expedient during the year ended 31 March 2022 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK\$5,070,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 March 2022. There was no impact on the opening balance of equity as at 1 April 2021.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the restaurant, food and hotel segment which engages in the operations of hotel, restaurant and food businesses; and
- (b) the property investment and development segment which comprises the development and sale of properties and the leasing of residential, commercial and industrial properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that bank interest income, unallocated other income and gains, net, finance costs as well as corporate and unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are mainly transacted with reference to the selling prices used for sales made to third parties or at the agreed prices.

Year ended 31 March 2022

	Restaurant, food and hotel <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (note 3)			
Revenue from external customers	676,144	105,026	781,170
Intersegment revenue	30,773	10,757	41,530
	706,917	115,783	822,700
<i>Reconciliation:</i>			
Elimination of intersegment revenue			(41,530)
Total revenue			781,170
Segment results			
	51,070	56,990	108,060
<i>Reconciliation:</i>			
Bank interest income			3,918
Unallocated other income and gains, net			5,324
Corporate and unallocated expenses			(15,531)
Finance costs			(53,199)
Profit before tax			48,572

	Restaurant, food and hotel HK\$'000	Property investment and development HK\$'000	Total HK\$'000
Other segment information			
Changes in fair value of investment properties, net	–	(29,865)	(29,865)
Share of profit of associates	–	35,991	35,991
Other interest income			
– segment	–	–	–
– unallocated			21,344
			<u>21,344</u>
Impairment/(reversal of impairment) of trade receivables, net	(2,281)	1,056	(1,225)
Impairment of other receivables, net	–	2,151	2,151
			<u>926</u>
Depreciation of property, plant and equipment			
– segment	57,421	14,915	72,336
– unallocated			1,017
			<u>73,353</u>

Year ended 31 March 2021

	Restaurant, food and hotel <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (note 3)			
Revenue from external customers	705,681	90,345	796,026
Intersegment revenue	<u>648</u>	<u>5,412</u>	<u>6,060</u>
	706,329	95,757	802,086
<i>Reconciliation:</i>			
Elimination of intersegment revenue			<u>(6,060)</u>
Total revenue			<u><u>796,026</u></u>
Segment results	105,049	100,801	205,850
<i>Reconciliation:</i>			
Bank interest income			3,802
Unallocated other income and gains, net			47,055
Corporate and unallocated expenses			(30,256)
Finance costs			<u>(59,390)</u>
Profit before tax			<u><u>167,061</u></u>

	Restaurant, food and hotel <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment information			
Changes in fair value of investment properties, net	–	121,886	121,886
Share of losses of associates	–	(59,692)	(59,692)
Other interest income			
– segment	–	17	17
– unallocated			<u>15,596</u>
			<u><u>15,613</u></u>
Impairment/(reversal of impairment) of trade receivables, net	12	(2,088)	(2,076)
Impairment of other receivables, net	–	11,174	<u>11,174</u>
			<u><u>9,098</u></u>
Depreciation of property, plant and equipment			
– segment	58,086	9,511	67,597
– unallocated			<u>1,671</u>
			<u><u>69,268</u></u>

Geographical information

Revenue from external customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	309,407	262,602
Mainland China	<u>471,763</u>	<u>533,424</u>
	<u><u>781,170</u></u>	<u><u>796,026</u></u>

The revenue information above is based on the locations of the customers.

Information about major customers

No revenue from any single external customer accounted for 10% or more of the Group's total revenue for the year ended 31 March 2022 and 2021.

3. REVENUE

An analysis of revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Income from restaurant, food and hotel businesses	676,144	705,681
Proceeds from the sale of properties, property management service income and commission income	<u>10,728</u>	<u>4,855</u>
	<u>686,872</u>	<u>710,536</u>
 <i>Revenue from other sources</i>		
Gross rental income	<u>94,298</u>	<u>85,490</u>
	<u><u>781,170</u></u>	<u><u>796,026</u></u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings	47,864	54,880
Interest on convertible bonds	1,550	–
Interest on lease liabilities	<u>3,785</u>	<u>4,510</u>
	<u><u>53,199</u></u>	<u><u>59,390</u></u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Government subsidies	(850)	(29,204)
Depreciation of property, plant and equipment	73,353	69,268
Depreciation of right-of-use assets	51,373	62,989
Impairment/(reversal of impairment) of		
– trade receivables, net	(1,225)	(2,076)
– other receivables, net	2,151	11,174
Changes in fair value of investment properties, net	29,865	(121,886)
Fair value losses/(gains), net:*		
Financial assets at fair value through profit or loss		
– held for trading	47,057	(10,586)
– designated as such upon initial recognition	(643)	(217)
Bank interest income	(3,918)	(3,802)
Investment interest income	(11,303)	(11,263)
Other interest income	(21,344)	(15,613)
Dividend income from equity investments designated at fair value through other comprehensive income	(4,169)	(4,169)
Dividend income from financial assets at fair value through profit or loss	(3,702)	(2,145)
Loss on disposal/write-off of items of property, plant and equipment, net	825	1,457
Impairment of goodwill*	3,233	8,748
Loss on lease termination	1,671	–
Unwinding of discount on receivables	–	(13,373)
Gain on disposal of a subsidiary	–	(3,983)
	<u> </u>	<u> </u>

* The impairment of goodwill and fair value losses/(gains) on financial assets at fair value through profit or loss are included in “Other expenses, net” in the consolidated statement of profit or loss.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable in Mainland China have been calculated at the relevant rates of tax prevailing in Mainland China in which the Group operates.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	401	848
Overprovision in prior years	(330)	–
Current – Mainland China		
Corporate income tax	32,868	45,404
Land appreciation tax	139	57
Overprovision in prior years	(14,852)	(20,323)
Deferred	<u>5,235</u>	<u>30,538</u>
Total tax charge for the year	<u><u>23,461</u></u>	<u><u>56,524</u></u>

7. DIVIDEND

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proposed final – HK1 cent (2021: HK3 cents) per ordinary share	<u><u>15,714</u></u>	<u><u>47,141</u></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,536,229,851 (2021: 1,257,431,944) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2022 and 2021.

The calculations of basic and diluted earnings per share are based on:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>3,822</u>	<u>81,004</u>
	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and dilutive earnings per share calculations	<u>1,536,229,851</u>	<u>1,257,431,944</u>

9. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	53,476	56,204
Impairment	<u>(24,034)</u>	<u>(24,542)</u>
	<u>29,442</u>	<u>31,662</u>

For restaurant, bakery and hotel operations, the Group's trading terms with its customers are mainly on demand or credit card settlements. For sale of food products, customers are generally given credit terms of 30 to 90 days, except for new customers or certain food products, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding trade receivable balances. Overdue balances are reviewed regularly by senior management.

Generally, the Group does not hold any collateral or credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	9,212	19,271
31 to 60 days	4,310	5,950
61 to 90 days	5,525	1,578
Over 90 days	<u>10,395</u>	<u>4,863</u>
	<u>29,442</u>	<u>31,662</u>

10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	17,815	26,395
31 to 60 days	3,309	2,387
61 to 90 days	7,451	11,632
Over 90 days	<u>16,022</u>	<u>3,531</u>
	<u>44,597</u>	<u>43,945</u>

The trade payables are non-interest-bearing and are normally repayable within the normal operating cycle.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

PROPERTY

Turnover of property segment for the year ended 31 March 2022 was HK\$105,026,000 (2021: HK\$90,345,000), an increase of 16% from last year. The increase was mainly attributable to the sale of several property units at Lianyungang and the addition of new rental properties at Guangzhou South Station and Hainan to the investment properties portfolio during the year. Segment profit for the year was HK\$56,990,000 (2021: HK\$100,801,000), a decrease of 43% from last year. The decrease in segment profit was mainly due to the significant revaluation gain of the investment properties recorded last year.

The Group's rental income from investment properties for the year was HK\$94,298,000 (2021: HK\$85,490,000), an increase of 10% from last year. The increase in rental income was mainly due to the addition of new rental properties at Guangzhou South Station and Hainan to the investment properties portfolio as well as the increase in the rental income of other investment properties in the Mainland.

The Group's 50% owned Dongguan Home Town project is in full operation, comprising the east tower of home furniture and building materials centre with a total floor area of 109,000 sq.m. and the west and north towers of community, dining and shopping mall with a total area of 164,000 sq.m.. The associate is operating at a loss due to insufficient rental income to cover the operating expenses. In an effort to improve the operation of the shopping centres, the associate has entered into a cooperation agreement with Kaisa Group Holdings Ltd. ("Kaisa Group") in September 2021 in relation to the subcontracting out of the business operation and property management of Phase 2 and Phase 3 of Dongguan Home Town project to Kaisa Group. Since the introduction of Kaisa Group, management has re-planned the building layout of the entire Home Town project, resulting in an increase in the leasable floor area. During the year, the Group recorded a share of the associate's property revaluation gain of approximately HK\$87,761,000. It is expected that there will be an increase in the occupancy and value of the shopping centres.

Construction of the 13 storeys commercial building situated at the vibrant central district of the Guangzhou South high speed train station in Panyu, Guangzhou (“Guangzhou South Station Property”) was completed and the property was delivered in October 2020. The Guangzhou South Station Property is a high grade commercial tower comprising the ground floor lobby, all office units from 3rd to 13th floors and 75 car parking spaces at the basement level. The total gross floor area of the office units is 9,203 sq.m. The addition of the property to the investment properties portfolio in the Mainland will bring additional rental income to the Group. The office premises have achieved 100% occupancy to date. The property has a guaranteed 4% investment return for 3 years.

The Group’s 50% owned Haitan Street re-development project, which is situated at 223-225A Haitan Street, Sham Shui Po, Hong Kong has entered its construction stage of development. The project comprises a site area of 4,729 sq.ft., buildable gross floor area of 42,500 sq.ft., and saleable floor area of approximately 34,400 sq.ft.. The commercial/residential building comprises 115 residential units and 2 floors of commercial shops. The pre-sale of the residential units is scheduled in July 2022. The project is expected to complete by mid-2023.

The Group’s another 50% owned Castle Peak Road re-development project, which is situated at 300-306 Castle Peak Road, Sham Shui Po, Hong Kong is progressing well in schedule. The project comprises a site area of 4,709 sq.ft., buildable gross floor area of 42,400 sq.ft., and saleable floor area of approximately 34,300 sq.ft.. As at today, the associate has successfully acquired approximately 90% of the property ownerships of the Phase 1 development, and it is expected all the remaining units will be acquired by compulsory auction sale by the third quarter of 2022. Site investigation and demolition works will commence thereafter. The project is expected to complete by mid-2024.

RESTAURANT, FOOD AND HOTEL

Turnover of restaurant, food and hotel segment for the year ended 31 March 2022 was HK\$676,144,000 (2021: HK\$705,681,000), a decrease of 4% from last year. Although there was a recovery of the restaurant, bakery and hotel business in the first three quarters as a result of slow-down of COVID-19, the business was severely hit by the fifth wave of COVID-19 in the fourth quarter of the financial year, resulting in a decrease in turnover. Segment profit for the year was HK\$51,070,000 (2021: HK\$105,049,000), a decrease of 51% from last year. The significant decrease was due to the disruptions of the fifth wave of COVID-19 to the restaurant, bakery and hotel business in the fourth quarter and the significant decrease of COVID-19 government subsidies received by the restaurant and bakery business as compared to last year.

The Group's overall restaurant turnover for the year was HK\$285,592,000 (2021: HK\$318,675,000), a decrease of 10% from last year. While there was the relaxation of government policies on social distancing and restrictions on restaurant business including number of diners and dining hours of restaurants as the COVID-19 stabilised during the first three quarters, the restaurant business was severely disrupted by the fifth wave of COVID-19 in the fourth quarter of the financial year, resulting in a decrease in turnover. Restaurant business has recorded an operating loss of HK\$19,389,000 as compared to a profit of HK\$10,298,000 last year which was mainly due to severe disruptions to the restaurant business of the fifth wave of COVID-19 in the fourth quarter and the decrease of government subsidies under the "Anti-epidemic Fund" and "Employment Support Scheme" this year as compared to last year.

The new restaurant business line "Shun Yi" Shunde cuisine restaurants continued to perform well during the year. China's economy rebounded quickly during the first two quarters and the Group captured the opportunity by opening the fifth "Shun Yi" Shunde cuisine restaurant in Shenzhen in November 2021. "Shun Yi" Shunde cuisine restaurants will continue to contribute in sales growth and profit for the Group.

In Hong Kong, the Carrianna traditional Chao Zhou restaurant at Wanchai was closed for renovation in the February 2022 and reopened in May 2022. The renovated restaurant will provide new luxurious dining atmosphere and variety of Chao Zhou dishes to the customers.

Food business turnover for the year was HK\$248,560,000 (2021: HK\$363,377,000), a slight increase of 1% from last year. The increase in food business turnover mainly came from the increase in turnover of the bakery business. Carrianna mooncake sales amount maintained at around the same level as last year. The advanced Hainan food factory has a site area of 29,968 sq.m. and a total floor area of 58,114 sq.m. The advanced automatic mooncake production line is in full operation and will significantly increase the production capacity of mooncakes. The bread production line has also commenced its operation. Besides, the factory is expected to produce packaged Hainan-style food and Chinese-style dry meat products. The Group will introduce more new products and elements in the sector. Management believes that food business will become the Group's another key driver of profitability and growth in the next few years.

The bakery business in Hong Kong recorded an increase of 16% in sales to HK\$120,105,000 from last year. Profit Smart group has recorded a profit of HK\$6,102,000 (2021: HK\$11,942,000), a decrease of 49% from last year. The decrease was mainly due to the support of government subsidies of “Anti-epidemic Fund” and “Employment Support Scheme” last year. The factory direct sales business has continued to grow. Management will continue to strengthen product development and introduce more new products with the aim to boost sales. Management has planned to increase the production capacity by acquiring additional equipment in the coming year.

Hotel business has recorded a turnover of HK\$22,191,000 (2021: HK\$23,629,000), a decrease of 6% from last year. The operating loss of the two hotels for the year was HK\$24,234,000 (2021: HK\$15,685,000), increased by 55% from last year. The refurbishment of hotel rooms of Foshan Carrianna Hotel has completed in November 2020 and has contributed to the increase in the room occupancy and thus rental income. However, the operating results have been affected by the occasional outbreak of COVID-19 and the government restriction on the opening for business during the year. Both hotels have achieved positive operating cash flows during the year. The room rent and occupancy are gradually increasing as COVID-19 has started to ease down.

OUTLOOK

Despite occasional outbreaks of COVID-19 in different parts of country, the pandemic largely stabilized in Hong Kong and the Mainland in the first half of the financial year. The Group was able to recover significantly in its business during the interim period. The situation was able to sustain into the third quarter.

However, with the outbreak of the fifth wave of the COVID-19 in the fourth quarter, the Group’s restaurant and hotel business was severely affected. The city lockdowns and government dine-in restrictions led to significant loss of operating days and business in the restaurant and hotel business in Hong Kong and the Mainland.

Nevertheless, as a result of increased vaccinations, the COVID-19 is easing down and market is gradually recovering. Management is confident in return to growth when pandemic restrictions are lifted. The Group remains positive and cautiously optimistic about the prospects of the Group’s business in the coming year.

Management will continue to focus its business development in the Greater Bay Area. Management is of the view that consumer spending will remain strong in the area. The Group will leverage on the branding and reputation of the “Carrianna” Chao Zhou and “Shun Yi” Shunde cuisine and will continue to expand its restaurant business in a steady pace in the region.

On the property development side, while the investment property portfolio in the Mainland continues to provide steady income flow to the Group, strategically the Group will focus more on the property re-development in commercial/residential projects in Hong Kong. Management believes that the limited land supply and strong end-user demand will continue to provide a strong support to the residential property market in Hong Kong. The new Guangzhou South Station Property and the two Shum Shui Po property re-development projects will provide additional income return to the Group in the short and medium term. The Group will continue to look out for new commercial/residential projects with investment value in the Greater Bay Area, in particular in Hong Kong.

Building on the strong foundation of the Group’s food business and capacity of the production facilities, the Group will continue to expand its food business in the Mainland market. Besides the Carrianna mooncake, the bread production line of the advanced Hainan food factory has commenced its operation. The factory is also expected to produce packaged Hainan-style food and Chinese-style dry meat products. The Group will introduce more new products and elements in the sector. Management believes that food business will become the Group’s another key driver of profitability and growth in the next few years.

The Group will continue to implement effective cost control measures and adjust its business strategies in response to market changes to increase its competitiveness. As COVID-19 starts to stabilize and business restrictions reduce, in particular, as the Mainland border is reopened and quarantine-free travel is allowed between the Mainland and Hong Kong, management expects the Group will be able to respond quickly and resume its business growth.

In addition, building on its solid fundamentals, the Group will allocate additional resources to enhance its well-established brand reputation in order to drive further business growth.

FINANCIAL REVIEW

Overall Results

For the year ended 31 March 2022, the Group's turnover was HK\$781,170,000 (2021: HK\$796,026,000), slightly decreased by 2% as compared to last year. The Group's profit attributable to shareholders was HK\$3,822,000 (2021: HK\$81,004,000), decreased by 95% from last year. While the Group's turnover maintained approximately the same level as last year, the decrease in profit attributable to shareholders was mainly due to significant property revaluation gain recorded last year and the government subsidies received by the restaurant and bakery business last year, which was partly offset by the improvement in the share of results of associates during the year.

Liquidity and Financial Resources

As at 31 March 2022, the Group's consolidated net assets after deduction of non-controlling interests was HK\$4,078,405,000 (31 March 2021: HK\$3,836,946,000) and consolidated net assets after deduction of non-controlling interests per share was HK\$2.60 (31 March 2021: HK\$3.05).

As at 31 March 2022, the Group's cash and bank balances amounted to HK\$279,616,000 (2021: HK\$413,573,000), which were denominated in Hong Kong dollars, Renminbi and United States dollars of HK\$77,237,000, HK\$194,515,000 and HK\$7,864,000 respectively. The Group's free cash and bank balances and structured deposits amounted to HK\$279,616,000 (2021: HK\$563,222,000).

As at 31 March 2022, the Group's bank borrowings and convertible bonds amounted to HK\$1,629,186,000 (2021: HK\$1,638,199,000) and HK\$58,171,000 (2021: HK\$Nil) respectively. All interest-bearing bank borrowings bear interest at floating rates. The convertible bonds bear interest at 3% per annum. Netting off cash deposits pledged for borrowings, the Group's net bank borrowings were HK\$1,643,884,000 (2021: HK\$1,593,376,000). Net bank borrowings less free cash and bank balances and structured deposits were HK\$1,364,268,000 (2021: HK\$1,030,154,000).

The Group's gearing ratio, which was defined as the Group's interest-bearing bank borrowings and convertible bonds, net of cash and bank balances, structured deposits, and pledged time deposits as a percentage of the Group's total equity, was approximately 33.5% (2021: 26.9%).

The Group adopts a conservative treasury policy in cash and financial management. The objective of the Group's treasury policy is to maintain a sound financial position by holding an appropriate level of cash to meet its operating requirements and long-term business development needs.

The Group generally funds the operations from internal resources, investment income and bank borrowings. The liquidity needs mainly comprise general working capital, capital expenditure and investment, and repayment of bank borrowings and interest.

During the year under review, management closely monitored the cash position of the Group from time to time to ensure that it was adequate to finance the financial and operational requirements. With the increase in the level of cash balance, management will utilize it for appropriate investments in accordance with the Group's strategies and directions from the Board.

CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES

On 8 March 2021, the Company entered into the Shares Subscription Agreement with the Subscribers, Mr. Ma Kai Cheung and Mr. Ma Kai Yum, pursuant to which, (i) the Company has conditionally agreed to allot and issue, and Mr. Ma Kai Cheung has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25; and (ii) the Company has conditionally agreed to allot and issue, and Mr. Ma Kai Yum has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25. The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate.

The Subscription Shares represent approximately 15.00% of the existing issued share capital of the Company as at the date of the Shares Subscription Agreement and approximately 13.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Upon completion of the Share Placing (which was completed on 31 March 2021) and assuming all 125,708,754 Placing Shares were placed by the Placing Agent, the shareholding of the Subscribers and parties acting in concert with them in the Company would decrease from approximately 49.69% to approximately 45.17% of the issued share capital of the Company. Upon completion of the Shares Subscription, the shareholding of the Subscribers and parties acting in concert with them in the Company would increase from approximately 45.17% to approximately 51.75% of the issued share capital of the Company. Assuming completion of the Share Placing did not take place, upon completion of the Shares Subscription, the shareholding of the Subscribers and parties acting in concert with them in the Company would increase from approximately 49.69% to approximately 56.25% of the issued share capital of the Company. Given that the Shares Subscription has the effect of increasing the holding of voting rights in the Company by the Subscribers and parties acting in concert with them by more than 2% from the lowest percentage holding in the 12 month period ending on and inclusive of the date of completion of the Shares Subscription, unless the Whitewash Waiver is granted, the Subscribers are under an obligation to make a mandatory general offer to acquire all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscribers and parties acting in concert with any of them pursuant to Rule 26.1 of the Takeovers Code. An application would be made to the Executive for the granting of the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted, would be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Shares Subscription and the Specific Mandate, respectively, at the Special General Meeting (“SGM”). The aforesaid condition is not capable of being waived. If the Whitewash Waiver is not granted, the Shares Subscription will not proceed.

As the Subscribers are executive Directors and substantial Shareholders, the Subscribers are connected persons of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, the Shares Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders’ approval requirements. The Subscribers and their respective associates would abstain from voting on the relevant resolutions approving the Shares Subscription, the Specific Mandate and the Whitewash Waiver at the SGM.

As Rainbow Choice Holding Group Limited charged 62,714,377 Shares in favour of Mr. Ma Kai Cheung as security for the RMB50 Million Loan A and another 62,714,377 Shares in favour of Mr. Ma Kai Yum as security for the RMB50 Million Loan B, Rainbow Choice Holding Group Limited shall also abstain from voting on the relevant resolutions approving the Shares Subscription, the Specific Mandate and the Whitewash Waiver at the SGM.

Completion of the Shares Subscription took place on 8 June 2021 in accordance with the terms and conditions of the Shares Subscription Agreement. At the completion of the Shares Subscription, 188,563,130 Subscription Shares were duly allotted and issued as fully paid by the Company to the Subscribers at the Subscription Price of HK\$0.45 per Subscription Share pursuant to the Specific Mandate obtained at the SGM held on 1 June 2021, of which 94,281,565 Subscription Shares were duly allotted and issued to Mr. Ma Kai Cheung and another 94,281,565 Subscription Shares were duly allotted and issued to Mr. Ma Kai Yum. The Subscription Shares represent approximately 12% of the enlarged fully paid up issued share capital of the Company as at the date of the Completion. The net proceeds from the Shares Subscription (after deduction of relevant actual costs and expenses) are approximately HK\$83.3 million.

Further details of the above were explained in the Company's announcements dated 8 March 2021, 10 May 2021, 1 June 2021 and 8 June 2021.

PLACING OF CONVERTIBLE BONDS

On 21 June 2021, the Company and the Placing Agent entered into the CB Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six CB Placees who and whose ultimate beneficial owners are Independent Third Parties to subscribe for the Convertible Bonds of up to an aggregate principal amount of HK\$75,425,251.80. The Conversion Shares will be allotted and issued pursuant to the General Mandate.

The 125,708,753 Conversion Shares (based on the initial Conversion Price of HK\$0.60) to be issued upon full conversion of the Convertible Bonds represent approximately 8.00% of the existing issued share capital of the Company at the date of the CB Placing Agreement and approximately 7.41% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Convertible Bonds bear interest at 3% per annum and mature on the date falling on the second anniversary of the date of issue of the Convertible Bonds. The conversion rights attaching to the Convertible Bonds may be exercised at any time from (and including) the date falling six months after the date of issue of the Convertible Bonds up to the Maturity Date.

Completion of the CB Placing took place on 15 July 2021 in accordance with the terms and conditions of the CB Placing Agreement. The Convertible Bonds in the aggregate principal amount of HK\$75,425,251.80 have been successfully placed to two placees (who are Independent Third Parties), namely (i) Mr. Chen Tie who has subscribed for the Convertible Bonds in the aggregate principal amount of HK\$38,000,000.00 and (ii) Mr. Lam Hak Lun who has subscribed for the Convertible Bonds in the aggregate principal amount of HK\$37,425,251.80, and the net proceeds of the CB Placing amount to approximately HK\$74.4 million.

Further details of the above were explained in the Company's announcements dated 21 June 2021, 25 June 2021 and 15 July 2021.

DISCLOSEABLE TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE COMPANIES

On 24 June 2021, Tak Sing Asia Inc. ("Tak Sing"), a direct wholly-owned subsidiary of the Company, as purchaser, entered into the sale and purchase agreement with Quentin Tsang, as vendor, in relation to the sale and purchase of the sale shares and sale loan of Power Aim Holdings Limited ("Power Aim") ("SPA (Power Aim)"). On the same day, Tak Sing, as vendor, entered into the sale and purchase agreement with Jun Gao Holdings Company Limited, as purchaser, in relation to the sale shares of Fine Trade Developments Limited ("Fine Trade") ("SPA (Fine Trade)"). The formation of such joint venture companies is to engage in the holding of the property at the twelfth floor and flat roof B2 on the seventh floor of Tower Two of Ever Gain Plaza No.88 Container Port Road, Hong Kong with a total gross floor area of approximately 29,919 sq.ft. (the "Property") and the operation of data centre business on the Property.

The aggregate consideration for the sale and purchase of the sale shares (representing 87% of the issued share capital of Power Aim) and the sale loan (representing 87% of the shareholders' loan due by Power Aim to Quentin Tsang) under the SPA (Power Aim) is in the amount of HK\$11,773,773. The consideration for the sale and purchase of the sale shares (representing 13% of the issued share capital of Fine Trade) under the SPA (Fine Trade) is HK\$101.

Pursuant to the shareholders' agreement of Power Aim, Tak Sing and Quentin Tsang shall provide unsecured interest-free shareholder's loans of HK\$21,750,000 and HK\$3,250,000 respectively to Power Aim. In addition, Tak Sing shall provide an additional unsecured shareholder's loan of HK\$82,000,000 to Power Aim, which shall carry interest at the rate of 3 % per annum. Pursuant to the shareholders' agreement of Fine Trade, Tak Sing and Jun Gao Holdings Limited shall provide unsecured interest-free shareholder's loans of HK\$21,750,000 and HK\$3,250,000 respectively to Fine Trade.

Completion of the transactions took place on 30 June 2021 upon the fulfillment of all the conditions precedent set out in the SPA (Power Aim) and the SPA (Fine Trade). Following the completion, Power Aim becomes an indirect non-wholly owned subsidiary of the Company and the financial results of Power Aim and its subsidiaries will be consolidated into the financial statements of the Group, and Fine Trade becomes an indirect non-wholly owned subsidiary of the Company and the financial results of Fine Trade and its subsidiaries will continue to be consolidated into the financial statements of the Group.

Further details of the above were explained in the Company's announcements dated 24 June 2021 and 30 June 2021.

DISCLOSEABLE TRANSACTION IN RELATION TO THE ENTERING INTO OF COOPERATION AGREEMENT

On 11 November 2021, 佳寧娜(深圳)商業有限公司 (Carrianna (Shenzhen) Business Company Limited[#]) (the "Subsidiary"), an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Mr. Zheng Junjia ("Mr. Zheng"), 深圳市深汕特別合作區禦河天成實業有限公司 (Shenzhen Shi Shenshan Special Cooperation Zone Yuhe Tiancheng Industrial Company Limited[#]) ("Yuhe Tiancheng"), 廣東深汕森鋼投資發展有限公司 (Guangdong Shenshan Sengang Investment Development Company Limited[#]) ("Sengang Investment") and Mr. Huang Jian ("Mr. Huang") in relation to the cooperation in the Property Development Project (as defined below) involving, among others, the provision of the funding in the amount of up to RMB120,000,000 (equivalent to approximately HK\$146,400,000) (the "Funding").

Yuhe Tiancheng is wholly-owned by Mr. Zheng and is principally engaged in property development. Sengang Investment is owned as to 10% by Mr. Huang and is principally engaged in property investment and development.

[#] for identification purpose only

Pursuant to the Cooperation Agreement, Yuhe Tiancheng and Sengang Investment shall jointly participate in the bidding of the land (the “Land”) located at the southwest of the junction of Shenshan Avenue and Bianxi River, Ebu Area, Shenshan Special Cooperation Zone, the PRC, with site area of approximately 15,290 square metres and Yuhe Tiancheng shall undertake a property development project (the “Property Development Project”) on the Land. The Land is for commercial use with a plot ratio of not more than 3.0. The maximum gross floor area based on the plot ratio of the Land is approximately 45,870 square metres. If Yuhe Tiancheng and Sengang Investment succeed in the bidding of the Land, the interest in the Land shall be owned as to 93% by Yuhe Tiancheng and as to 7% by Sengang Investment.

Pursuant to the Cooperation Agreement, (i) Yuhe Tiancheng shall be responsible for the development of the Property Development Project; (ii) Sengang Investment shall be entitled to share properties of 3,360 square metres of the Property Development Project (“7% Project Interest”); (iii) the Subsidiary shall provide the Funding for paying the land transferring fee for the Land; and (iv) Mr. Zheng shall be responsible for all other development costs of the Property Development Project and the shortfall of the land transferring fee for the Land (if any).

The provision of the Funding shall be for a term of two (2) years commencing from the date on which Yuhe Tiancheng and Sengang Investment succeed in the bid of the Land. Mr. Zheng and Yuhe Tiancheng undertake that the construction of the Property Development Project shall be completed and presale shall take place within two (2) years commencing from the date on which Yuhe Tiancheng and Sengang Investment succeed in the bid of the Land, and not less than 40% of the cash proceeds from the pre-sale of the Property Development Project shall be utilised to repay the Funding to the Subsidiary until the Funding is fully repaid.

Mr. Zheng and Yuhe Tiancheng undertake that the Funding shall carry interest at 1.2% per month which is payable quarterly, which is arrived at after arm’s length negotiations between Mr. Zheng and the Subsidiary having considered the current market condition.

Mr. Zheng and Yuhe Tiancheng undertake that upon completion of the construction and the obtaining of the presale permit of the Property Development Project, Mr. Zheng shall transfer to the Subsidiary at no cost apartment type offices of 3,800 square metres (the “Designated Properties”). The Subsidiary may opt to engage Mr. Zheng to sell the Designated Properties at the then prevailing market price and transfer the sale proceeds to the Subsidiary’s designated bank account. The location of the Designated Properties shall be determined by lot drawing from the fourth floor to the twelfth floor of the office buildings.

Save for the repayment of the Funding and the interest accrued thereon, and the Designated Properties, the Subsidiary is not entitled to the rights, properties and interest of the Property Development Project. The repayment of the Funding and the interest accrued thereon, and the Designated Properties shall be derived from the interest in the Property Development Project owned by Yuhe Tiancheng and shall not affect the 7% Project Interest in the Property Development Project owned by Sengang Investment.

Mr. Zheng agrees that 100% equity interest in Yuhe Tiancheng will be pledged in favour of the Subsidiary as security for the repayment of the Funding, the interest accrued thereon, the Designated Properties interest and the payment of default payment and enforcement costs under the Cooperation Agreement. Mr. Zheng, Yuhe Tiancheng, Sengang Investment and Mr. Huang agree that 100% interest in the Land will be charged in favour of the Subsidiary as security for the repayment of the Funding, the interest accrued thereon, the Designated Properties interest and the payment of default payment and enforcement costs under the Cooperation Agreement within two business days from the date on which Yuhe Tiancheng and Sengang Investment obtained the land certificate of the Land. Mr. Zheng guarantees the performance of the obligations of Yuhe Tiancheng under the Cooperation Agreement.

Further details of the above were explained in the Company's announcement dated 11 November 2021.

USE OF PROCEEDS

Set out below are the fundraising activities of the Company during the past 12 months and use of proceeds immediately preceding the date of this announcement:

Date of announcement	Events	Net proceeds	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
8 March 2021, 31 March 2021	Placing of 125,708,754 Shares under the general mandate granted by the Shareholders at the annual general meeting on 28 August 2020	Approximately HK\$55.7 million	Repayment of bank borrowings	Approximately HK\$55.7 million for repayment of bank borrowings
8 March 2021, 10 May 2021, 1 June 2021, 8 June 2021	Subscription of 188,563,130 Shares under the specific mandate granted by the Shareholders at the special general meeting on 1 June 2021	Approximately HK\$83.3 million	Repayment of bank borrowings of approximately HK\$34.9 million; salary expense, directors' fee and consultancy fee of approximately HK\$14.2 million; professional fee of approximately HK\$5.4 million; utility and administrative expenses of approximately HK\$12.2 million; and rental expenses of the Group of approximately HK\$16.6 million	Approximately HK\$34.9 million for repayment of bank borrowings; approximately HK\$14.2 million for salary expense, directors' fee and consultancy fee; approximately HK\$5.4 million for professional fee; approximately HK\$12.2 million for utility and administrative expenses; and approximately HK\$16.6 million for rental expenses of the Group
21 June 2021, 25 June 2021, 15 July 2021	Placing of convertible bonds, which are convertible into 125,708,753 Conversion Shares, under the general mandate granted by the Shareholders at the annual general meeting on 28 August 2020	Approximately HK\$74.4 million	Repayment of bank borrowings of approximately HK\$24.4 million; and business development of the Group of approximately HK\$50.0 million	Approximately HK\$24.4 million for repayment of bank borrowings; and approximately HK\$50.0 million for business development of the Group

Contingent liabilities

As at the end of the reporting period, the Group had contingent liabilities relating to guarantees given to banks for mortgage loan facilities granted to purchasers of properties of approximately HK\$143,000 (2021: HK\$1,858,000).

Charges on the Group's assets

As at the end of the reporting period, certain of the Group's property, plant and equipment, investment properties, time deposits and financial assets at fair value through profit or loss with a total carrying value of approximately HK\$2,604,743,000 (2021: HK\$2,446,667,000) were pledged to secure general banking, trade finance and other facilities granted to the Group. In addition, rental income generated in respect of certain investment properties of the Group was assigned to banks to secure loan facilities granted to the Group.

Foreign exchange exposure

The Group mainly operates in Hong Kong and Mainland China. Most of the Group's monetary assets, liabilities and transactions as at 31 March 2022 and for the year then ended principally denominated in Hong Kong dollars and Renminbi. Majority of the sales, purchases and expenditure incurred by the operating units of the Group during the year were denominated in the units' functional currencies and as a result, the Group does not anticipate significant transactional currency exposures. The Group has not used any derivative to hedge its exposure to foreign currency risk.

EMPLOYEE AND REMUNERATION POLICY

The Group's staff consists of approximately 400 employees in Hong Kong and approximately 1,000 employees outside Hong Kong (Mainland China). Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended the payment of a final dividend of HK1 cent (2021: final dividend of HK3 cents) per ordinary share for the year ended 31 March 2022. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on or before 13 October 2022.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 15 September 2022 to Friday, 16 September 2022 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the Annual General Meeting), all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 14 September 2022.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the shareholders of the Company will be held at Carrianna (Chiu Chow) Restaurant, 1st Floor, 151 Gloucester Road, Wanchai, Hong Kong on Friday, 26 August 2022 at 11:00 a.m. The Notice of the Annual General Meeting will be published on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.carrianna.com>).

For the purpose of ascertaining shareholders' right to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from Tuesday, 23 August 2022 to Friday, 26 August 2022, both days inclusive, during which period no transfer of shares will be effected. In order for a shareholder to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 22 August 2022.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Lo Ming Chi, Charles (Chairman), Mr. Wong See King and Mr. Cheung Wah Fung, Christopher.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's financial statements for the year ended 31 March 2022.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this preliminary announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the directors, save as disclosed below, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 March 2022.

In accordance with Code Provision A.4.1 of the Corporate Governance Code, non-executive directors should be appointed for a specific term, subject to re-election. Currently, the non-executive director and the independent non-executive directors are not appointed for a specific term. However, all the directors (except Chairman) are subject to retirement by rotation at least once every three years at the Annual General Meeting of the Company in accordance with the provision of the By-laws of the Company and their terms of appointment are reviewed when they are due for re-election.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code for securities transactions by the directors of the Company. Following specific enquiry by the Company, the directors have confirmed that they have complied with the required standard under the Model Code for the year ended 31 March 2022.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY’S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 March 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The annual results announcement is published on the websites of the Company (<http://www.carrianna.com>) and the Stock Exchange (<https://www.hkex.com.hk>), respectively. The 2022 annual report will be despatched to the shareholders of the Company and available on the same websites in due course.

APPRECIATION

The Board takes this opportunity to express hearty gratitude to business partners, shareholders, and loyal and diligent staff.

For and on behalf of the Board
Carrianna Group Holdings Company Limited
Dr. Ma Kai Yum
Chairman

Hong Kong, 27 June 2022

As at the date of this announcement, the Board comprises Mr. Ma Kai Cheung (Honorary Chairman), Mr. Ma Kai Yum (Chairman), Mr. Ma Hung Ming, John (Vice-chairman), Mr. Liang Rui and Mr. Chan Francis Ping Kuen as executive directors; and Mr. Lo Ming Chi, Charles, Mr. Wong See King and Mr. Cheung Wah Fung, Christopher as independent non-executive directors.