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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 2021**

**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 2021, together with the comparative figures for the previous year, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*Year ended 31 March 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>REVENUE</b>	3	<b>796,026</b>	1,031,070
Cost of sales		<u>(429,547)</u>	<u>(553,412)</u>
Gross profit		<b>366,479</b>	477,658
Other income and gains, net		<b>236,271</b>	116,321
Selling and distribution expenses		<b>(176,269)</b>	(200,261)
General and administrative expenses		<b>(110,894)</b>	(140,075)
Other expenses, net		<b>(29,444)</b>	(36,005)
Finance costs	4	<b>(59,390)</b>	(77,259)
Share of losses of associates		<u>(59,692)</u>	<u>(71,804)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>167,061</b>	68,575
Income tax expense	6	<u>(56,524)</u>	<u>(53,714)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>110,537</b></u>	<u>14,861</u>

	<i>Notes</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
Attributable to:			
Owners of the parent		<b>81,004</b>	14,123
Non-controlling interests		<b>29,533</b>	738
		<u><b>110,537</b></u>	<u>14,861</u>

**EARNINGS PER SHARE ATTRIBUTABLE  
TO ORDINARY EQUITY  
HOLDERS OF THE PARENT**

*8*

– Basic		<u><b>HK cents 6.44</b></u>	<u>HK cents 1.12</u>
– Diluted		<u><b>HK cents 6.44</b></u>	<u>HK cents 1.12</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<u>110,537</u>	<u>14,861</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
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	192,257	(145,874)
Share of other comprehensive loss of associates	<u>(89,023)</u>	<u>(18,785)</u>
	<u>103,234</u>	<u>(164,659)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>35,097</u>	<u>(66,973)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<u>138,331</u>	<u>(231,632)</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<u><u>248,868</u></u>	<u><u>(216,771)</u></u>
Attributable to:		
Owners of the parent	218,598	(211,662)
Non-controlling interests	<u>30,270</u>	<u>(5,109)</u>
	<u><u>248,868</u></u>	<u><u>(216,771)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>756,137</b>	741,979
Investment properties		<b>2,515,637</b>	1,982,167
Right-of-use assets		<b>109,813</b>	137,355
Goodwill		<b>67,703</b>	76,451
Interests in associates		<b>842,691</b>	916,728
Equity investment designated at fair value through other comprehensive income		<b>119,511</b>	104,225
Properties under development		<b>313,607</b>	286,440
Deferred tax assets		<b>12,106</b>	719
Other receivables, deposits and prepayments		<b>29,485</b>	349,043
Pledged time deposits		<b>–</b>	15,014
		<hr/>	<hr/>
Total non-current assets		<b>4,766,690</b>	4,610,121
<b>CURRENT ASSETS</b>			
Properties held for sale		<b>469,401</b>	439,923
Inventories		<b>33,806</b>	32,927
Tax recoverable		<b>140</b>	573
Trade receivables	9	<b>31,662</b>	52,245
Other receivables, deposits and prepayments		<b>299,851</b>	246,930
Due from directors		<b>4,779</b>	5,984
Due from non-controlling shareholders		<b>8,280</b>	6
Due from an associate		<b>290,305</b>	272,656
Financial assets at fair value through profit or loss		<b>223,990</b>	185,995
Equity investment designated at fair value through other comprehensive income		<b>34,657</b>	39,004
Structured deposits		<b>149,649</b>	241,103
Restricted cash		<b>106</b>	167
Pledged time deposits		<b>44,823</b>	19,682
Cash and bank balances		<b>413,573</b>	245,895
		<hr/>	<hr/>
Total current assets		<b>2,005,022</b>	1,783,090

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>10</i>	<b>(43,945)</b>	(51,987)
Other payables, accruals and deposits received		<b>(419,862)</b>	(317,802)
Provisions		<b>(820)</b>	(960)
Due to directors		–	(654)
Due to non-controlling shareholders		<b>(35,353)</b>	(27,893)
Interest-bearing bank borrowings		<b>(1,079,859)</b>	(1,000,079)
Lease liabilities		<b>(45,536)</b>	(66,449)
Deferred income		<b>(34,640)</b>	(31,543)
Tax payable		<b>(287,947)</b>	(244,775)
		<hr/>	<hr/>
Total current liabilities		<b>(1,947,962)</b>	(1,742,142)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>57,060</b>	40,948
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS</b>			
<b>CURRENT LIABILITIES</b>		<b>4,823,750</b>	4,651,069
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Accruals and deposits received		<b>(4,372)</b>	(8,115)
Interest-bearing bank borrowings		<b>(558,340)</b>	(675,133)
Lease liabilities		<b>(42,111)</b>	(59,922)
Deferred income		<b>(86,583)</b>	(88,866)
Deferred tax liabilities		<b>(298,567)</b>	(253,217)
Provisions		<b>(2,569)</b>	(2,812)
		<hr/>	<hr/>
Total non-current liabilities		<b>(992,542)</b>	(1,088,065)
		<hr/>	<hr/>
Net assets		<b>3,831,208</b>	3,563,004
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<i>Equity attributable to owners of the parent</i>			
Issued capital		<b>138,280</b>	125,709
Reserves		<b>3,698,666</b>	3,473,650
		<hr/>	<hr/>
		<b>3,836,946</b>	3,599,359
		<hr/>	<hr/>
Non-controlling interests		<b>(5,738)</b>	(36,355)
		<hr/>	<hr/>
Total equity		<b>3,831,208</b>	3,563,004
		<hr/> <hr/>	<hr/> <hr/>

# NOTES

31 March 2021

## 1.1 BASIS OF PREPARATION

These 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, 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 investment properties and certain financial assets which have been measured at fair value. These 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 *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
  
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.
  
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

- (d) Amendment to HKFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 March 2021, certain monthly lease payments for the leases of the Group's restaurant and bakery properties have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 March 2021. Accordingly, a reduction in the lease payments arising from the rent concessions of approximately HK\$8,800,000 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 2021.

- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

## 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 2021**

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

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

**Year ended 31 March 2020**

	Restaurant, food and hotel <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue (note 3)</b>			
Revenue from external customers	768,403	262,667	1,031,070
Intersegment revenue	<u>1,121</u>	<u>9,686</u>	<u>10,807</u>
	769,524	272,353	1,041,877
<i>Reconciliation:</i>			
Elimination of intersegment revenue			<u>(10,807)</u>
Total revenue			<u><u>1,031,070</u></u>
<b>Segment results</b>	22,634	137,731	160,365
<i>Reconciliation:</i>			
Bank interest income			4,319
Unallocated other income and gains, net			20,852
Corporate and unallocated expenses			(39,702)
Finance costs			<u>(77,259)</u>
Profit before tax			<u><u>68,575</u></u>

	Restaurant, food and hotel <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Other segment information</b>			
Changes in fair value of investment properties, net	–	48,846	48,846
Share of losses of associates	–	(71,804)	(71,804)
Other interest income			
– segment	–	161	161
– unallocated			<u>10,328</u>
			<u>10,489</u>
Impairment/(reversal of impairment) of trade receivables, net	5,422	(802)	4,620
Reversal of impairment of other receivables, net			
– segment	–	(26,204)	(26,204)
– unallocated			(3,397)
Recovery of other receivables written off			
– unallocated			<u>(2,490)</u>
			<u>(32,091)</u>
Depreciation of property, plant and equipment			
– segment	61,619	6,514	68,133
– unallocated			<u>1,640</u>
			<u>69,773</u>

## Geographical information

### *Revenue from external customers*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	262,602	387,321
Mainland China	<u>533,424</u>	<u>643,749</u>
	<u><u>796,026</u></u>	<u><u>1,031,070</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 2021.

Revenue of approximately HK\$172,218,000 was derived from the sale of certain properties under development by the property investment and development segment to an external third party during the year ended 31 March 2020.

### 3. REVENUE

An analysis of revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Income from restaurant, food and hotel businesses	705,681	768,403
Proceeds from the sale of properties, property management service income and commission income	<u>4,855</u>	<u>180,045</u>
	<u>710,536</u>	<u>948,448</u>
 <i>Revenue from other sources</i>		
Gross rental income	<u>85,490</u>	<u>82,622</u>
	<u><u>796,026</u></u>	<u><u>1,031,070</u></u>

### 4. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank borrowings	54,880	74,520
Interest on lease liabilities	4,510	6,795
Less: Interest capitalised	<u>–</u>	<u>(4,056)</u>
	<u><u>59,390</u></u>	<u><u>77,259</u></u>

## 5. PROFIT BEFORE TAX

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

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Government subsidies	<b>(29,204)</b>	(3,800)
Depreciation of property, plant and equipment	<b>69,268</b>	69,773
Depreciation of right-of-use assets	<b>62,989</b>	77,490
Impairment of right-of-use assets*	–	10,544
Impairment/(reversal of impairment) of		
– trade receivables, net	<b>(2,076)</b>	4,620
– other receivables, net	<b>11,174</b>	(29,601)
Recovery of other receivables written off	–	(2,490)
Changes in fair value of investment properties, net	<b>(121,886)</b>	(48,846)
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss		
– held for trading	<b>(10,586)</b>	27,929
– designated as such upon initial recognition	<b>(217)</b>	1,809
Bank interest income	<b>(3,802)</b>	(4,319)
Investment interest income	<b>(11,263)</b>	(13,179)
Other interest income	<b>(15,613)</b>	(10,489)
Dividend income from equity investments designated at fair value		
through other comprehensive income	<b>(4,169)</b>	(6,948)
Dividend income from financial assets at fair value		
through profit or loss	<b>(2,145)</b>	(1,918)
Loss on disposal/write-off of items of		
property, plant and equipment, net	<b>1,457</b>	8,084
Impairment of goodwill*	<b>8,748</b>	–
Unwinding of discount on receivables	<b>(13,373)</b>	(19,112)
Gain on disposal of a subsidiary	<b>(3,983)</b>	(422)
Loss on deregistration of subsidiaries	<b>–</b>	919

\* The impairment of right-of-use assets and goodwill 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% (2020: 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 (2020: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	848	838
Current – Mainland China		
Corporate income tax	45,404	39,778
Land appreciation tax	57	16,170
Overprovision in prior years	(20,323)	(14,435)
Deferred	<u>30,538</u>	<u>11,363</u>
Total tax charge for the year	<u><u>56,524</u></u>	<u><u>53,714</u></u>

## 7. DIVIDEND

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Proposed final – HK3 cents (2020: HK3 cents) per ordinary share	<u><u>47,141</u></u>	<u><u>37,713</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 1,257,431,944 (2020: 1,257,087,536) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2021 and 2020.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u><u>81,004</u></u>	<u><u>14,123</u></u>
	<b>Number of shares</b>	
	2021	2020
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic and dilutive earnings per share calculations	<u><u>1,257,431,944</u></u>	<u><u>1,257,087,536</u></u>

## 9. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	56,204	78,890
Impairment	<u>(24,542)</u>	<u>(26,645)</u>
	<u><b>31,662</b></u>	<u><b>52,245</b></u>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	19,271	36,956
31 to 60 days	5,950	7,174
61 to 90 days	1,578	4,502
Over 90 days	<u>4,863</u>	<u>3,613</u>
	<u><b>31,662</b></u>	<u><b>52,245</b></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.

## 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:

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>26,395</b>	29,734
31 to 60 days	<b>2,387</b>	4,217
61 to 90 days	<b>11,632</b>	8,861
Over 90 days	<b>3,531</b>	9,175
	<hr/>	<hr/>
	<b>43,945</b>	51,987
	<hr/> <hr/>	<hr/> <hr/>

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERALL RESULTS**

For the year ended 31 March 2021, the Group's turnover was HK\$796,026,000 (2020: HK\$1,031,070,000), decreased by 23% as compared to last year. The Group's profit attributable to shareholders was HK\$81,004,000 (2020: HK\$14,123,000), increased by 474% from last year. The decrease in turnover was mainly attributable to the sale of the land numbered "H" and the construction in progress situated on it for RMB160,344,000 (equivalent to approximately HK\$179,826,000) of the Lianyungang project last year and the decrease in the turnover of hotel business and restaurant business in Hong Kong. The increase in operating profit attributable to shareholders was due to the improvement in the operating results of the restaurant, bakery and hotel businesses during the year.

### **PROPERTY**

Turnover of property segment for the year ended 31 March 2021 was HK\$90,345,000 (2020: HK\$262,667,000), a decrease of 66% from last year. The decrease was mainly attributable to the sale of the land numbered "H" and the construction in progress situated on it for RMB160,344,000 (equivalent to approximately HK\$179,826,000) of the Lianyungang project last year, which was partly compensated by the increase in rental income during the year. Segment profit for the year was HK\$100,801,000 (2020: HK\$137,731,000), a decrease of 27% from last year. The decrease in segment operating profit was mainly resulted from the gain on disposal of the abovementioned Lianyungang property recorded last year, which was partly offset by the fair value gain of investment properties for the year.

The Group's rental income from investment properties for the year was HK\$85,490,000 (2020: HK\$82,622,000), an increase of 4% from last year. While there was a slight decrease in rental income in Hong Kong, the investment properties in the Mainland have recorded an increase in rental income as a result of the addition of the Guangzhou South Station Property to the investment properties portfolio this year.

The Group's 50% owned Dongguan Home Town project was 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. Management is in a continuous effort to increase the attractiveness and competitiveness of the shopping centres and improve the shop tenants' quality, by organizing promotional events to increase people flow and attract more shop tenants in order to increase the occupancy and value of the shopping centres.

As to the business development in the Greater Bay Area, 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 by Vanke Group 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 leasing of the office premises has been progressing well with around 73% 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 associate company, Grand Creation Development Limited has successfully acquired 100% of the property ownerships by compulsory auction sale at end of 2020. Site investigation and demolition works were conducted in the first quarter of 2021 and completed in May 2021. Foundation works have commenced in the second quarter of 2021, which are estimated to be completed by the first quarter of 2022 and construction works will follow thereafter. The project is expected to be completed 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 on 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 company, Mega Success Limited has successfully acquired approximately 90% of the property ownerships of the Phase 1 development, and it is expected to acquire all the remaining units through compulsory auction sale by the first quarter of 2022. Site investigation and demolition works are estimated to commence thereafter. The project is expected to be completed by mid-2024.

## **RESTAURANT, FOOD AND HOTEL**

Due to the outbreak of COVID-19, the lockdowns and disruptions to economic activities in the Mainland China and Hong Kong had affected the restaurant, food and hotel segment businesses for the year. Turnover of restaurant, food and hotel segment for the year ended 31 March 2021 was HK\$705,681,000 (2020: HK\$768,403,000), a decrease of 8% from last year. The decrease was mainly attributable to the decrease in the turnover of hotel business and the restaurant business in Hong Kong. Segment profit for the year was HK\$105,049,000 (2020: HK\$22,634,000), an increase of 364% from last year. The significant increase was a result of the improvement in the operating results of the restaurant, bakery and hotel businesses as well as supported by the government subsidies under the "Anti-epidemic Fund" and "Employment Support Scheme."

The Group's overall restaurant turnover for the year was HK\$318,675,000 (2020: HK\$389,445,000), a decrease of 18% from last year. This was mainly due to the decrease in the restaurant business in Hong Kong as a result of the government policies to combat COVID-19 on social distancing and restrictions including number of diners and dining hours of restaurants. Management's prompt decision to close down several loss-making restaurants also contributed to the decrease in restaurant turnover. However, the restaurant business in the Mainland China recorded an 31% growth in turnover over last year due to the quick recovery of the economy as a result of effective control over COVID-19 and strong performance of the "Shun Yi" (順意) Shunde cuisine restaurants. As a result of management's decisive measures to control costs including rental, labour and food costs, restaurant business has managed to record an operating profit of HK\$10,298,000 as compared to a loss of HK\$48,550,000 last year.

Sales revenue of Carrianna Chinese restaurant group increased by 13% to HK\$189,053,000 from last year. With the opening of one new “Shun Yi” Shunde cuisine restaurant, the Group operated 7 Carrianna traditional Chao Zhou cuisine restaurants and 4 “Shun Yi” Shunde cuisine restaurants during the year. The operating result of Carrianna Chinese restaurant group has improved significantly by 131% to a profit of HK\$5,488,000 as compared to a loss of HK\$17,900,000 last year. Among that, turnover and operating profit of “Shun Yi” Shunde cuisine restaurants surged 158% and 490% to HK\$80,920,000 and HK\$10,664,000 respectively. “Shun Yi” Shunde cuisine restaurants continued to contribute to sales growth and profit for the Group.

Affected by the outbreak of COVID-19, the Hong Kong Delicious restaurant group recorded a decrease of 40% in turnover to HK\$129,622,000 from last year. After the prompt decision to close down several loss-making restaurants and two noodle shops during the year, Delicious restaurant group operated 12 Hong Kong style “Cha Chaan Teng” (茶餐廳) restaurants under the trade names “Delicious” (味皇), “Gustation” (嚙味), “Gusto” (樂天廚房) and “Rasa Pesta” (嚙聚), and 2 northern China style noodle shops, branded “King Noodle” (麵皇) during the year. The Delicious restaurant group recorded a profit of HK\$4,816,000 for the year (2020: loss of HK\$21,857,000). The improvement in operating results was mainly attributable to the swift response by management in the implementation of various cost control measures in food, labour and rent to minimize the impact of the virus outbreak on the restaurant operation and financial performance, supported by the government subsidies of the “Anti-epidemic Fund” and “Employment Support Scheme”. The Group has also adjusted its business strategies according to the market conditions to boost sales by increasing promotions, new products, special discounts and takeaway and home delivery. The Group was taking all necessary measures to reduce costs and maintain the existing operations in preparation for the business rebound as the COVID-19 is easing down and economy recovering.

Food business turnover for the year was HK\$363,377,000 (2020: HK\$341,253,000), a slight increase of 6% from 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. and began operations. 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 in November 2020. Besides, the factory is expected to produce packaged Hainan-style food and Chinese-style dry meat products so that the food business will become more diversified and continue to grow.

Turnover of the subsidiary Profit Smart group's bread business in Hong Kong reduced 8% to HK\$103,146,000 from last year. Profit Smart group operated 12 bakery shops throughout Hong Kong under the trade names "Empery Bakery" (馥軒), "Pak Lok Bakery" (百樂麵包) and "V28 Bakery" during the year. Profit Smart group has recorded a profit of HK\$11,942,000 for the year as compared to HK\$1,826,000 last year, a significant increase of 554%. Apart from the support by the government subsidies of the "Anti-epidemic Fund" and "Employment Support Scheme", the Profit Smart group has managed to improve results of the retail shops by introducing new products and improving sales. At the same time, the factory business performance has continued to improve as a result of better cost controls and operating efficiency. Management will continue to strengthen product development and introduce more new products with the aim to boost sales.

Hotel business was also affected by the outbreak of COVID-19 with a turnover of HK\$23,629,000 (2020: HK\$37,705,000), a decrease of 37% from last year. The operating loss of the two hotels decreased by 23% to HK\$15,685,000 from last year. The improvement in operating results was mainly due to the contracting out of the unsatisfactory restaurant operation and the implementation of tighter cost measures. Both hotels have achieved positive operating cash flows during the year. With the ease of COVID-19, the room rent and occupancy have gradually increased. The refurbishment of hotel rooms of Foshan Carrianna Hotel has completed in November 2020 and is expected to increase the competitiveness and thus the room rental income.

## **OUTLOOK**

2020/2021 had been a difficult year. The global trade disputes and COVID-19 had hindered economic development and caused instability to the global economy. Economic activities were widely disrupted as lockdowns and travel bans were imposed in various cities. Local demand was weakened and uncertainty surrounding the pandemic lingered. However, the Group responded quickly to address the situation by reducing operating costs and adjusting market strategies to improve market share and profitability. Although there are economic uncertainties and challenges ahead, management remains positive and cautiously optimistic about the prospects of the Group's property investment and development business and the restaurant and food business.



With its severe social restrictions and ability to contain the COVID-19, China's economy was able to rebound quickly from the second quarter of 2020. The restaurant business performance in the Mainland improved and revenue rebounded further in the second half of the year as compared to the first half. It is expected that China will continue to adopt its monetary easing policies and GDP will rise to over 7% in 2021. The Group expects the business performance will make progress along with the recovery of the economy and increasing spending power in the Mainland.

Management will continue to focus its business development in the Greater Bay Area where demand for commercial buildings and office towers will remain strong. Also, the shortage of land supply shortage, low level of interest rate and strong end-user demand will continue to provide a strong support to the residential property market in Hong Kong. While the existing investment property portfolio provides steady income flow, the new Guangzhou South Station Property and the 2 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 commercial and residential projects with re-development value in the Greater Bay Area.

With the introduction of the vaccines for COVID-19 and increasing number of vaccinations, it is expected that there will be gradual easing of lockdowns and travel bans and resuming of business activities. Management has seen the picking up again of the Group's restaurant and bakery business. Management will continue to control costs and adjust its business strategies in response to market changes to increase competitiveness. The Group is confident that the restaurant and bakery business performance will continue to improve in the coming year as the pandemic eases down.

In addition, with the advanced Hainan production facility in operation, the Group is optimistic about the expansion of its food business in the Mainland. The new bread production line has commenced its operation in November 2020. Besides, the factory is expected to produce packaged Hainan-style food and Chinese-style dry meat products, so that the food business will become more diversified and continue to contribute to the growth of the Group's food business in the next few years.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 31 March 2021, the Group's consolidated net assets before deduction of non-controlling interests was HK\$3,836,946,000 (31 March 2020: HK\$3,599,359,000) and consolidated net assets after deduction of non-controlling interests per share was HK\$3.05 (31 March 2020: HK\$2.86).

As at 31 March 2021, the Group's cash and bank balances amounted to HK\$413,573,000 (2020: HK\$245,895,000), which were denominated in Hong Kong dollars, Renminbi and United States dollars of HK\$207,913,000, HK\$188,128,000 and HK\$17,532,000 respectively. The Group's free cash and bank balances and structured deposits amounted to HK\$563,222,000 (2020: HK\$486,998,000).

As at 31 March 2021, the Group's total bank borrowings amounted to HK\$1,638,199,000 (2020: HK\$1,675,212,000). All interest-bearing bank borrowings bear interest at floating rates. Netting off cash deposits pledged for borrowings, the Group's net bank borrowings were HK\$1,593,376,000 (2020: HK\$1,640,516,000). Net bank borrowings less free cash and bank balances and structured deposits were HK\$1,030,154,000 (2020: HK\$1,153,518,000).

The Group's gearing ratio, which was defined as the Group's interest-bearing bank borrowings, net of cash and bank balances, structured deposits, and pledged time deposits as a percentage of the Group's total equity, was approximately 27% (2020: 32%).

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 at the year end, management will utilize it for appropriate investments in accordance with the Group's strategies and directions from the Board.

## **MATERIAL ACQUISITION**

### **Acquisition of property**

On 29 May 2020, Shenzhen Jiayizhan Trading Company Limited (深圳市佳意棧貿易有限公司) (the "Purchaser"), an indirect wholly-owned subsidiary of the Company and Yunan Longyu Property Development Company Limited (雲南龍宇房地產開發有限公司) (the "Vendor"), an independent third party entered into a pre-sale agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase all the commercial units numbered 8-S113, 8-S212, 8-S301 and 8-S401 of a 4-storey building (the "Building"), and ten parking spaces at basement level 1 of the Building (together the "Property") to be constructed on a parcel of land situated at Fifth Avenue, Runcheng, Kunming, Yunan Province, China (中國雲南省昆明市潤城第五大道) for a total cash consideration of RMB41,150,001 (equivalent to approximately HK\$44,474,921), of which RMB40,000,001 is apportioned to the commercial units, and the remaining balance, being RMB1,150,000 is apportioned to the parking spaces. The consideration for the commercial units is based on the expected aggregate gross floor area of the commercial units of 2,036.47 square metres and an agreed price per square metre for each of the commercial units, which upon completion of the Building, shall be adjusted based on the actual gross floor area of the commercial units. Pursuant to the pre-sale agreement, the Vendor shall deliver the Property to the Purchaser on or before 30 July 2021.

Further details of the above were explained in the Company's announcement dated 29 May 2020.

## **PLACING OF SHARES**

On 8 March 2021, the Placing Agent and the Company entered into the Share Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 125,708,754 Placing Shares at the Share Placing Price of HK\$0.45 per Placing Share to not less than six Share Placees who and whose ultimate beneficial owners are Independent Third Parties. The maximum gross proceeds from the Share Placing would be approximately HK\$56,569,000. The Placing Shares would be allotted and issued pursuant to the General Mandate.

The Placing Shares under the Share Placing represent approximately 10.00% of the existing issued share capital of the Company of 1,257,087,536 Shares as at the date of the Share Placing Agreement and approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Completion of Share Placing took place on 31 March 2021 in accordance with the terms and conditions of the Share Placing Agreement. An aggregate of 125,708,754 Placing Shares were successfully placed by the Placing Agent to not less than six Share Placees at the Share Placing Price pursuant to the terms and conditions of the Share Placing Agreement. The net proceeds from the Share Placing (after deduction of placing commission and other relevant costs and expenses) are approximately HK\$55,736,000.

Further details of the above were explained in the Company's announcements dated 8 March 2021 and 31 March 2021.

## **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 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 45.17% 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.

## 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 as at the date of this announcement
8 March 2021, 31 March 2021	Placing of 125,708,754 Shares under the General Mandate	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; salary expense, directors' fee and consultancy fee; professional fee; utility and administrative expenses; and rental expenses of the Group	Nil

### 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\$1,877,000 (2020: HK\$3,619,000).

### 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, properties held for sale, time deposits and financial assets at fair value through profit or loss with a total carrying value of approximately HK\$2,146,140,000 (2020: HK\$1,811,441,000) 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 2021 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 600 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.

## **EVENT AFTER THE END OF THE REPORTING PERIOD**

### **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 shall take place at 4:00 p.m. on 12 July 2021 or on such other time and date as the Company and the Placing Agent may agree in writing.

Further details of the above were explained in the Company's announcement dated 21 June 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 ("Jun Gao"), 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 shareholder's 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 shall provide unsecured interest-free shareholder's loans of HK\$21,750,000 and HK\$3,250,000 respectively to Fine Trade.

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of JV Agreements exceeds 5% but is less than 25%, the joint venture agreements and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

Completion of the transaction shall take place within 3 business days upon the fulfillment or waiver (as the case may be) of all the conditions precedent or such other date as may be agreed in writing between the parties to the sale and purchase agreements.

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

## **FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Directors recommended the payment of a final dividend of HK3 cents (2020: final dividend of HK3 cents) per ordinary share for the year ended 31 March 2021. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on or before 8 October 2021.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 16 September 2021 to Friday, 17 September 2021 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, 15 September 2021.

## **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, 27 August 2021 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, 24 August 2021 to Friday, 27 August 2021, 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, 23 August 2021.

## **AUDIT COMMITTEE**

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

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 2021.

## **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 2021 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the 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 2021.

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 2021.

## **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 2021.

## **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 2021 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, 29 June 2021

*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. Lo Man Kit, Sam and Mr. Wong See King as independent non-executive directors.*