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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 INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

**UNAUDITED INTERIM RESULTS**

The board of directors (the “Board”) of Carrianna Group Holdings Company Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated financial results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2021. The interim condensed consolidated financial statements have not been audited but have been reviewed by the Company’s audit committee.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 September 2021*

|   |              | <b>For the six months ended</b> |                    |
|---|--------------|---------------------------------|--------------------|
|   |              | <b>30 September</b>             |                    |
|   |              | <b>2021</b>                     | <b>2020</b>        |
|   | <i>Notes</i> | <b>HK\$'000</b>                 | <b>HK\$'000</b>    |
|   |              | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| <b>REVENUE</b>                            | <b>4</b>     | <b>516,446</b>                  | 475,968            |
| Cost of sales                             |              | <u><b>(199,126)</b></u>         | <u>(186,983)</u>   |
| Gross profit                              |              | <b>317,320</b>                  | 288,985            |
| Other income and gains, net               |              | <b>55,756</b>                   | 117,454            |
| Selling and distribution expenses         |              | <b>(116,377)</b>                | (102,423)          |
| General and administrative expenses       |              | <b>(100,391)</b>                | (83,569)           |
| Other expenses, net                       |              | <b>(1,402)</b>                  | (1,414)            |
| Finance costs                             | <b>5</b>     | <b>(19,746)</b>                 | (28,997)           |
| Share of profits and losses of associates |              | <u><b>(24,225)</b></u>          | <u>(34,373)</u>    |

|   |              | <b>For the six months ended</b> |                 |
|---|--------------|---------------------------------|-----------------|
|   |              | <b>30 September</b>             |                 |
|   |              | <b>2021</b>                     | 2020            |
|   | <i>Notes</i> | <b><i>HK\$'000</i></b>          | <i>HK\$'000</i> |
|   |              | <b>(Unaudited)</b>              | (Unaudited)     |
| <b>PROFIT BEFORE TAX</b>  | <i>6</i>     | <b>110,935</b>                  | 155,663         |
| Income tax expense  | <i>7</i>     | <u>(27,966)</u>                 | <u>(42,296)</u> |
| <b>PROFIT FOR THE PERIOD</b>  |              | <b><u>82,969</u></b>            | <u>113,367</u>  |
| <b>ATTRIBUTABLE TO:</b>   |              |                                 |                 |
| Owners of the parent  |              | <b>58,609</b>                   | 87,374          |
| Non-controlling interests   |              | <u>24,360</u>                   | <u>25,993</u>   |
|   |              | <b><u>82,969</u></b>            | <u>113,367</u>  |
|   |              | <i>HK cents</i>                 | <i>HK cents</i> |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO<br/>ORDINARY EQUITY HOLDERS<br/>OF THE PARENT</b> |              |                                 |                 |
|   | <i>9</i>     |                                 |                 |
| Basic   |              | <b><u>3.90</u></b>              | <u>6.95</u>     |
| Diluted   |              | <b><u>3.90</u></b>              | <u>6.95</u>     |

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

|   | <b>For the six months ended</b> |                 |
|---|---------------------------------|-----------------|
|   | <b>30 September</b>             |                 |
|   | <b>2021</b>                     | 2020            |
|   | <i>HK\$'000</i>                 | <i>HK\$'000</i> |
|   | <b>(Unaudited)</b>              | (Unaudited)     |
| Profit for the period   | <u>82,969</u>                   | <u>113,367</u>  |
| Other comprehensive income/(loss):  |                                 |                 |
| Items that may be reclassified to profit or loss in subsequent periods:         |                                 |                 |
| Exchange differences on translation of foreign operations                       | 45,272                          | 47,337          |
| Share of other comprehensive income of associates                               | <u>6,285</u>                    | <u>22,345</u>   |
|   | <b>51,557</b>                   | 69,682          |
| Items 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>(27,793)</u>                 | <u>(4,804)</u>  |
| <b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>                                | <u><b>23,764</b></u>            | <u>64,878</u>   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                                | <u><b>106,733</b></u>           | <u>178,245</u>  |
| <b>ATTRIBUTABLE TO:</b>   |                                 |                 |
| Owners of the parent  | 81,954                          | 152,085         |
| Non-controlling interests   | <u>24,779</u>                   | <u>26,160</u>   |
|   | <u><b>106,733</b></u>           | <u>178,245</u>  |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

|   | Notes | 30 September<br>2021<br><i>HK\$'000</i><br>(Unaudited) | 31 March<br>2021<br><i>HK\$'000</i><br>(Audited) |
|---|-------|--|--|
| <b>NON-CURRENT ASSETS</b>   |       |  |  |
| Property, plant and equipment   |       | 861,811  | 756,137  |
| Investment properties   |       | 2,560,026  | 2,515,637  |
| Right-of-use assets   |       | 97,559   | 109,813  |
| Goodwill  |       | 67,703   | 67,703   |
| Interests in associates   |       | 872,446  | 842,691  |
| Equity investments designated at fair value<br>through other comprehensive income |       | 91,718   | 119,511  |
| Properties under development  |       | 318,503  | 313,607  |
| Deferred tax assets   |       | 12,092   | 12,106   |
| Other receivables, deposits and prepayments                                       |       | 34,596   | 29,485   |
| Total non-current assets  |       | <u>4,916,454</u>                                       | <u>4,766,690</u>                                 |
| <b>CURRENT ASSETS</b>   |       |  |  |
| Properties held for sale  |       | 477,383  | 469,401  |
| Inventories   |       | 41,130   | 33,806   |
| Tax recoverable   |       | 132  | 140  |
| Trade receivables   | 10    | 60,567   | 31,662   |
| Other receivables, deposits and prepayments                                       |       | 322,655  | 299,851  |
| Due from directors  |       | 12,324   | 4,779  |
| Due from non-controlling shareholders   |       | 4,080  | 8,280  |
| Due from an associate   |       | 294,806  | 290,305  |
| Financial assets at fair value through profit or loss                             |       | 260,379  | 223,990  |
| Equity investment designated at fair value through<br>other comprehensive income  |       | 35,233   | 34,657   |
| Structured deposits   |       | 170,014  | 149,649  |
| Restricted cash   |       | 76   | 106  |
| Pledged time deposits   |       | 43,951   | 44,823   |
| Cash and cash equivalents   |       | 359,490  | 413,573  |
| Total current assets  |       | <u>2,082,220</u>                                       | <u>2,005,022</u>                                 |

|  |       | <b>30 September<br/>2021</b> | 31 March<br>2021 |
|--|-------|------------------------------|------------------|
|  | Notes | <b><i>HK\$'000</i></b>       | <i>HK\$'000</i>  |
|  |       | <b>(Unaudited)</b>           | (Audited)        |
| <b>CURRENT LIABILITIES</b>                         |       |                              |                  |
| Trade payables                                     | 11    | <b>(70,100)</b>              | (43,945)         |
| Other payables, accruals and deposits received     |       | <b>(413,185)</b>             | (419,862)        |
| Provisions   |       | <b>(460)</b>                 | (820)            |
| Due to non-controlling shareholders                |       | <b>(38,786)</b>              | (35,353)         |
| Interest-bearing bank borrowings                   |       | <b>(970,573)</b>             | (1,079,859)      |
| Lease liabilities                                  |       | <b>(30,203)</b>              | (45,536)         |
| Deferred income                                    |       | <b>(34,813)</b>              | (34,640)         |
| Tax payable  |       | <b>(300,952)</b>             | (287,947)        |
|  |       | <hr/>                        | <hr/>            |
| Total current liabilities                          |       | <b>(1,859,072)</b>           | (1,947,962)      |
|  |       | <hr/>                        | <hr/>            |
| <b>NET CURRENT ASSETS</b>                          |       | <b>223,148</b>               | 57,060           |
|  |       | <hr/>                        | <hr/>            |
| <b>TOTAL ASSETS LESS<br/>CURRENT LIABILITIES</b>   |       | <b>5,139,602</b>             | 4,823,750        |
|  |       | <hr/>                        | <hr/>            |
| <b>NON-CURRENT LIABILITIES</b>                     |       |                              |                  |
| Accruals and deposits received                     |       | <b>(4,424)</b>               | (4,372)          |
| Interest-bearing bank borrowings                   |       | <b>(624,122)</b>             | (558,340)        |
| Convertible bonds                                  |       | <b>(75,670)</b>              | –                |
| Lease liabilities                                  |       | <b>(46,946)</b>              | (42,111)         |
| Deferred income                                    |       | <b>(87,334)</b>              | (86,583)         |
| Deferred tax liabilities                           |       | <b>(306,485)</b>             | (298,567)        |
| Provisions   |       | <b>(2,920)</b>               | (2,569)          |
|  |       | <hr/>                        | <hr/>            |
| Total non-current liabilities                      |       | <b>(1,147,901)</b>           | (992,542)        |
|  |       | <hr/>                        | <hr/>            |
| Net assets   |       | <b>3,991,701</b>             | 3,831,208        |
|  |       | <hr/> <hr/>                  | <hr/> <hr/>      |
| <b>EQUITY</b>                                      |       |                              |                  |
| <i>Equity attributable to owners of the parent</i> |       |                              |                  |
| Issued capital                                     |       | <b>157,136</b>               | 138,280          |
| Reserves   |       | <b>3,815,729</b>             | 3,698,666        |
|  |       | <hr/>                        | <hr/>            |
|  |       | <b>3,972,865</b>             | 3,836,946        |
| Non-controlling interests                          |       | <b>18,836</b>                | (5,738)          |
|  |       | <hr/>                        | <hr/>            |
| Total equity                                       |       | <b>3,991,701</b>             | 3,831,208        |
|  |       | <hr/> <hr/>                  | <hr/> <hr/>      |

## NOTES:

### 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and in compliance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### 2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial statements:

|  |  |
|--|--|
| Amendment to HKFRS 16  | <i>COVID-19-Related Rent Concessions beyond 30 June 2021</i> |
| Amendments to HKFRS 9, HKAS 39,<br>HKFRS 7, HKFRS 4 and HKFRS 16 | <i>Interest Rate Benchmark Reform – Phase 2</i>              |

Other than the impact as explained below, the adoption of the above revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements.

#### ***Amendment to HKFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021***

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

During the six months ended 30 September 2021, certain monthly lease payments for the leases of the Group's restaurants and bakery shops have been reduced or waived by the lessors as a result of the COVID-19 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 COVID-19 pandemic during the six months ended 30 September 2021. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$2,654,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the six months ended 30 September 2021.

***Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2***

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 Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount 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.

**3. 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 resources 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, certain fair value gains or losses from the Group's financial instruments, finance costs as well as corporate and unallocated expenses are excluded from such measurement.

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

The following tables present revenue, profit or loss information for the Group's reportable operating segments during the period.

|   | Restaurant, food and hotel            |                                 | Property investment and development |                                 | Total                           |                                 |
|---|---------------------------------------|---------------------------------|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   | For the six months ended 30 September |                                 |                                     |                                 |                                 |                                 |
|   | 2021<br>HK\$'000<br>(Unaudited)       | 2020<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited)     | 2020<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) | 2020<br>HK\$'000<br>(Unaudited) |
| <b>Segment revenue:</b>                 |                                       |                                 |                                     |                                 |                                 |                                 |
| Revenue from external customers         | 460,744                               | 433,457                         | 55,702                              | 42,511                          | 516,446                         | 475,968                         |
| Intersegment revenue                    | 828                                   | 281                             | 4,433                               | 3,514                           | 5,261                           | 3,795                           |
|   | <u>461,572</u>                        | <u>433,738</u>                  | <u>60,135</u>                       | <u>46,025</u>                   | <u>521,707</u>                  | <u>479,763</u>                  |
| <i>Reconciliation:</i>                  |                                       |                                 |                                     |                                 |                                 |                                 |
| Elimination of intersegment revenue     |                                       |                                 |                                     |                                 | <u>(5,261)</u>                  | <u>(3,795)</u>                  |
| Total revenue                           |                                       |                                 |                                     |                                 | <u><u>516,446</u></u>           | <u><u>475,968</u></u>           |
| <b>Segment results</b>                  | <b>93,734</b>                         | <b>113,126</b>                  | <b>39,657</b>                       | <b>55,694</b>                   | <b>133,391</b>                  | <b>168,820</b>                  |
| <i>Reconciliation:</i>                  |                                       |                                 |                                     |                                 |                                 |                                 |
| Bank interest income                    |                                       |                                 |                                     |                                 | 1,522                           | 1,159                           |
| Unallocated other income and gains, net |                                       |                                 |                                     |                                 | 14,376                          | 30,646                          |
| Corporate and unallocated expenses      |                                       |                                 |                                     |                                 | (18,608)                        | (15,965)                        |
| Finance costs                           |                                       |                                 |                                     |                                 | <u>(19,746)</u>                 | <u>(28,997)</u>                 |
| Profit before tax                       |                                       |                                 |                                     |                                 | <u><u>110,935</u></u>           | <u><u>155,663</u></u>           |



#### 4. REVENUE

An analysis of revenue is as follows:

|  | <b>For the six months ended</b>  |   |
|--|--|---|
|  | <b>30 September</b>  |   |
|  | <b>2021</b>  | 2020  |
|  | <b>HK\$'000</b>  | HK\$'000  |
|  | <b>(Unaudited)</b>   | (Unaudited)   |
| <i>Revenue from contracts with customers</i>   |  |   |
| Income from restaurant, food and hotel businesses  | 460,744  | 433,457   |
| Proceeds from sale of properties, property management service income and commission income | 4,254  | 565   |
|  | <u>464,998</u>   | <u>434,022</u>  |
| <i>Revenue from other sources</i>  |  |   |
| Gross rental income  | 51,448   | 41,946  |
|  | <u>51,448</u>  | <u>41,946</u>   |
|  | <u><b>516,446</b></u>  | <u><b>475,968</b></u>   |
| <i>Revenue from contracts with customers</i>   |  |   |
| <i>Disaggregated revenue information</i>   |  |   |
| <i>For the six months ended 30 September 2021</i>  |  |   |
| Segments   | <b>Restaurant,<br/>food and<br/>hotel<br/>HK\$'000<br/>(Unaudited)</b> | <b>Property<br/>investment and<br/>development<br/>HK\$'000<br/>(Unaudited)</b> |
| <b>Types of goods or services</b>  |  |   |
| Restaurant and bakery operations   | 218,053  | –   |
| Sale of food products  | 232,252  | –   |
| Hotel operations   | 10,439   | –   |
| Sale of properties   | –  | 3,654   |
| Property management services   | –  | 600   |
|  | <u>460,744</u>   | <u>4,254</u>  |
| Total revenue from contracts with customers  | <u><b>460,744</b></u>  | <u><b>4,254</b></u>   |
| <b>Geographical markets</b>  |  |   |
| Hong Kong  | 134,842  | –   |
| Mainland China   | 325,902  | 4,254   |
|  | <u>460,744</u>   | <u>4,254</u>  |
| Total revenue from contracts with customers  | <u><b>460,744</b></u>  | <u><b>4,254</b></u>   |
| <b>Timing of revenue recognition</b>   |  |   |
| At a point in time   | 450,305  | 3,654   |
| Over time  | 10,439   | 600   |
|  | <u>460,744</u>   | <u>4,254</u>  |
| Total revenue from contracts with customers  | <u><b>460,744</b></u>  | <u><b>4,254</b></u>   |

For the six months ended 30 September 2020

| <b>Segments</b>                             | Restaurant,<br>food and<br>hotel<br><i>HK\$'000</i><br>(Unaudited) | Property<br>investment and<br>development<br><i>HK\$'000</i><br>(Unaudited) |
|---|--|---|
| <b>Types of goods or services</b>           |  |   |
| Restaurant and bakery operations            | 191,890  | –   |
| Sale of food products                       | 233,096  | –   |
| Hotel operations                            | 8,471  | –   |
| Property management services                | –  | 565   |
|   | <u>433,457</u>   | <u>565</u>  |
| Total revenue from contracts with customers | <u><u>433,457</u></u>  | <u><u>565</u></u>   |
| <b>Geographical markets</b>                 |  |   |
| Hong Kong                                   | 127,526  | –   |
| Mainland China                              | 305,931  | 565   |
|   | <u>433,457</u>   | <u>565</u>  |
| Total revenue from contracts with customers | <u><u>433,457</u></u>  | <u><u>565</u></u>   |
| <b>Timing of revenue recognition</b>        |  |   |
| At a point in time                          | 424,986  | –   |
| Over time                                   | 8,471  | 565   |
|   | <u>433,457</u>   | <u>565</u>  |
| Total revenue from contracts with customers | <u><u>433,457</u></u>  | <u><u>565</u></u>   |

## 5. FINANCE COSTS

|                                | <b>For the six months ended</b> |                      |
|--------------------------------|---------------------------------|----------------------|
|                                | <b>30 September</b>             |                      |
|                                | <b>2021</b>                     | 2020                 |
|                                | <i>HK\$'000</i>                 | <i>HK\$'000</i>      |
|                                | (Unaudited)                     | (Unaudited)          |
| Interest in respect of:        |                                 |                      |
| Bank loans and bank overdrafts | 17,623                          | 26,817               |
| Convertible bonds              | 455                             | –                    |
| Lease liabilities              | 1,668                           | 2,180                |
|                                | <u>19,746</u>                   | <u>28,997</u>        |
|                                | <u><u>19,746</u></u>            | <u><u>28,997</u></u> |

## 6. PROFIT BEFORE TAX

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

|   | For the six months ended |             |
|---|--------------------------|-------------|
|   | 30 September             |             |
|   | 2021                     | 2020        |
|   | HK\$'000                 | HK\$'000    |
|   | (Unaudited)              | (Unaudited) |
| Cost of inventories sold and services provided  | 199,126                  | 186,983     |
| Depreciation of property, plant and equipment   | 38,000                   | 29,173      |
| Lease payments not included in the measurement of lease liabilities                                 | 162                      | 957         |
| Depreciation of right-of-use assets   | 27,283                   | 28,742      |
| Reversal of impairment of other receivables   | –                        | (496)       |
| Changes in fair value of financial assets at fair value through profit or loss, net                 | 4,545                    | (1,897)     |
| Equity-settled share option expense   | 91                       | 526         |
| Foreign exchange differences, net   | 142                      | (5,802)     |
| Bank interest income  | (1,522)                  | (1,159)     |
| Changes in fair value of investment properties, net   | (31,105)                 | (50,288)    |
| Dividend income from equity investments designated at fair value through other comprehensive income | (4,169)                  | (4,169)     |
| Gain on disposal of subsidiaries  | –                        | (1,095)     |
| Unwinding of discount on receivables  | –                        | (13,373)    |

## 7. INCOME TAX EXPENSE

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 period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

|                                 | For the six months ended |                   |
|---------------------------------|--------------------------|-------------------|
|                                 | 30 September             |                   |
|                                 | 2021                     | 2020              |
|                                 | HK\$'000                 | HK\$'000          |
|                                 | (Unaudited)              | (Unaudited)       |
| Current – Hong Kong             |                          |                   |
| Charge for the period           | –                        | 287               |
| Current – Mainland China        |                          |                   |
| Charge for the period           | 20,426                   | 29,718            |
| Deferred                        | 7,540                    | 12,291            |
|                                 | <u>          </u>        | <u>          </u> |
| Total tax charge for the period | <u>27,966</u>            | <u>42,296</u>     |

## 8. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2021 (2020: Nil).

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

The calculation of the basic earnings per share amount is based on the unaudited profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,501,292,246 (2020: 1,257,087,536) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 September 2021 (2020: Nil) in respect of a dilution as the share options and convertible bonds of the Company outstanding during the period had no dilutive effect on the basic earnings per share amount presented.

The effect of dilution from share options and convertible bonds for the six months ended 30 September 2021 is shown below.

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

|   | <b>For the six months ended</b> |                             |
|---|---------------------------------|-----------------------------|
|   | <b>30 September</b>             |                             |
|   | <b>2021</b>                     | <b>2020</b>                 |
|   | <b><i>HK\$'000</i></b>          | <b><i>HK\$'000</i></b>      |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>          |
| <b>Earnings</b>   |                                 |                             |
| Profit attributable to ordinary equity holders of the parent,<br>used in the basic earnings per share calculation         | <b><u>58,609</u></b>            | <b><u>87,374</u></b>        |
| <br>  |                                 |                             |
|   | <b>Number of shares</b>         |                             |
|   | <b>For the six months ended</b> |                             |
|   | <b>30 September</b>             |                             |
|   | <b>2021</b>                     | <b>2020</b>                 |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>          |
| <b>Shares</b>   |                                 |                             |
| Weighted average number of ordinary shares in issue during<br>the period used in the basic earnings per share calculation | <b>1,501,292,246</b>            | 1,257,087,536               |
| Effect of dilution – weighted average number of ordinary shares:  |                                 |                             |
| Share options   | –                               | –                           |
| Convertible bonds   | –                               | –                           |
|   | <b><u>1,501,292,246</u></b>     | <b><u>1,257,087,536</u></b> |

## 10. TRADE RECEIVABLES

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

|                | <b>30 September<br/>2021<br/><i>HK\$'000</i><br/>(Unaudited)</b> | 31 March<br>2021<br><i>HK\$'000</i><br>(Audited) |
|----------------|--|--|
| Within 30 days | 42,291   | 19,271   |
| 31 to 60 days  | 9,431  | 5,950  |
| 61 to 90 days  | 1,382  | 1,578  |
| Over 90 days   | 7,463  | 4,863  |
|                | <u>60,567</u>  | <u>31,662</u>                                    |

For restaurant, bakery and hotel operations, the Group's trading terms with its customers are mainly on demand or settlements by major credit/debit cards or electronic/mobile payment methods are normally required. For sale of food products, customers are generally given 30 to 90 days credit terms, 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 receivables balances. Overdue balances are reviewed regularly by senior management.

Trade receivables are non-interest-bearing.

## 11. TRADE PAYABLES

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

|                | <b>30 September<br/>2021<br/><i>HK\$'000</i><br/>(Unaudited)</b> | 31 March<br>2021<br><i>HK\$'000</i><br>(Audited) |
|----------------|--|--|
| Within 30 days | 47,886   | 26,395   |
| 31 to 60 days  | 5,843  | 2,387  |
| 61 to 90 days  | 9,425  | 11,632   |
| Over 90 days   | 6,946  | 3,531  |
|                | <u>70,100</u>  | <u>43,945</u>                                    |

Trade payables are non-interest-bearing and repayable within the normal operating cycle.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND PROSPECT**

#### **OVERALL RESULTS**

For the six months ended 30 September 2021, the Group's turnover was HK\$516,446,000 (2020: HK\$475,968,000), increased by 9% from the same period last year. The Group's profit attributable to shareholders was HK\$58,609,000 (2020: HK\$87,374,000), decreased by 33% from the same period last year. The increase in turnover was mainly attributable to the increase in the restaurant and bakery business turnover as well as rental and property sales income during the period. The decrease in operating profit attributable to shareholders was mainly due to the significant property revaluation gain recorded last year and the government subsidies received by the restaurant and bakery businesses last year, which was partly offset by the improvement in the operating results of the investment properties portfolio this year.

#### **PROPERTY**

Turnover of property segment for the period ended 30 September 2021 was HK\$55,702,000 (2020: HK\$42,511,000), an increase of 31% from the same period 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 period. Segment profit for the period was HK\$39,657,000 (2020: HK\$55,694,000), a decrease of 29% from the same period last year. The decrease in segment profit was mainly due to the significant revaluation gain of the investment properties portfolio recorded last year.

The Group's rental income from investment properties for the period was HK\$51,448,000 (2020: HK\$41,946,000), an increase of 23% from the same period 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. 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 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 office premises have achieved 100% occupancy to date. The property has a guaranteed 4% investment return by Vanke Group 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 complete by the first quarter of 2022 and construction works will follow thereafter. 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 company, Mega Success Limited 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 the first quarter of 2022. Site investigation and demolition works are estimated to commence thereafter. The project is expected to complete by mid-2024.



## **RESTAURANT, FOOD AND HOTEL**

Turnover of restaurant, food and hotel segment for the period ended 30 September 2021 was HK\$460,744,000 (2020: HK\$433,457,000), an increase of 6% from the same period last year. The increase was mainly attributable to the increase in the restaurant, bakery and hotel businesses as a result of slow-down of COVID-19 pandemic. Segment profit for the period was HK\$93,734,000 (2020: HK\$113,126,000), a decrease of 17% from the same period last year. The decrease was mainly due to significant government subsidies received by the restaurant and bakery businesses last year.

Restaurant turnover for the period was HK\$158,652,000 (2020: HK\$141,300,000), an increase of 12% from the same period last year. This was mainly due to the relaxation of government policies on social distancing and restrictions on restaurant business including number of diners and dining hours of restaurants as a result of the ability to contain the COVID-19 and the increasing number of vaccinations against COVID-19. While there was a gradual resumption of restaurant business both for Hong Kong and the Mainland from last year, there were still occasional outbreaks of COVID-19 in the Mainland during the period. Restaurant business has recorded an operating loss of HK\$3,604,000 as compared to a profit of HK\$4,220,000 for the same period last year which was mainly due to the lack of government subsidies under the “Anti-epidemic Fund” and “Employment Support Scheme” this year as compared to last year.

Sales revenue of Carrianna restaurant group rebounded to HK\$97,765,000, an increase of 32% from the same period last year. The Group operated 5 Carrianna traditional Chao Zhou cuisine restaurants and 4 “Shun Yi” (順意) Shunde cuisine restaurants during the period. Due to the lack of government subsidies and the occasional outbreaks of COVID-19 in the Mainland, the Carrianna restaurant group has recorded a loss of HK\$1,603,000 as compared to a profit of HK\$1,800,000 for the same period last year. As the peak season of restaurant business falls in the second half of the year, management expects that the turnover and operating results of the Carrianna restaurant group will improve in the second half of the year. “Shun Yi” Shunde cuisine restaurants continued to grow with an increase in turnover of 38% to HK\$43,456,000 over the same period last year.

The Hong Kong Delicious restaurant group recorded a decrease of 10% in turnover to HK\$60,887,000 from the same period last year. This was mainly due to the close down of several loss-making restaurants during the period. Delicious restaurant group operated 9 Hong Kong style “Cha Chaan Teng” (茶餐廳) restaurants under the trade names “Delicious” (味皇), “Gustation” (嚐味), “Gusto” (樂天廚房) and “Rasa Pesta” (嚐聚), and 3 northern China style noodle shops, branded “King Noodle” (麵皇) during the period. The Delicious restaurant group recorded a loss of HK\$2,001,000 for the period (2020: profit of HK\$2,426,000). The decrease in operating results was mainly attributable to the support by the government subsidies of the “Anti-epidemic Fund” and “Employment Support Scheme” last year. The Group has 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 consolidate the existing operations in preparation for the business rebound as the travel ban between Hong Kong and the Mainland is being lifted.

Food business turnover for the period was HK\$291,653,000 (2020: HK\$283,686,000), an increase of 3% from the same period 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 the same period 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 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 increased 17% to HK\$59,401,000 from the same period 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 period. Profit Smart group has recorded a profit of HK\$2,546,000 (2020: HK\$7,440,000), a decrease of 66% from the same period 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.

Hotel business has recorded a turnover of HK\$10,439,000 (2020: HK\$8,471,000), an increase of 23% from the same period last year. The operating loss of the two hotels for the period was HK\$9,871,000 (2020: HK\$8,085,000), increased by 22% from the same period 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 period. Both hotels have achieved positive operating cash flows during the period. The room rent and occupancy are gradually increasing as COVID-19 has started to ease down.

## **OUTLOOK**

Although the economic outlook remains uncertain due to global health situation, the severe social restrictions, increasing number of COVID-19 vaccinations and ability to contain the COVID-19 pandemic in the Mainland and Hong Kong have brought the gradual economic recovery to the region from last year. During the period, the Group improved its sustainability by reducing operating costs and adjusting market strategies to improve market share and profitability. Management remains positive and cautiously optimistic about the prospects of the Group's property investment and development business and the restaurant, hotel and food business.

China's economy was able to rebound quickly during the period despite occasional outbreaks of COVID-19 in different parts of the country. The restaurant business performance in the Mainland improved and revenue rebounded. The Group captured the opportunity by opening the fifth "Shun Yi" Shunde cuisine restaurant in Shenzhen in November 2021. It is expected that China will continue to adopt its monetary easing policies and 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 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 investment 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. In particular, as soon as the border with Mainland is reopened and quarantine-free travel is allowed between the Mainland and Hong Kong, management expects there will be a rebound of the Group's restaurant and bakery business. The Group will continue to control costs and adjust its business strategies in response to market changes to increase competitiveness. The Group remains cautiously optimistic about the restaurant and bakery business performance 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 30 September 2021, the Group's consolidated net assets after deduction of non-controlling interests was HK\$3,972,865,000 (31 March 2021: HK\$3,836,946,000) and consolidated net assets after deduction of non-controlling interests per share was HK\$2.65 (31 March 2021: HK\$3.05).

As at 30 September 2021, the Group's cash and bank balances amounted to HK\$359,490,000 (31 March 2021: HK\$413,573,000), which were denominated in Hong Kong dollars, Renminbi and United States dollars of HK\$91,052,000, HK\$260,877,000 and HK\$7,561,000 respectively. The Group's free cash and bank balances and structured deposits amounted to HK\$529,504,000 (31 March 2021: HK\$563,222,000).

As at 30 September 2021, the Group's total bank borrowings amounted to HK\$1,596,275,000 (31 March 2021: HK\$1,638,199,000). 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\$1,552,324,000 (31 March 2021: HK\$1,593,376,000). Net bank borrowings less free cash and bank balances and structured deposits were HK\$1,022,820,000 (31 March 2021: HK\$1,030,154,000).

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 26% (31 March 2021: 27%).

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 period 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 period end, 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 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.

## **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 at 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 ("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.



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.

## 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\$6.3 million for salary expense, directors' fee and consultancy fee; approximately HK\$3.6 million for professional fee; approximately HK\$6.1 million for utility and administrative expenses; and approximately HK\$12.8 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 million  | Approximately HK\$5.9 million for business development of the Group   |

## **FOREIGN EXCHANGE EXPOSURE**

The Group mainly operates in Hong Kong and Mainland China with most of the Group's monetary assets, liabilities and transactions principally denominated in Hong Kong Dollars and Renminbi, respectively. Majority of the sales, purchases and expenditure incurred by the operating units of the Group were denominated in the units' functional currencies and as a result, the Group does not anticipate significant transactional currency exposures.

## **CONTINGENT LIABILITIES**

As at the end of the reporting period, the Group had contingent liabilities relating to guarantees given to bank for mortgage loan facilities granted to purchasers of properties of approximately HK\$840,000 (31 March 2021: HK\$1,858,000).

## **CHARGES ON THE GROUP'S ASSETS**

As at the end of the reporting period, certain of the Group's properties, 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\$2,470,270,000 (31 March 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.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2021, the Group's staff consisted of approximately 550 employees in Hong Kong and approximately 1,000 employees outside Hong Kong. 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**

### **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.

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).

# for identification purpose only

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 pre-sale 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 pre-sale 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.

## **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 is accountable to the Board and the principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process, internal controls and review of the Group's financial statements.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for securities transactions by 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 six months ended 30 September 2021.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

In the opinion of the directors, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2021 save as disclosed below.

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 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 bye-laws of the Company and their terms of appointment are reviewed when they are due for re-election.

## **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 six months ended 30 September 2021.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement is published on the websites of the Company (<http://www.carrianna.com>) and the Stock Exchange (<http://www.hkex.com.hk>) respectively. The 2021/2022 interim 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.

By order of the Board  
**Carrianna Group Holdings Company Limited**  
**Dr. Ma Kai Yum**  
*Chairman*

Hong Kong, 26 November 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. Wong See King and Mr. Cheung Wah Fung, Christopher as independent non-executive directors.*