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 2023

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 2023, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
REVENUE	*3*	**683,482**	781,170
Cost of sales		**(384,589)**	(407,152)
Gross profit		**298,893**	374,018
Other income and gains, net		**67,658**	54,559
Selling and distribution expenses		**(136,163)**	(140,231)
General and administrative expenses		**(150,826)**	(135,146)
Other expenses, net		**(132,658)**	(87,420)
Finance costs	*4*	**(84,283)**	(53,199)
Share of profit/(losses) of associates		**(48,066)**	35,991
PROFIT/(LOSS) BEFORE TAX	*5*	**(185,445)**	48,572
Income tax credit/(expense)	*6*	**15,712**	(23,461)
PROFIT/(LOSS) FOR THE YEAR		**(169,733)**	25,111

	Notes	2023 HK$'000	2022 HK$'000
Attributable to:			
Owners of the parent		**(175,680)**	3,822
Non-controlling interests		**5,947**	21,289
		(169,733)	25,111
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
– Basic		**HK cents (11.18)**	HK cents 0.25
– Diluted		**HK cents (11.18)**	HK cents 0.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

	2023	2022
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(169,733)**	25,111
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(195,887)**	86,075
Share of other comprehensive income/(loss) of associates	**(79,528)**	133,908
	(275,415)	219,983
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	**(24,118)**	(27,105)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(299,533)**	192,878
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(469,266)**	217,989
Attributable to:		
Owners of the parent	**(474,133)**	196,366
Non-controlling interests	**4,867**	21,623
	(469,266)	217,989

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**858,120**	899,700
Investment properties		**2,329,752**	2,522,690
Right-of-use assets		**137,587**	120,777
Goodwill		**52,581**	64,470
Interests in associates		**976,948**	1,083,728
Equity investment designated at fair value through other comprehensive income		**95,868**	119,492
Properties under development		**321,756**	337,320
Deferred tax assets		**20,964**	18,999
Other receivables, deposits and prepayments		**34,066**	46,405
Total non-current assets		**4,827,642**	5,213,581
CURRENT ASSETS			
Properties held for sale		**449,774**	487,200
Inventories		**30,082**	39,107
Tax recoverable		**4,120**	78
Trade receivables	*9*	**30,913**	29,442
Other receivables, deposits and prepayments		**381,529**	472,201
Due from directors		**2,765**	5,109
Due from non-controlling shareholders		**–**	15,253
Due from an associate		**283,038**	300,974
Financial assets at fair value through profit or loss		**124,238**	159,941
Equity investment designated at fair value through other comprehensive income		**33,663**	35,553
Restricted cash		**32**	92
Pledged time deposits		**33,568**	43,473
Cash and bank balances		**287,707**	279,616
Total current assets		**1,661,429**	1,868,039

	Notes	2023 HK$'000	2022 HK$'000
CURRENT LIABILITIES			
Trade payables	*10*	**(56,819)**	(44,597)
Other payables, accruals and deposits received		**(227,484)**	(367,618)
Provisions		**–**	(670)
Convertible bonds		**(57,988)**	–
Due to directors		**(3,067)**	(4,349)
Due to non-controlling shareholders		**(37,956)**	(39,756)
Interest-bearing bank borrowings		**(1,189,482)**	(943,028)
Lease liabilities		**(36,366)**	(40,754)
Deferred income		**(31,213)**	(34,491)
Tax payable		**(306,710)**	(325,397)
Total current liabilities		**(1,947,085)**	(1,800,660)
NET CURRENT ASSETS/(LIABILITIES)		**(285,656)**	67,379
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,541,986**	5,280,960
NON-CURRENT LIABILITIES			
Accruals and deposits received		**(6,779)**	(7,073)
Convertible bonds		**–**	(58,171)
Interest-bearing bank borrowings		**(509,565)**	(686,158)
Lease liabilities		**(81,782)**	(56,767)
Deferred income		**(82,678)**	(92,247)
Deferred tax liabilities		**(271,293)**	(297,255)
Provisions		**(4,687)**	(4,884)
Total non-current liabilities		**(956,784)**	(1,202,555)
Net assets		**3,585,202**	4,078,405
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**157,136**	157,136
Reserves		**3,434,828**	3,929,537
		3,591,964	4,086,673
Non-controlling interests		**(6,762)**	(8,268)
Total equity		**3,585,202**	4,078,405

NOTES

31 March 2023

1.1 BASIS OF PREPARATION

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

Operating cycle

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

Going concern basis

During the year ended 31 March 2023, the Group recorded a net loss of approximately HK$169,733,000 (2022: profit of approximately HK$25,111,000) and as at 31 March 2023, the Group's current liabilities exceeded its current assets by approximately HK$285,656,000 (2022: net current assets of approximately HK$67,379,000). As at 31 March 2023, included in its current liabilities were interest-bearing borrowings drawn down from banking facilities totalling approximately HK$1,189,482,000, among which approximately HK$713,880,000 were drawn down under revolving loan facilities, of which the Group could roll over the facilities in the next twelve months generally.

In preparing the consolidated financial statements, the Directors have given careful consideration of the liquidity requirement for the Group's operations, the performance of the Group and available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The Directors have reviewed the Group's cash flow projections prepared by management which covers a period of twelve months from 31 March 2023. The Directors have taken into account the following plans and measures in assessing the sufficiency of working capital requirements in the foreseeable future:

(a) Subsequent to the end of the reporting period and up to the date of this announcement, the Group has refinanced the existing banking facilities of approximately HK$140 million;

(b) Ignoring the effect of any repayment on-demand clauses, interest-bearing borrowings of HK$140 million which were classified as current liabilities as at 31 March 2023 would have become non-current liabilities and will be settled in accordance with the maturity dates as set out in the banking facility letters;

(c) The Group will have the financial resources reasonably available from the internally generated funds from operations, proceeds from disposal of assets and cash and bank balances of the Group.

Based on the above, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 March 2023. Accordingly, the Directors consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs that are applicable to the Group for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or 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 2023

	Restaurant, food and hotel *HK$'000*	Property investment and development *HK$'000*	Total *HK$'000*
Segment revenue *(note 3)*			
Revenue from external customers	**574,461**	**109,021**	**683,482**
Intersegment revenue	**14,274**	**4,661**	**18,935**
	588,735	**113,682**	**702,417**
Reconciliation:			
Elimination of intersegment revenue			**(18,935)**
Total revenue			**683,482**
Segment results	**8,970**	**(96,642)**	**(87,672)**
Reconciliation:			
Bank interest income			**3,528**
Unallocated other income and gains, net			**2,772**
Corporate and unallocated expenses			**(19,790)**
Finance costs			**(84,283)**
Loss before tax			**(185,445)**
Other segment information			
Changes in fair value of investment properties, net	**–**	**(90,003)**	**(90,003)**
Share of loss of associates	**–**	**(48,066)**	**(48,066)**
Other interest income			**33,397**
Impairment/(reversal of impairment) of trade receivables, net	**4,235**	**(1,737)**	**2,498**
Impairment of other receivables, net	**–**	**18,373**	**18,373**
Impairment of goodwill	**11,889**	**–**	**11,889**
			32,760
Depreciation of property, plant and equipment			
– segment	**67,517**	**23,952**	**91,469**
– unallocated			**1,718**
			93,187

Year ended 31 March 2022

	Restaurant, food and hotel *HK$'000*	Property investment and development *HK$'000*	Total *HK$'000*
Segment revenue *(note 3)*			
Revenue from external customers	676,144	105,026	781,170
Intersegment revenue	30,773	10,757	41,530
	706,917	115,783	822,700
Reconciliation:			
Elimination of intersegment revenue			(41,530)
Total revenue			781,170
Segment results	51,070	56,990	108,060
Reconciliation:			
Bank interest income			3,918
Unallocated other income and gains, net			5,324
Corporate and unallocated expenses			(15,531)
Finance costs			(53,199)
Profit before tax			48,572
Other segment information			
Changes in fair value of investment properties, net	–	(29,865)	(29,865)
Share of profit of associates	–	35,991	35,991
Other interest income			21,344
Impairment/(reversal of impairment) of trade receivables, net	(2,281)	1,056	(1,225)
Impairment of other receivables, net	–	2,151	2,151
			926
Depreciation of property, plant and equipment			
– segment	57,421	14,915	72,336
– unallocated			1,017
			73,353

Geographical information

Revenue from external customers

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**285,742**	309,407
Mainland China	**397,740**	471,763
	683,482	781,170

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 2023 and 2022.

3. REVENUE

An analysis of revenue is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Income from restaurant, food and hotel businesses	**574,461**	676,144
Proceeds from the sale of properties, property management service income and commission income	**12,976**	10,728
	587,437	686,872
Revenue from other sources		
Gross rental income	**96,045**	94,298
	683,482	781,170

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Interest on bank borrowings	**77,514**	47,864
Interest on convertible bonds	**2,079**	1,550
Interest on lease liabilities	**4,690**	3,785
	84,283	53,199

5. PROFIT/(LOSS) BEFORE TAX

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

	2023 *HK$'000*	2022 *HK$'000*
Government subsidies	**(10,199)**	(850)
Depreciation of property, plant and equipment	**93,187**	73,353
Depreciation of right-of-use assets	**40,014**	51,373
Impairment/(reversal of impairment) of		
– trade receivables, net	**2,498**	(1,225)
– other receivables, net	**18,373**	2,151
Changes in fair value of investment properties, net	**90,003**	29,865
Fair value losses/(gains), net:*		
Financial assets at fair value through profit or loss		
– held for trading	**7,674**	47,057
– designated as such upon initial recognition	**–**	(643)
Bank interest income	**(3,528)**	(3,918)
Investment interest income	**(2,081)**	(11,303)
Other interest income	**(33,397)**	(21,344)
Dividend income from equity investments designated at fair value through other comprehensive income	**–**	(4,169)
Dividend income from financial assets at fair value through profit or loss	**(3,323)**	(3,702)
Loss on disposal/write-off of items of property, plant and equipment, net	**3,194**	825
Impairment of goodwill*	**11,889**	3,233
Loss/(gain) on lease termination	**(2,115)**	1,671

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

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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 (2022: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 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.

	2023	2022
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**263**	401
Overprovision in prior years	**–**	(330)
Current – Mainland China		
Corporate income tax	**28,192**	48,174
Land appreciation tax	**–**	139
Overprovision in prior years	**(11,655)**	(14,852)
Deferred	**(32,512)**	(10,071)
Total tax charge/(credit) for the year	**(15,712)**	23,461

7. DIVIDEND

The Board does not recommend the payment of a final dividend in respect of the year ended 31 March 2023 (2022: HK1 cent).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,571,359,420 (2022: 1,536,229,851) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2023 and 2022.

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

	2023	2022
	HK$'000	*HK$'000*
Earnings/(Loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**(175,680)**	3,822

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and dilutive earnings per share calculations	**1,571,359,420**	1,536,229,851

9. TRADE RECEIVABLES

	2023 *HK$'000*	2022 *HK$'000*
Trade receivables	**56,160**	53,476
Impairment	**(25,247)**	(24,034)
	30,913	29,442

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

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

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

	2023 *HK$'000*	2022 *HK$'000*
Within 30 days	**12,654**	9,212
31 to 60 days	**3,967**	4,310
61 to 90 days	**3,073**	5,525
Over 90 days	**11,219**	10,395
	30,913	29,442

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:

	2023 *HK$'000*	2022 *HK$'000*
Within 30 days	**24,744**	17,815
31 to 60 days	**6,883**	3,309
61 to 90 days	**5,828**	7,451
Over 90 days	**19,364**	16,022
	56,819	44,597

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

PROPERTY

Turnover of property segment for the year ended 31 March 2023 was HK$109,021,000 (2022: HK$105,026,000), an increase of 4% from last year. The Group's rental income from investment properties for the year was HK$96,045,000 (2022: HK$94,298,000), an increase of 2% from last year. There was no major change in the investment property portfolio of the Group for the year. The increase in rental income was as a result of the gradual resumption of tenancy business to normal as the restrictions of COVID-19 were uplifted. Segment loss for the year was HK$96,642,000 as compared to a profit of HK$56,990,000 from last year. The segment loss was mainly attributable to: (i) the increase in net loss on investment property valuation of approximately HK$60,138,000 from last year due to devaluation of Renminbi against Hong Kong dollars during the year; and (ii) the share of the associate's property revaluation gain of approximately HK$87,761,000 last year due to the re-planning of the building layout of the Home Town project, resulting in an increase in the leasable floor area.

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 and shopping mall with a total area of 164,000 sq.m. With the subcontracting out of the business operation and property management of Dongguan Home Town project to Kaisa Group, new tenancy contracts were signed and new brand name shops were introduced to the shopping centre, which has increased the occupancy and value of the project.

The Guangzhou South Station Property, 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 with a total gross floor area of the office units is 9,203 sq.m., continued to contribute to the Group in rental income for the year. The office building has achieved 100% occupancy to date. The property has a guaranteed 4% investment return for 3 years.

The Group's 50% owned Haitan Street re-development project, which is situated at 223-225A Haitan Street, Sham Shui Po, Hong Kong has entered its construction stage of development. The project comprises a site area of 4,729 sq.ft., buildable gross floor area of 42,500 sq.ft., and saleable floor area of approximately 34,400 sq.ft. The residential building comprises 115 residential units and 2 floors of commercial shops. The pre-sale of the residential units has commenced in July 2022 and more than 40 units have been sold. The project is expected to complete by end of 2023.

The Group's another 50% owned Castle Peak Road redevelopment project, which is situated at 300-306 Castle Peak Road, Sham Shui Po, Hong Kong is progressing 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. The associate has successfully acquired 100% of the property ownerships of the Phase 1 development. Site investigation and demolition works have commenced in the second quarter of 2023. The project is expected to complete by mid-2026.

RESTAURANT, FOOD AND HOTEL

Turnover of restaurant, food and hotel segment for the year ended 31 March 2023 was HK$574,461,000 (2022: HK$676,144,000), a decrease of 15% from last year. The decrease was mainly attributable to the disruptions to the restaurant and food businesses due to the outbreak of the COVID-19 pandemic in Hong Kong and the Mainland, in particular the lockdown of Hainan in the last 2 weeks before the Mid-Autumn Festival, which affected significantly on the mooncake sales this year. Segment profit for the year was HK$8,970,000 (2022: HK$51,070,000), a decrease of 82% from last year. The decrease was mainly due to reduction of mooncake sales for the year.

Restaurant turnover for the year was HK$270,267,000 (2022: HK$285,592,000), a decrease of 5% from last year. The decrease was mainly attributable to the decrease in the turnover of Delicious group restaurants due to close of some loss making shops during the year. Restaurant business has recorded a slight operating loss of HK$559,000 as compared to that of HK$19,389,000 last year. While the restaurant business was affected by a slower than anticipated pace of economic recovery in Hong Kong, and a nation-wide COVID-19 outbreak during the third quarter which seriously impacted the restaurant business in Mainland China, restaurant business saw a sharp rebounce at the beginning of 2023 following the relaxation of pandemic-related controls, resulting in a small loss this year. The business remained healthy overall and started to pick up again with good turnover and profit.

Food business turnover for the year was HK$283,257,000 (2022: HK$368,361,000), a decrease of 23% from last year. The decrease in food business turnover mainly came from the decrease in mooncake sales this year due to the outbreak of Covid-19 and lockdown of Hainan in the last 2 weeks before the Mid-Autumn. 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 is also in operation. Besides, the factory is expected to produce packaged Hainan style food and Chinese-style dry meat products. Management believes that the food business will continue to contribute to the Group's profitability and growth.

The Group's bakery business in Hong Kong recorded an increase of 8% in sales to HK$129,776,000 from last year. Profit Smart group has recorded a profit of HK$8,441,000 (2022: HK$6,102,000) during the year, an increase of 38% from last year. The increase was due to the improvement in operating results of factory and retail businesses as well as government subsidies received during the year. Management will continue to strengthen product development and introduce more new products with the aim to boost sales. Profit Smart group has undergone a renovation of the production areas and acquisition of additional equipment to increase its production capacity.

Hotel business has recorded a turnover of HK$20,937,000 (2022: HK$22,191,000), a decrease of 6% from last year. The operating loss of the two hotels for the year was HK$18,929,000 (2022: HK$24,234,000), decreased by 22% from last year. The operating results have been affected by the occasional outbreak of COVID-19 and the government restriction on the opening for business during the year. Both hotels have achieved positive operating cash flows during the year. The room rent and occupancy have increased as government restrictions of COVID-19 were lifted.

OUTLOOK

With the lifting of COVID-19 pandemic restrictions and the reopening of borders, the pace of recovery in the Hong Kong and Mainland markets is expected to be gradual. While there are still economic uncertainties– inflation, rise of interest rate and Ukraine-Russia War situation, the Group remains cautiously optimistic about the economic outlook for the coming year.

Management will continue to focus its business development in the Greater Bay Area. Management is of the view that consumer spending will remain strong in the area. The Group will leverage on the established branding and reputation of the “Carrianna” Chao Zhou and “Shun Yi” Shunde cuisine and will continue to expand its restaurant business in a steady pace in the region. A new “Carrianna” Chao Zhou and “Shun Yi” Shunde cuisine restaurant was opened in Kunmin and 3 new “Shun Yi” Shunde cuisine restaurants were opened in Shenzhen during the year, taking the advantage of the lower rental negotiated during the COVID-19 period.

On the property development side, while the investment property portfolio in the Mainland continues to provide steady income flow to the Group, Management believes that the limited land supply and strong end-user demand will continue to provide support to the residential property market in Hong Kong. Also, the new Guangzhou South Station Property and the two Shum Shui Po property re-development projects will provide additional income return to the Group in the short and medium term. The Group remains positive and cautious about the property business.

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

The Group will continue to implement effective cost control measures and adjust its business strategies in response to market changes to increase its competitiveness and to sustain business growth in our operating markets in Hong Kong and Mainland China.

FINANCIAL REVIEW

Overall Results

For the year ended 31 March 2023, the Group's turnover was HK$683,482,000 (2022: HK$781,170,000), decreased by 13% as compared to last year. The Group's loss attributable to shareholders was HK$175,680,000 as compared to a profit attributable to shareholders of HK$3,822,000 from last year. The decrease in turnover was mainly attributable to the decrease in the restaurant and food business turnover during the year. The operating loss attributable to shareholders was mainly due to (i) the disruptions to the restaurant and food business due to the outbreak of the COVID-19 pandemic, in particular, the city lockdown of Hainan in the last two weeks before the Mid-Autumn Festival, which affected significantly on the mooncake sales this year; (ii) the impact of exchange loss on investment property valuation due to devaluation of Renminbi against Hong Kong dollars during the year; and (iii) increase in the finance costs due to the increase in interest rates in bank borrowings.

Liquidity and Financial Resources

As at 31 March 2023, the Group's consolidated net assets after deduction of non-controlling interests was HK$3,585,202,000 (31 March 2022: HK$4,078,405,000) and consolidated net assets after deduction of non-controlling interests per share was HK$2.28 (31 March 2022: HK$2.60).

As at 31 March 2023, the Group's cash and bank balances amounted to HK$287,707,000 (2022: HK$279,616,000), which were denominated in Hong Kong dollars, Renminbi and United States dollars of HK$61,446,000, HK$223,205,000 and HK$3,056,000, respectively. The Group's free cash and bank balances amounted to HK$287,707,000 (2022: HK$279,616,000).

As at 31 March 2023, the Group's bank borrowings and convertible bonds amounted to HK$1,699,047,000 (2022: HK$1,629,186,000) and HK$57,988,000 (2022: HK$58,171,000) respectively. All interest-bearing bank borrowings bear interest at floating rates. The convertible bonds bear interest at 3% per annum. Netting off cash deposits pledged for borrowings, the Group's net borrowings were HK$1,723,467,000 (2022: HK$1,643,884,000). Net borrowings less free cash and bank balances were HK$1,435,760,000 (2022: HK$1,364,268,000).

The Group's gearing ratio, which was defined as the Group's interest-bearing bank borrowings and convertible bonds, net of cash and bank balances, and pledged time deposits as a percentage of the Group's total equity, was approximately 40.0% (2022: 33.5%).

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

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

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

Contingent liabilities

As at the end of the reporting period, the Group had no contingent liabilities relating to guarantees given to banks for mortgage loan facilities granted to purchasers of properties (2022: HK$143,000).

Charges on the Group's assets

As at the end of the reporting period, certain of the Group's property, plant and equipment, investment properties, time deposits and financial assets at fair value through profit or loss with a total carrying value of approximately HK$2,030,345,000 (2022: HK$2,604,743,000) 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 2023 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 500 employees in Hong Kong and approximately 1,100 employees outside Hong Kong (Mainland China). Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend in respect of the year ended 31 March 2023 (2022: HK1 cent).

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 Monday, 28 August 2023 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 Wednesday, 23 August 2023 to Monday, 28 August 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 22 August 2023.

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's financial statements for the year ended 31 March 2023.

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 2023 as set out in this preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this preliminary announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the directors, save as disclosed below, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 March 2023.

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 2023.

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 2023.

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 2023 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, 28 June 2023

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, Mr. Chan Francis Ping Kuen and Mr. Ma Hung Man as executive directors; and Mr. Lo Ming Chi, Charles, Mr. Wong See King and Mr. Cheung Wah Fung, Christopher as independent non-executive directors.