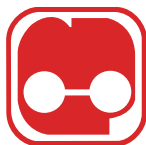


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佳寧娜集團控股有限公司

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 2024**

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of Carrianna Group Holdings Company Limited (the “Company”) wishes 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 2024. 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 2024

		For the six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE	4	324,050	366,316
Cost of sales		(129,447)	(149,232)
Gross profit		194,603	217,084
Other income and gains, net		21,144	3,321
Selling and distribution expenses		(151,056)	(139,882)
General and administrative expenses		(68,643)	(75,485)
Other expenses, net		(22,797)	(68,978)
Finance costs	5	(58,219)	(59,942)
Share of losses of associates		(32,264)	(29,090)

		For the six months ended	
		30 September	
		2024	2023
	Notes	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
LOSS BEFORE TAX	6	(117,232)	(152,972)
Income tax credit	7	<u>5,176</u>	<u>12,790</u>
LOSS FOR THE PERIOD		<u>(112,056)</u>	<u>(140,182)</u>
ATTRIBUTABLE TO:			
Owners of the parent		(109,360)	(135,216)
Non-controlling interests		<u>(2,696)</u>	<u>(4,966)</u>
		<u>(112,056)</u>	<u>(140,182)</u>
		<i>HK cents</i>	<i>HK cents</i>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		<u>(6.96)</u>	<u>(8.61)</u>
Diluted		<u>(6.96)</u>	<u>(8.61)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	<u>(112,056)</u>	<u>(140,182)</u>
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	176,589	(168,761)
Share of other comprehensive income/(loss) of associates	10,430	(35,236)
Release of exchange reserve upon disposal of a foreign subsidiary	<u>(19,514)</u>	<u>—</u>
	<u>167,505</u>	<u>(203,997)</u>
Items 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	<u>15,188</u>	<u>(8,338)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>182,693</u>	<u>(212,335)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>70,637</u>	<u>(352,517)</u>
ATTRIBUTABLE TO:		
Owners of the parent	72,539	(345,329)
Non-controlling interests	<u>(1,902)</u>	<u>(7,188)</u>
	<u>70,637</u>	<u>(352,517)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

	30 September 2024	31 March 2024
Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	624,169	629,138
Investment properties	2,235,823	2,232,073
Right-of-use assets	88,261	107,477
Goodwill	28,162	28,162
Interests in associates	1,126,562	1,175,813
Equity investments designated at fair value through other comprehensive income	57,336	43,054
Properties under development	320,496	314,303
Deferred tax assets	34,239	34,269
Other receivables, deposits and prepayments	20,946	22,764
Total non-current assets	4,535,994	4,587,053
CURRENT ASSETS		
Properties held for sale	419,855	408,789
Inventories	30,900	34,380
Tax recoverable	3,939	3,954
Trade receivables	10 67,504	31,596
Other receivables, deposits and prepayments	276,636	316,713
Due from directors	989	5,133
Due from an associate	385,673	354,064
Financial assets at fair value through profit or loss	35,825	35,309
Equity investment designated at fair value through other comprehensive income	17,750	17,329
Pledged time deposits	33,938	34,785
Cash and cash equivalents	156,110	127,369
	1,429,119	1,369,421
Assets classified as held for sale	–	178,437
Total current assets	1,429,119	1,547,858

		30 September 2024	31 March 2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade payables	11	(52,913)	(50,046)
Other payables, accruals and deposits received		(243,194)	(193,865)
Convertible bonds		(68,971)	(76,971)
Due to directors		(918)	(660)
Due to non-controlling shareholders		(40,066)	(38,770)
Interest-bearing bank borrowings		(1,363,472)	(1,450,391)
Lease liabilities		(51,135)	(34,747)
Deferred income		(29,059)	(28,230)
Tax payable		(300,490)	(291,531)
		<u>(2,150,218)</u>	<u>(2,165,211)</u>
Liabilities directly associated with the assets classified as held for sale		<u>–</u>	<u>(226,696)</u>
Total current liabilities		<u>(2,150,218)</u>	<u>(2,391,907)</u>
NET CURRENT LIABILITIES		<u>(721,099)</u>	<u>(844,049)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,814,895</u>	<u>3,743,004</u>
NON-CURRENT LIABILITIES			
Accruals and deposits received		(12,982)	(12,748)
Interest-bearing bank borrowings		(229,364)	(209,644)
Lease liabilities		(52,958)	(71,062)
Deferred income		(77,708)	(75,085)
Deferred tax liabilities		(271,709)	(274,919)
Provisions		(4,245)	(4,254)
Total non-current liabilities		<u>(648,966)</u>	<u>(647,712)</u>
Net assets		<u><u>3,165,929</u></u>	<u><u>3,095,292</u></u>
EQUITY			
<i>Equity attributable to owners of the parent</i>			
Issued capital		157,136	157,136
Reserves		<u>3,031,619</u>	<u>2,959,080</u>
		<u>3,188,755</u>	<u>3,116,216</u>
Non-controlling interests		<u>(22,826)</u>	<u>(20,924)</u>
Total equity		<u><u>3,165,929</u></u>	<u><u>3,095,292</u></u>

NOTES:

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2024 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 D2 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 2024, 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 2024, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements.

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					
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:						
Revenue from external customers	270,282	312,366	53,768	53,950	324,050	366,316
Intersegment revenue	652	1,221	3,972	5,426	4,624	6,647
	270,934	313,587	57,740	59,376	328,674	372,963
Reconciliation:						
Elimination of intersegment revenue					(4,624)	(6,647)
Total revenue					324,050	366,316
Segment results	(28,137)	(3,187)	(11,805)	(65,724)	(39,942)	(68,911)
Reconciliation:						
Bank interest income					2,143	1,086
Unallocated other income and gains, net					14,818	3,249
Corporate and unallocated expenses					(36,032)	(28,454)
Finance costs					(58,219)	(59,942)
Loss before tax					(117,232)	(152,972)

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Income from restaurant, food and hotel businesses	270,282	312,366
Proceeds from sale of properties, property management service income and commission income	1,026	4,721
	271,308	317,087
<i>Revenue from other sources</i>		
Gross rental income	52,742	49,229
	324,050	366,316

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended 30 September 2024

Segments	Restaurant, food and hotel HK\$'000 (Unaudited)	Property investment and development HK\$'000 (Unaudited)
Types of goods or services		
Restaurant operations	136,807	–
Bakery operations	65,523	–
Sale of food products	58,527	–
Hotel operations	9,425	–
Property management services	–	1,026
Total revenue from contracts with customers	270,282	1,026

Segments	Restaurant, food and hotel HK\$'000 (Unaudited)	Property investment and development HK\$'000 (Unaudited)
Geographical markets		
Hong Kong	91,103	–
Mainland China	179,179	1,026
	<hr/>	<hr/>
Total revenue from contracts with customers	270,282	1,026
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
At a point in time	260,857	–
Over time	9,425	1,026
	<hr/>	<hr/>
Total revenue from contracts with customers	270,282	1,026
	<hr/> <hr/>	<hr/> <hr/>

For the six months ended 30 September 2023

Segments	Restaurant, food and hotel HK\$'000 (Unaudited)	Property investment and development HK\$'000 (Unaudited)
Types of goods or services		
Restaurant operations	168,395	–
Bakery operations	64,836	–
Sale of food products	64,497	–
Hotel operations	14,638	–
Sale of properties	–	3,988
Property management services	–	733
	<hr/>	<hr/>
Total revenue from contracts with customers	312,366	4,721
	<hr/> <hr/>	<hr/> <hr/>

Segments	Restaurant, food and hotel <i>HK\$'000</i> (Unaudited)	Property investment and development <i>HK\$'000</i> (Unaudited)
Geographical markets		
Hong Kong	108,143	–
Mainland China	204,223	4,721
	<hr/>	<hr/>
Total revenue from contracts with customers	<u>312,366</u>	<u>4,721</u>
Timing of revenue recognition		
At a point in time	297,728	3,988
Over time	14,638	733
	<hr/>	<hr/>
Total revenue from contracts with customers	<u>312,366</u>	<u>4,721</u>

5. FINANCE COSTS

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest in respect of:		
Bank loans and bank overdrafts	54,026	55,268
Convertible bonds	2,314	2,149
Lease liabilities	1,879	2,525
	<hr/>	<hr/>
	<u>58,219</u>	<u>59,942</u>

6. LOSS BEFORE TAX

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

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold and services provided	129,447	149,232
Depreciation of property, plant and equipment	32,586	41,275
Depreciation of right-of-use assets	18,610	20,509
Changes in fair value of financial assets at fair value through profit or loss, net	(5,306)	(2,432)
Foreign exchange differences, net	321	162
Bank interest income	(2,143)	(1,086)
Changes in fair value of investment properties, net	16,755	70,727
Loss on disposal of a subsidiary	1,122	—

7. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	(270)	(860)
Current – Mainland China		
Credit/(charge) for the period	2,457	(3,894)
Deferred	2,989	17,544
Total tax credit for the period	5,176	12,790

8. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2024 (2023: Nil).

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

The calculation of the basic loss per share amount is based on the unaudited loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,571,359,420 (2023: 1,571,359,420) in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2024 (2023: 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 loss per share amount presented.

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

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)

Loss

Loss attributable to ordinary equity holders of the parent,
used in the basic and diluted loss per share calculation

109,360	135,216
----------------	----------------

Number of shares	
For the six months ended	
30 September	
2024	2023
(Unaudited)	(Unaudited)

Shares

Weighted average number of ordinary shares in issue during
the period used in the basic and diluted loss per share
calculation

1,571,359,420	1,571,359,420
----------------------	----------------------

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:

	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 30 days	50,348	12,038
31 to 60 days	6,166	5,481
61 to 90 days	3,208	2,863
Over 90 days	7,782	11,214
	67,504	31,596

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:

	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 30 days	21,924	21,631
31 to 60 days	6,998	4,567
61 to 90 days	6,506	6,714
Over 90 days	17,485	17,134
	52,913	50,046

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 2024, the Group's turnover was HK\$324,050,000 (2023: HK\$366,316,000), decreased by 11.5% from the same period last year. The decrease in turnover was mainly attributable to the decrease in the restaurant, food and hotel business turnover during the period. The Group's loss attributable to shareholders was HK\$109,360,000, decreased by 19.1% as compared to a loss attributable to shareholders of HK\$135,216,000 from the same period last year. The decrease in loss attributable to shareholders was mainly due to the combined effect of (i) the increase in other income and gains, net due to increase in change in fair value of financial assets at fair value through profit or loss, net; and (ii) the decrease in other expenses, net due to decrease in change in fair value of investment properties, net during the period, which was partially offset by (i) the decrease of gross profit due to decrease in revenue; and (ii) the increase in selling and distribution expenses due to increase in number of restaurants in the Mainland.

PROPERTY

Turnover of property segment for the period ended 30 September 2024 was HK\$53,768,000 (2023: HK\$53,950,000), a slight decrease of 0.3% from the same period last year. The Group's rental income from investment properties for the period was HK\$52,742,000 (2023: HK\$49,229,000), an increase of 7.1% from the same period last year. There was no major change in the investment property portfolio and rental income of the Group for the period. The increase in rental income was mainly due to the exchange effect on the appreciation of Renminbi against Hong Kong dollars as compared to the same period last year. Segment loss for the period was HK\$11,805,000 (2023: HK\$65,724,000), reduced by HK\$53,919,000. The decrease in segment loss was mainly due to the decrease in net fair value loss on investment property valuation of HK\$53,972,000 from the same period last year.

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. The occupancy has improved during the period as new brand name shops were introduced to the shopping centre, with new tenancy contracts signed.

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 period. The office building has achieved 100% occupancy to date.

The Group's 50% owned Haitan Street re-development project, which is situated at 223-225A Haitan Street, Sham Shui Po, Hong Kong has completed its construction and obtained the occupation permit. 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 103 units have been sold to date.

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 has also commenced its construction stage of development. 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 been completed. In response to a sluggish property market, the Group is re-evaluating its future development strategy for the land to maintain flexibility and competitiveness in this challenging environment.

RESTAURANT, FOOD AND HOTEL

Turnover of restaurant, food and hotel segment for the period ended 30 September 2024 was HK\$270,282,000 (2023: HK\$312,366,000), a decrease of 13.5% from the same period last year. The decrease was mainly attributable to the decrease in restaurant businesses in Hong Kong and the Mainland, food business and hotel business, which slightly compensated by the increase in the Hong Kong bakery business. Segment loss for the period was HK\$28,137,000 (2023: HK\$3,187,000), an increase of HK\$24,950,000 from the same period last year.

Restaurant turnover for the period was HK\$136,807,000 (2023: HK\$168,395,000), a decrease of 18.8% from the same period last year. The decrease was mainly attributable to (i) the close of the remaining Hong Kong style “Cha Chaan Teng” (茶餐廳) restaurants before end of 2023; and (ii) the high base effect of a sharp rebound of business in both Hong Kong and the Mainland following the lifting of COVID-19 pandemic restrictions and the re-opening of Hong Kong-Mainland borders since beginning of 2023. In addition, factors such as economic weakness, increasingly intense market competition, customers’ pursuit of products with higher value for money and changes in consumption patterns have also negatively impacted the Group’s restaurant business in Hong Kong and the Mainland. The management has implemented various strategic adjustments, including developing new dishes, offering limited-time meal promotions and improving customer service quality, etc. to address the challenges.

Food business turnover for the period was HK\$58,527,000 (2023: HK\$64,497,000), a decrease of 9.3% from the same period last year. The decrease in food business turnover mainly came from the decrease in moon cake sales due to the slump of consumer sentiment this 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 moon cake production line is in full operation. The bread production line is also in operation. Besides, the factory is expected to 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.

Hong Kong Bakery business turnover for the period was HK\$65,523,000 (2023: HK\$64,836,000), an increase of 1.1% from the same period last year. Management will continue to strengthen product development and introduce more new products with the aim to boost sales. At the same time, some older but promising bakery stores are being renovated to attract new customer segments and increase turnover. 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\$9,425,000 (2023: HK\$14,638,000), which mainly derived from two hotel in the Mainland, a decrease of 35.6% from the same period last year. The decrease was mainly attributable to the disposal of 益陽佳寧娜國際酒店管理有限公司 (Yiyang Carrianna International Hotel Management Company Limited[#]) (the “Disposal Company”) during the period. Having considered (i) the unsatisfactory financial performance and loss position of the Disposal Company for the year ended 31 March 2023 and the year ended 31 March 2024; and (ii) that substantial capital expenditure will be required for renovation of the hotel in order to improve its competitiveness and business performance, the Board considers that the disposal of the Disposal Company is a good opportunity for the Group to realise its investment and allow the Group to focus on other profit making segments. Coupled with the slump in the property market and macroeconomic environment in the PRC, the Board is of the view that it is an optimal time for the Group to conduct the Disposal and reduce its debts and interest expenses. For further details, please refer to the announcement of the Company dated 26 April 2024 and 15 July 2024 and the circular of the Company dated 18 June 2024.

OUTLOOK

The economy is gradually recovering, but the pace of recovery in both the Hong Kong and Mainland markets has been slower than initially anticipated. Several economic uncertainties persist, including ongoing inflation, high interest rates, and challenges in Mainland’s property market. Hong Kong is also facing its own issues, including weakness in retail and dining sectors, as well as concerns about its financial competitiveness. Additionally, geopolitical tensions, such as the Russian-Ukrainian war and the Israeli-Palestinian conflict, contribute to a complex global economic landscape. Despite these challenges, the Group remains cautiously optimistic about the economic outlook for the coming year, anticipating gradual improvements as conditions evolve.

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

[#] For identification purposes only

On the property development side, the investment property portfolio in the Mainland and Hong Kong continues to provide steady income flow to the Group. While there is recent sluggishness of the Hong Kong property market, management believes that the limited land supply and strong end-user demand will continue to provide support to the residential property market in the long run. With the Hong Kong's property relaxation measures announced by the government at end of February 2024, the Group's 50% owned Haitan Street re-development project in Shum Shui Po has recorded a total sale of 103 residential units to date. Management is optimistic on the sale of the remaining 12 residential units in the coming months.

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 anticipates that the prevailing high interest rates will continue for an extended period, significantly raising its operating costs. In response to these ongoing economic challenges, the Group is focused on implementing stringent cost control measures and improving workflow efficiency across its operations. Furthermore, the Group will actively monitor market conditions and adapt its business strategies to align with emerging trends, aiming to enhance competitiveness and sustain growth in its operating markets in Hong Kong and Mainland China.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2024, the Group's consolidated net assets after deduction of non-controlling interests was HK\$3,165,929,000 (31 March 2024: HK\$3,095,292,000) and consolidated net assets after deduction of non-controlling interests per share was HK\$2.01 (31 March 2024: HK\$1.97).

As at 30 September 2024, the Group's free cash and bank balances amounted to HK\$156,110,000 (31 March 2024: HK\$127,369,000), which were denominated in Hong Kong dollars, Renminbi and United States dollars of HK\$57,944,000, HK\$92,884,000 and HK\$5,282,000 respectively.

As at 30 September 2024, the Group's bank borrowings and convertible bonds amounted to HK\$1,592,836,000 (31 March 2024: HK\$1,660,035,000) and HK\$68,971,000 (31 March 2024: HK\$76,971,000) respectively. All interest-bearing bank borrowings bear interest at floating rates. The convertible bonds bear interest at 7% per annum. Netting off cash deposits pledged for borrowings, the Group's net borrowings were HK\$1,627,869,000 (31 March 2024: HK\$1,702,221,000). Net borrowings less free cash and bank balances were HK\$1,471,759,000 (31 March 2024: HK\$1,574,852,000).

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 41.2% (31 March 2024: 42.8%).

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

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.

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\$2,009,352,000 (31 March 2024: HK\$1,977,504,000) 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 2024, the Group’s staff consisted of approximately 270 employees in Hong Kong and approximately 1,020 employees outside Hong Kong. Employees are rewarded on a performance-related basis within the general framework of the Group’s salary and bonus system.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 26 April 2024, Carrianna Chinese Food (Hong Kong) Limited (“Carrianna (HK)”) (being an indirect wholly-owned subsidiary of the Company) and 佳寧娜(佛山)企業有限公司 (Carrianna (Foshan) Enterprise Co., Ltd.#) (“Carrianna (Foshan)”) (being a direct wholly-owned subsidiary of the Company) (the “Vendors”), 益陽半島酒店管理有限公司 (Yiyang Bandao Hotel Management Company Limited#) (the “Purchaser”), 益陽佳寧娜國際酒店管理有限公司 (Yiyang Carrianna International Hotel Management Company Limited#), a company established in the PRC with limited liability and is owned as to 90% by Carrianna (HK) and as to 10% by 益陽市銀湘國有資產投資運營集團有限公司 (Yiyang Shi Yinxiang State Owned Assets Investment Operating Group Company Limited#), a state-owned enterprise established in the PRC with limited liability (“Yiyang Shi Yinxiang”) (the “Disposal Company”) and the Company as guarantor entered into the Sale and Purchase Agreement in relation to the disposal of the Disposal Company. Pursuant to the Sale and Purchase Agreement, the Vendors agreed to sell, and the Purchaser agreed to purchase, the entire equity interest of the Disposal Company after the Capital Injection (the “Sale Equity Interest”) for an aggregate consideration of RMB130 million (equivalent to approximately HK\$140.2 million) subject to the terms of the Sale and Purchase Agreement.

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On 15 July 2024, Yiyang Shi Yinxiang and Carrianna (Foshan) entered into the Sale and Purchase Agreement (10% Sale Equity Interest). Pursuant to the Sale and Purchase Agreement (10% Sale Equity Interest), Yiyang Shi Yinxiang agreed to sell, and the Carrianna (Foshan) agreed to purchase, the 10% of the equity interest of the Disposal Company at the consideration of RMB15 million (equivalent to approximately HK\$16.18 million) subject to the terms of the Sale and Purchase Agreement (10% Sale Equity Interest) (the “Acquisition”). On 15 July 2024, Carrianna (HK), Carrianna (Foshan), the Purchaser, the Disposal Company and the Company entered into a supplemental agreement (the “Supplemental Agreement”) to the Sale and Purchase Agreement. Pursuant to the Supplemental Agreement, after completion of the acquisition of 10% of the equity interest of the Disposal Company by Carrianna (Foshan) (the “Acquisition”), Carrianna (HK) shall internally transfer 90% of the equity interest of the Disposal Company to Carrianna (Foshan), thereby making the Disposal Company wholly owned by Carrianna (Foshan) immediately prior to the disposal. Carrianna (Foshan) will then transfer all the Sale Equity Interest to Purchaser of the disposal at completion of the disposal.

The Acquisition has been completed and all the conditions under the Sale and Purchase Agreement have been fulfilled. As such, the completion of the disposal took place on 8 August 2024 in accordance with the terms and conditions of the Sale and Purchase Agreement. Upon the completion, the Disposal Company has ceased to be a subsidiary of the Group and the financial results of the Disposal Company will no longer be consolidated into those of the Group. Details of the transaction are set out in the Company’s announcements dated 26 April 2024 and 15 July 2024 and the Company’s circular dated 18 June 2024.

Save as disclosed above, the Group had no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the period ended 30 September 2024.

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 2024.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 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 2024.

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 C1 of the Listing Rules throughout the six months ended 30 September 2024 save as disclosed below.

In accordance with Code Provision Part 2 B.2.2 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 2024.

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 2024/2025 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, 28 November 2024

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. 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.