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佳寧娜集團控股有限公司

CARRIANNA GROUP HOLDINGS COMPANY LIMITED

(FORMERLY KNOWN AS TAK SING ALLIANCE HOLDINGS LIMITED)

(Incorporated in Bermuda with limited liability)

(Stock Code: 00126)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2013

RESULTS

The Board of Directors (the "Board") of Carrianna Group Holdings Company Limited (formerly known as Tak Sing Alliance Holdings 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 2013, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000* (Restated)
REVENUE	*3*	**748,479**	1,172,769
Cost of sales		**(401,851)**	(697,751)
Gross profit		**346,628**	475,018
Other income and gains, net		**230,323**	122,389
Selling and distribution expenses		**(165,277)**	(177,813)
Administrative expenses		**(137,426)**	(121,688)
Other expenses, net		**(7,648)**	(21,801)
Finance costs	*4*	**(47,305)**	(42,626)
Share of profits and losses of associates		**(5,420)**	(1,087)
PROFIT BEFORE TAX	*5*	**213,875**	232,392
Income tax expense	*6*	**(46,296)**	(75,600)
PROFIT FOR THE YEAR		**167,579**	156,792

	Notes	2013	2012
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Owners of the parent		**153,427**	113,633
Non-controlling interests		**14,152**	43,159
		167,579	156,792
		HK cents	HK cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		(Restated)
Basic		**13.35**	9.93
Diluted		**12.63**	9.81

Details of the dividend proposed for the year are disclosed in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
PROFIT FOR THE YEAR	**167,579**	156,792
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale investments:		
Changes in fair value	**260,951**	(186,683)
Reclassification adjustment for gain included in the consolidated income statement on disposal	**(38,389)**	–
	222,562	(186,683)
Exchange differences on transaction of foreign operations	**10,601**	54,519
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**233,163**	(132,164)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**400,742**	24,628
Attributable to:		
Owners of the parent	**385,478**	(24,764)
Non-controlling interests	**15,264**	49,392
	400,742	24,628

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2013

	Notes	**31 March 2013** *HK$'000*	31 March 2012 *HK$'000* (Restated)	1 April 2011 *HK$'000* (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**479,916**	485,798	468,686
Investment properties		**1,501,351**	1,446,897	1,346,196
Prepaid land lease payment		**13,051**	13,372	13,306
Goodwill		**40,111**	40,111	40,111
Other intangible assets		**399,732**	399,732	399,732
Investment in a jointly-controlled entity		**–**	–	–
Interests in associates		**253,323**	256,527	217,214
Available-for-sale investments		**180,657**	933,415	1,120,098
Financial assets at fair value through profit or loss		**15,313**	8,918	497
Properties under development		**964,595**	991,084	950,004
Structured deposit		**12,250**	–	–
Pledged time deposits		**29,661**	23,771	18,524
Deposit paid for purchase of land		**890**	–	–
Total non-current assets		**3,890,850**	4,599,625	4,574,368
CURRENT ASSETS				
Properties under development		**604,216**	360,888	209,926
Properties held for sale		**350,327**	385,163	355,693
Inventories		**47,132**	51,579	49,179
Debtors, deposits and prepayments	*9*	**208,677**	198,396	152,497
Due from a director		**–**	–	652
Due from non-controlling shareholders		**–**	–	67,234
Financial asset at fair value through profit or loss		**–**	493	–
Derivative financial instrument		**32,477**	–	–
Other receivable		**–**	–	11,626
Structured deposits		**69,393**	–	–
Restricted cash		**13,013**	17,170	7,018
Pledged time deposits		**13,865**	13,766	2,044
Cash and cash equivalents		**479,413**	305,200	221,606
		1,818,513	1,332,655	1,077,475
Available-for-sale investments classified as held for sale		**773,711**	–	–
Total current assets		**2,592,224**	1,332,655	1,077,475

	Notes	**31 March 2013** *HK$'000*	31 March 2012 *HK$'000* (Restated)	1 April 2011 *HK$'000* (Restated)
CURRENT LIABILITIES				
Trade creditors	*10*	**(108,064)**	(130,612)	(75,207)
Sundry creditors, accruals and deposits received		**(723,072)**	(361,226)	(319,351)
Due to directors		**(5,986)**	(1,351)	(2,362)
Due to non-controlling shareholders		**(5,833)**	(13,005)	(11,566)
Interest-bearing bank and other borrowings		**(695,343)**	(561,659)	(541,080)
Derivative financial instrument		**(3,046)**	–	–
Finance lease payables		**(740)**	–	–
Deferred income		**(527)**	(11,274)	(14,203)
Convertible notes		**(69,392)**	–	–
Tax payable		**(164,275)**	(139,560)	(91,423)
Total current liabilities		**(1,776,278)**	(1,218,687)	(1,055,192)
NET CURRENT ASSETS		**815,946**	113,968	22,283
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,706,796**	4,713,593	4,596,651
NON-CURRENT LIABILITIES				
Due to directors		**(22,492)**	(30,700)	(37,522)
Due to non-controlling shareholders		**(47,083)**	(48,711)	(49,126)
Interest-bearing bank and other borrowings		**(301,928)**	(602,229)	(369,424)
Finance lease payables		**(1,383)**	–	–
Derivative financial instrument		**(4,224)**	(8,418)	(669)
Deferred income		**(211,457)**	(209,554)	(252,661)
Deposits received		**(8,227)**	(6,827)	(5,884)
Deferred tax		**(437,081)**	(423,929)	(408,332)
Total non-current liabilities		**(1,033,875)**	(1,330,368)	(1,123,618)
Net assets		**3,672,921**	3,383,225	3,473,033
EQUITY				
Equity attributable to owners of the parent				
Issued capital		**115,577**	114,442	114,412
Reserves		**3,014,833**	2,955,636	3,025,193
Proposed final and special dividends	*7*	**404,520**	45,777	22,882
		3,534,930	3,115,855	3,162,487
Non-controlling interests		**137,991**	267,370	310,546
Total equity		**3,672,921**	3,383,225	3,473,033

Notes:

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, 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, derivative financial instruments, 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 time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of such business, the normal operating cycle is longer than 12 months. The Group's current assets include assets (such as properties under development and properties held for sale) 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.

Changes in accounting policy and disclosures

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on the financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of HKAS 12 Amendments, deferred tax in respect of the Group's investment properties is provided on the presumption that the carrying amount will be recovered through sale. The effects of the above change are summarised below:

	2013	2012
	HK$'000	*HK$'000*
Consolidated income statement for the year ended 31 March		
Decrease in income tax expense	**1,106**	528
Increase in profit for the year	**1,106**	528
Increase in basic earnings per share *(HK cents)*	**0.10**	0.05
Increase in diluted earnings per share *(HK cents)*	**0.09**	0.05
Consolidated statement of financial position at 31 March		
Decrease in deferred tax liabilities and total non-current liabilities	**2,146**	1,040
Increase in net assets and reserves	**2,146**	1,040

	2011
	HK$'000
Consolidated statement of financial position at 1 April	
Decrease in deferred tax liabilities and total non-current liabilities	512
Increase in net assets and reserves	512

Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012

2 Effective for annual periods beginning on or after 1 January 2013

3 Effective for annual periods beginning on or after 1 January 2014

4 Effective for annual periods beginning on or after 1 January 2015

2. Operating segment information

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

(a) the restaurant, food and hotel segment is engaged in restaurant and hotel operations and the provision of food and beverage services;

(b) the property investment and development segment comprises the development and sale of properties and the leasing of commercial and residential premises; and

(c) the "others" segment comprises, principally, investment holding and other operations.

Management monitors the results of its 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, interest income from an other receivable, certain fair value gains/(losses) from the Group's financial instruments, finance costs as well as corporate 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 at the then prevailing market prices.

Year ended 31 March 2013

	Restaurant, food and hotel *HK$'000*	Property investment and development *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	**600,821**	**147,658**	**–**	**748,479**
Intersegment sales	**1,922**	**6,526**	**–**	**8,448**
				756,927
Reconciliation:				
Elimination of intersegment sales				**(8,448)**
Total revenue				**748,479**
Segment results	**98,837**	**194,581**	**(320)**	**293,098**
Reconciliation:				
Bank interest income				**1,516**
Unallocated other income and gains, net				**8,180**
Corporate and unallocated expenses				**(41,614)**
Finance costs				**(47,305)**
Profit before tax				**213,875**
Other segment information:				
Changes in fair value of investment properties, net	**–**	**70,693**	**–**	**70,693**
Fair value gain on financial assets at fair value through profit or loss, net – unallocated				**1,243**
Fair value gain on derivative instruments – transactions not qualifying as hedges, net				
– segment	**–**	**32,477**	**–**	**32,477**
– unallocated				**6,085**
				38,562
Share of profits and losses of associates	**–**	**5,420**	**–**	**5,420**
Equity-settled share option expense				
– segment	**–**	**652**	**–**	**652**
– unallocated				**5,176**
				5,828
Impairment of trade debtors	**270**	**1,295**	**–**	**1,565**
Recognition of prepaid land lease payment	**409**	**–**	**–**	**409**
Depreciation				
– segment	**27,012**	**8,486**	**–**	**35,498**
– unallocated				**2,329**
				37,827
Interests in associates	**–**	**253,165**	**158**	**253,323**
Capital expenditure				
– segment	**14,344**	**11,419**	**–**	**25,763**
– unallocated				**3,534**
				29,297*

* *Capital expenditure consists of additions to property, plant and equipment.*

Year ended 31 March 2012

	Restaurant, food and hotel *HK$'000*	Property investment and development *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	621,958	550,811	–	1,172,769
Intersegment sales	1,010	6,318	–	7,328
				1,180,097
Reconciliation:				
Elimination of intersegment sales				(7,328)
Total revenue				1,172,769
Segment results	96,828	214,059	(405)	310,482
Reconciliation:				
Bank interest income				2,683
Interest income from an other receivable				137
Unallocated other income and gains, net				1,230
Corporate and unallocated expenses				(39,514)
Finance costs				(42,626)
Profit before tax				232,392
Other segment information:				
Changes in fair value of investment properties	–	91,335	–	91,335
Fair value loss on financial assets at fair value through profit or loss, net – unallocated				(26)
Fair value loss on derivative instruments – transactions not qualifying as hedges – unallocated				(11,085)
Share of profits and losses of associates	–	1,087	–	1,087
Equity-settled share option expense				
– segment	–	1,026	–	1,026
– unallocated				659
				1,685
Impairment of trade debtors	468	1,686	–	2,154
Recognition of prepaid land lease payment	404	–	–	404
Depreciation				
– segment	28,918	10,180	–	39,098
– unallocated				1,637
				40,735
Interests in associates	–	256,369	158	256,527
Capital expenditure				
– segment	8,357	31,955	–	40,312
– unallocated				3,732
				44,044**

** *Capital expenditure consists of additions to property, plant and equipment and investment properties.*

Geographical information

(a) *Revenue from external customers*

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**45,715**	47,461
Mainland China	**702,764**	1,125,308
	748,479	1,172,769

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

(b) *Non-current assets*

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**182,565**	169,250
Mainland China	**3,280,774**	3,276,857
	3,463,339	3,446,107

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

No customer accounted for 10% or more of the Group's total revenue for the years ended 31 March 2013 and 2012.

3. Revenue

Revenue, which is also the Group's turnover, represents gross restaurant and food business income and net invoiced value of goods sold, net of relevant business tax and allowances for trade discounts; income from the rendering of hotel and other services; proceeds from the sale of properties; and gross rental income received and receivable during the year.

An analysis of revenue is as follows:

	2013	2012
	HK$'000	*HK$'000*
Income from the hotel, restaurant and food businesses	**600,821**	621,958
Gross rental income	**67,143**	68,469
Proceeds from the sale of properties	**80,515**	482,342
	748,479	1,172,769

4. Finance costs

	2013	2012
	HK$'000	*HK$'000*
Interest in respect of:		
Bank loans, overdrafts and other loans (including convertible notes) wholly repayable within five years or on demand	**63,825**	42,640
Bank loans not wholly repayable within five years	**232**	10,540
Finance leases	**98**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**64,155**	53,180
Less: Interest capitalised	**(16,850)**	(10,554)
	47,305	42,626

5. Profit before tax

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

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories sold and services provided	**401,851**	697,751
Depreciation	**37,827**	40,735
Recognition of prepaid land lease payment	**409**	404
Lease payments under operating leases for land and buildings:		
Minimum lease payments	**27,475**	26,787
Contingent rents	**1,069**	1,520
	28,544	28,307
Auditors' remuneration	**2,850**	2,923
Employee benefit expense (excluding directors' remuneration)#:		
Wages and salaries	**105,487**	104,507
Equity-settled share option expense	**787**	1,319
Pension scheme contributions (defined contribution scheme)	**10,390**	8,967
	116,664	114,793
Equity-settled share option expense in respect of share options granted to a consultant for services rendered	**2,678**	–
Foreign exchange differences, net	**835**	5,606
Impairment of trade debtors	**1,565**	2,154
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss	**(1,243)**	26
Derivative instruments – transactions not qualifying as hedges	**(38,562)**	11,085
Available-for-sale investments (transfer from equity on disposal)	**(38,389)**	–
Gain on disposal of an investment property	**(8,000)**	–
Changes in fair value of investment properties, net	**(70,693)**	(91,335)
Gross rental income	**(67,143)**	(68,469)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**4,526**	1,800
	(62,617)	(66,669)
Bank interest income	**(1,516)**	(2,683)
Interest income from an other receivable	**–**	(137)
Dividend income from available-for-sale listed equity investments	**(66,672)**	(22,224)
Loss on disposal of items of property, plant and equipment, net	**217**	214

Inclusive of an amount of HK$78,429,000 (2012: HK$74,733,000) classified under cost of inventories sold and services provided.

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Current – Hong Kong		
Charge for the year	**528**	720
Current – Mainland China		
Corporate income tax	**29,132**	46,989
Land appreciation tax	**3,713**	13,001
Overprovision in prior years	**(46)**	–
Deferred	**12,969**	14,890
Total tax charge for the year	**46,296**	75,600

7. Dividend

	2013	2012
	HK$'000	*HK$'000*
Proposed final – HK5 cents (2012: HK4 cents) per ordinary share	**57,789**	45,777
Proposed special – HK30 cents (2012: Nil) per ordinary share	**346,731**	–
	404,520	45,577
Additional 2012 final	**280**	–

The proposed final and special dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,149,564,913 (2012: 1,144,373,967) in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible notes and fair value gain on derivative component of the convertible notes. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**153,427**	113,633
Interest on convertible notes	**2,600**	–
Less: Fair value gain on the derivative component of the convertible notes	**(8,041)**	–
Profit attributable to ordinary equity holders of the parent before interest on convertible notes	**147,986**	113,633

	Number of shares	
	2013	2012
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,149,564,913**	1,144,373,967
Effect of dilution – weighted average number of ordinary shares:		
Share options	**13,407,964**	13,983,900
Convertible notes	**8,266,826**	–
	1,171,239,703	1,158,357,867

9. Debtors, deposits and prepayments

Included in the balance is an amount of HK$40,203,000 (2012: HK$62,180,000) representing the trade debtors of the Group.

	2013	2012
	HK$'000	*HK$'000*
Trade debtors	**60,236**	80,756
Impairment	**(20,033)**	(18,576)
	40,203	62,180

An aged analysis of such debtors as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Current to 30 days	**8,410**	33,331
31 to 60 days	**5,272**	5,014
61 to 90 days	**2,149**	4,611
Over 90 days	**24,372**	19,224
	40,203	62,180

Credit terms

For hotel, restaurant and food business, the Group's trading terms with its customer are mainly on cash and credit card settlements. For property sales, credit terms vary in accordance with the terms of the sale and purchase agreements. All trade debtors are recognised and carried at their original invoiced amounts less impairment of debtors which is recorded when the collection of the full amount is no longer probable. Bad debts are written off as incurred.

10. Trade creditors

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

	2013	2012
	HK$'000	*HK$'000*
Current to 30 days	**91,211**	97,564
31 to 60 days	**5,879**	9,557
61 to 90 days	**4,540**	11,483
Over 90 days	**6,434**	12,008
	108,064	130,612

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

11. Comparative amounts

As further explained in note 1 above, due to the adoption of revised HKFRSs during the current year, the accounting treatment of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been restated to conform with the current year's accounting treatment, and a third consolidated statement of financial position as at 1 April 2011 has been presented.

12. Event after the reporting period

On 19 April 2013, equity transfer agreements were entered into by the Group and Mr. Yuen Wai Man (the "Vendor"), a director of the Company prior to 10 June 2013, pursuant to which the Group has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the minority equity interest held by the Vendor in each of six target subsidiaries of the Group at a total cash consideration of RMB32 million (equivalent to approximately HK$40 million). Further details of this transaction are also set out in the Company's announcement dated 19 April 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the year ended 31 March 2013, the Group's turnover was HK$748,479,000 (2012: HK$1,172,769,000), decreased by 36% from last year. The Group's profit attributable to shareholders was HK$153,427,000 (2012: HK$113,633,000 (as restated)), increased by 35% from last year. The reason for the decrease in turnover was that in last year, the Group's property development projects in Lianyungang of Jiangsu Province and Yiyang of Hunan Province recorded property sales turnover of HK$480,436,000. This year property sales turnover booked for the two projects was HK$75,179,000, a significant decrease of HK$405,257,000. The increase of Group's profit attributable to shareholders was mainly due to profit recognized for the sale of 154,838,000 China South City shares completed before 31 March 2013, the increase in dividend income from China South City by HK$44,448,000 and profit growth from food business. The increase of profit from these three factors more than offset the impact of the reduction in property sales.

Property

Turnover for property business for the year was HK$147,658,000 (2012: HK$550,811,000), less than last year by 73%. Segment operating profit was HK$194,581,000 (2012: HK$214,059,000), decreased by 9% from last year. Excluding the effect of property revaluation gain, segment operating profit was HK$123,888,000 (2012: HK$122,724,000), slightly increased by 1% from last year.

Sales revenue from both of the Group's property development projects decreased significantly from last year. The construction progress of Phase 2 of Grand Lake City, Yiyang of Hunan Province, comprising 6 blocks of high rise lake view residential buildings and a shopping centre, is satisfactory. By the end of June 2013, contracted sales area and value exceeded 75,000 sq.m. and HK$350,000,000 respectively. Together with further sales from the second half of 2013, these sales will be recognized as revenue following the completion of construction in phases starting from the end of 2013. During the year, China East City in Lianyungang of Jiangsu Province recorded sales revenue of HK$67,118,000 which were mainly pre-sales from last year with properties completed and delivered to customers during the year.

The Group's 50% owned furniture, construction materials and household goods mall in Dongguan started construction earlier this year. Property sales will commence by the end of 2014 and construction will be completed in phases starting from mid 2015. Total gross floor area of the project will be 410,000 sq.m. of which 95,000 sq.m. will be constructed and operated by Red Star Macalline, the leading furniture retail mall operator in China. The project company will own 30% of the Macalline mall. The remaining 305,000 sq.m., comprising 190,000 sq.m. retail area with the remaining being office, service apartments, hotel, car park and other utilities, will be constructed and operated by the project company.

Affected by the tightening economic control measures from the Government, restaurant, entertainment and retail sectors in Guangdong Province and Shenzhen all faced difficult business environment. The Group's investment properties in Shenzhen, Carrianna Friendship Square and Imperial Palace, continued to maintain high occupancy rate of over 97%. However, rental income decreased by 2% to HK$67,143,000 as some tenants closed business during the year.

The Group entered into a contract on 6 February 2013 to sell 750,000,000 China South City shares at a price HK$1.55 per share before 30 June 2013 (see circular to shareholders on 13 March 2013). At 31 March 2013, sales of 154,838,000 shares were completed and the relevant profit was recorded in this year's profit and loss accounts. The sales of 750,000,000 China South City shares would generate total cash of approximately HK$1.16 billion. This cash will provide sufficient resources for the Group's future business development. The Group also proposes to distribute some of the proceeds as special dividend so as to enhance investment return for shareholders.

For the coming year, property segment profit will mainly come from property sales in Yiyang of Hunan Province while rental income will continue to provide good cash and profit contribution. The remaining 595,162,000 China South City shares sales profit will also be recognized. Property segment is expected to achieve satisfactory profit growth.

Hotel, Restaurant and Food

Turnover for hotel, restaurant and food division for the year was HK$600,821,000 (2012: HK$621,958,000), decreased by 3% from last year. Segment profit was HK$98,837,000 (2012: HK$96,828,000), increased by 2% from last year.

During the year, food business continued the growth trend from previous year and achieved a turnover growth of 17%. In addition to a 10% decline in turnover for the first half year due to slowdown of China economy, restaurant business was further affected by government control on dining and entertainment expenses in the second half which resulted in a yearly turnover decrease by 17% from last year. Hotel turnover continued the trend of the first half with turnover reduced by 12% from last year as a result of China economic slowdown.

Under such difficult business environment, segment profit has still achieved its continued growth. This was mainly due to the good effort from management in cost control and the contribution from food business profit growth.

For the coming year, China economy is still uncertain. Government control on dining and entertainment expenses will continue to be in place. Even though food ingredients and labour cost will not grow as fast as previous year, business dining sector will operate under very difficult environment. It is expected that hotel and restaurant business turnover will be less than this year. Management will continue to control costs and improve operating efficiency in order to reduce the impact of the reduction in turnover on operating profit. On the other hand, the Group will continue to invest in food distribution network and production capacity to maintain its profit growth. The Group is also actively looking for investment opportunities in new restaurant business so as to balance the unfavourable market condition of the business dining sector.

Liquidity and Financial Resources

As at 31 March 2013, the Group's consolidated net assets after deduction of non-controlling interests was HK$3,534,930,000 (2012: HK$3,115,855,000 (as restated)) and consolidated net assets after deduction of non-controlling interests per share was HK$3.06 (2012: HK$2.72 (as restated)).

The Group's free cash and bank balances and structured deposits were HK$561,056,000. Netting off cash deposits pledged for borrowings, the Group's net bank borrowings were HK$953,745,000. Net bank borrowings less free cash and bank balances and structured deposits were HK$392,689,000, representing 11% (2012: 24% (as restated)) of the Group's total equity. The Group's borrowings are principally on a floating rate basis.

Material acquisition and disposal

On 6 February 2013, the Group entered into an agreement to dispose of 750,000,000 China South City shares at a price of HK$1.55 per share (see circular to shareholders on 13 March 2013). Except for this, the Group had no material acquisition or disposal for the year ended 31 March 2013.

Contingent liabilities and future commitment

As at the end of the reporting period, the Group had contingent liabilities relating to guarantees given to banks for mortgage loan facilities granted to purchasers of properties of approximately HK$229,194,000 (2012: HK$197,686,000).

Charges on Group assets

As at the end of the reporting period, certain of the Group's property, plant and equipment, investment properties, properties under development, properties held for sale, time deposits, structured deposits and financial assets at fair value through profit or loss with a total carrying value of approximately HK$2,734,460,000 (2012: HK$2,285,644,000) 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.

Exposure on foreign exchange fluctuations and treasury policy

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.

EMPLOYEE AND REMUNERATION POLICY

The Group's staff consists of approximately 100 employees in Hong Kong and approximately 2,200 employees outside Hong Kong. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended the payment of a final dividend of HK5 cents (2012: HK4 cents) and a special dividend of HK30 cents (2012: Nil) per ordinary share for the year ended 31 March 2013. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the final and special dividends will be paid on or before 15 October 2013.

For the purpose of ascertaining shareholders' entitlement to the proposed final and special dividend, the Register of Members of the Company will be closed from Friday, 27 September 2013 to Monday, 30 September 2013 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final and special dividend (subject to shareholders' approval at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 26 September 2013.

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, 26 August 2013 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 at www.hkexnews.hk and the website of the Company at http://www.carrianna.com and included in the 2013 Annual Report which will be despatched to the shareholders in due course.

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 Friday, 23 August 2013 to Monday, 26 August 2013, 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 Registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 22 August 2013.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors of the Company.

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 financial statements for the year ended 31 March 2013.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the "Listing Rules") throughout the year ended 31 March 2013, except for deviation of the code provision A.2.1 of the CG Code as mentioned below.

According to the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. On 22 October 2012, Mr. Chan Sheung Lai has been appointed as chief executive officer of the Company. The Company has fully complied with the Code since then.

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 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 2013.

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 2013.

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 Cheung
Chairman

Hong Kong, 28 June 2013

As at the date of this announcement, Executive Directors of the Company are Messrs. Ma Kai Cheung, Ma Kai Yum, Chan Sheung Lai, Ng Yan Kwong and Ma Hung Ming John. Independent Non-Executive Directors are Messrs. Lo Ming Chi Charles, Lo Man Kit Sam and Wong See King.