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 2014

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 2014, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
REVENUE	*3*	**1,013,101**	748,479
Cost of sales		**(560,288)**	(401,851)
Gross profit		**452,813**	346,628
Other income and gains, net		**240,331**	230,323
Selling and distribution expenses		**(139,759)**	(165,277)
Administrative expenses		**(139,740)**	(137,426)
Other expenses, net		**(58,508)**	(7,648)
Finance costs	*4*	**(43,194)**	(47,305)
Share of loss of an associate		**(13,889)**	(5,420)
PROFIT BEFORE TAX	*5*	**298,054**	213,875
Income tax expense	*6*	**(81,740)**	(46,296)
PROFIT FOR THE YEAR		**216,314**	167,579

	Notes	2014	2013
		HK$'000	*HK$'000*
Attributable to:			
Owners of the parent		**195,629**	153,427
Non-controlling interests		**20,685**	14,152
		216,314	167,579
		HK cents	HK cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**16.07**	13.35
Diluted		**15.88**	12.63

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	2014	2013
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**216,314**	167,579
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**464,833**	260,951
Reclassification adjustment for gain included in the consolidated statement of profit or loss on disposal	**(152,315)**	(38,389)
	312,518	222,562
Exchange differences on translation of foreign operations	**26,883**	10,601
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**339,401**	233,163
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**555,715**	400,742
Attributable to:		
Owners of the parent	**531,411**	385,478
Non-controlling interests	**24,304**	15,264
	555,715	400,742

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	**2014**	2013
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**489,248**	479,916
Investment properties		**1,547,416**	1,501,351
Prepaid land lease payments		**14,820**	13,051
Goodwill		**40,111**	40,111
Other intangible assets		**399,732**	399,732
Investment in a joint venture		**–**	–
Interests in associates		**347,809**	253,323
Available-for-sale investments		**522,144**	180,657
Financial assets at fair value through profit or loss		**4,654**	15,313
Properties under development		**982,718**	964,595
Structured deposit		**–**	12,250
Pledged time deposits		**61,564**	29,661
Deposits for purchases of land and buildings		**63,817**	890
Total non-current assets		**4,474,033**	3,890,850
CURRENT ASSETS			
Properties under development		**99,507**	604,216
Properties held for sale		**816,192**	350,327
Inventories		**37,148**	47,132
Debtors, deposits and prepayments	*9*	**261,574**	208,677
Due from directors		**1,776**	–
Financial asset at fair value through profit or loss		**100,415**	–
Derivative financial instrument		**–**	32,477
Structured deposits		**24,993**	69,393
Restricted cash		**10,123**	13,013
Pledged time deposits		**6,477**	13,865
Cash and cash equivalents		**362,994**	479,413
		1,721,199	1,818,513
Available-for-sale investments classified as held for sale		**–**	773,711
Total current assets		**1,721,199**	2,592,224

	Notes	**2014**	2013
		HK$'000	*HK$'000*
CURRENT LIABILITIES			
Trade creditors	*10*	**(139,427)**	(108,064)
Sundry creditors, accruals and deposits received		**(377,504)**	(723,072)
Due to directors		**(3,070)**	(5,986)
Due to non-controlling shareholders		**(8,275)**	(5,833)
Interest-bearing bank and other borrowings		**(559,163)**	(695,343)
Finance lease payables		**(776)**	(740)
Derivative financial instrument		**(2,508)**	(3,046)
Deferred income		**(435)**	(527)
Convertible notes		**–**	(69,392)
Tax payable		**(193,830)**	(164,275)
Total current liabilities		**(1,284,988)**	(1,776,278)
NET CURRENT ASSETS		**436,211**	815,946
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,910,244**	4,706,796
NON-CURRENT LIABILITIES			
Due to directors		**–**	(22,492)
Due to non-controlling shareholders		**(17,441)**	(47,083)
Interest-bearing bank and other borrowings		**(352,764)**	(301,928)
Finance lease payables		**(607)**	(1,383)
Derivative financial instrument		**(1,536)**	(4,224)
Deferred income		**(213,487)**	(211,457)
Deposits received		**(9,772)**	(8,227)
Deferred tax		**(462,283)**	(437,081)
Total non-current liabilities		**(1,057,890)**	(1,033,875)
Net assets		**3,852,354**	3,672,921
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**124,889**	115,577
Reserves		**3,521,966**	3,014,833
Proposed final and special dividends	*7*	**62,494**	404,520
		3,709,349	3,534,930
Non-controlling interests		**143,005**	137,991
Total equity		**3,852,354**	3,672,921

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) 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.

Changes in accounting policies and disclosures

The Group has adopted the following new and 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 – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on the financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 April 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The application of HKFRS 11 has had no impact on the Group's results of operations or financial position.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Details of the disclosures for subsidiaries and associates are included in the Group's financial statements.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of investment properties and financial instruments are included in the Group's financial statements.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in the financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in the financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 11 Amendments	*Accounting for Acquisition of Interests in Joint Operations*[5]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 16 and HKAS 38 Amendments	*Clarification of Acceptable Methods of Depreciation and Amortisation*[5]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

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

2 Effective for annual periods beginning on or after 1 July 2014

3 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016 and not applicable to the Group

4 No mandatory effective date yet determined but is available for adoption

5 Effective for annual periods beginning on or after 1 January 2016

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, certain fair value gains or 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 2014

	Restaurant, food and hotel *HK$'000*	Property investment and development *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	**488,344**	**524,757**	**–**	**1,013,101**
Intersegment sales	**1,609**	**6,480**	**–**	**8,089**
				1,021,190
Reconciliation:				
Elimination of intersegment sales				**(8,089)**
Total revenue				**1,013,101**
Segment results	**70,386**	**295,511**	**(104)**	**365,793**
Reconciliation:				
Bank interest income				**6,140**
Unallocated other income and gains, net				**21,206**
Corporate and unallocated expenses				**(51,891)**
Finance costs				**(43,194)**
Profit before tax				**298,054**
Other segment information:				
Changes in fair value of investment properties, net	**–**	**40,466**	**–**	**40,466**
Fair value gain on financial assets at fair value through profit or loss, net – unallocated				**12,888**
Fair value loss on derivative instruments – transactions not qualifying as hedges, net				
– segment	**–**	**37,234**	**–**	**37,234**
– unallocated				**14,014**
				51,248
Share of loss of an associate	**–**	**13,889**	**–**	**13,889**
Equity-settled share option expense				
– segment	**–**	**459**	**–**	**459**
– unallocated				**4,611**
				5,070
Other interest income	**–**	**2,684**	**–**	**2,684**
Impairment of trade debtors	**86**	**–**	**–**	**86**
Write-down of inventories to net realisable value	**–**	**3,423**	**–**	**3,423**
Recognition of prepaid land lease payments	**429**	**–**	**–**	**429**
Depreciation				
– segment	**21,844**	**9,926**	**–**	**31,770**
– unallocated				**2,357**
				34,127
Interests in associates	**–**	**347,631**	**178**	**347,809**
Capital expenditure				
– segment	**33,021**	**4,882**	**–**	**37,903**
– unallocated				**1,354**
				39,257*

* *Capital expenditure consists of additions to property, plant and equipment, investment properties and prepaid land lease payments.*

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 loss of an associate	–	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.*

Geographical information

(a) *Revenue from external customers*

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**45,712**	45,715
Mainland China	**967,389**	702,764
	1,013,101	748,479

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

(b) *Non-current assets*

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**186,598**	182,565
Mainland China	**3,401,068**	3,280,774
	3,587,666	3,463,339

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

No revenue from sales to any customer accounted for 10% or more of the Group's total revenue for the years ended 31 March 2014 and 2013.

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:

	2014	2013
	HK$'000	*HK$'000*
Income from the hotel, restaurant and food businesses	**488,344**	600,821
Gross rental income	**81,905**	67,143
Proceeds from sale of properties	**442,852**	80,515
	1,013,101	748,479

4. Finance costs

	2014	2013
	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	**56,553**	63,825
Bank loans not wholly repayable within five years	**426**	232
Finance leases	**85**	98
Total interest expense on financial liabilities not at fair value through profit or loss	**57,064**	64,155
Less: Interest capitalised	**(13,870)**	(16,850)
	43,194	47,305

5. Profit before tax

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

	2014 HK$'000	2013 HK$'000
Cost of inventories sold and services provided	**560,288**	401,851
Depreciation	**34,127**	37,827
Recognition of prepaid land lease payments	**429**	409
Lease payments under operating leases for land and buildings:		
Minimum lease payments	**28,745**	27,475
Contingent rents	**413**	1,069
	29,158	28,544
Auditors' remuneration	**3,121**	2,850
Employee benefit expense (excluding directors' remuneration)#:		
Wages and salaries	**108,552**	105,487
Equity-settled share option expense	**1,505**	787
Pension scheme contributions (defined contribution scheme)	**13,129**	10,390
	123,186	116,664
Equity-settled share option expense in respect of share options granted to a consultant for services rendered	**–**	2,678
Foreign exchange differences, net	**87**	835
Impairment of trade debtors	**86**	1,565
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss		
– Held for trading	**(13,356)**	–
– Designated as such upon initial recognition	**468**	(1,243)
Derivative instruments – transactions not qualifying as hedges	**51,248**	(38,562)
Available-for-sale investments (transfer from equity on disposal)	**(152,315)**	(38,389)
Write-down of inventories to net realisable value	**3,423**	–
Gain on disposal of an investment property	**–**	(8,000)
Changes in fair value of investment properties, net	**(40,466)**	(70,693)
Gross rental income	**(81,905)**	(67,143)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**1,367**	4,526
	(80,538)	(62,617)
Bank interest income	**(6,140)**	(1,516)
Other interest income	**(2,684)**	–
Dividend income from available-for-sale investments	**(13,897)**	(66,672)
Dividend income from financial assets at fair value through profit or loss	**(4,757)**	–
Loss on disposal of items of property, plant and equipment, net	**221**	217

Inclusive of an amount of HK$76,166,000 (2013: HK$78,429,000) 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% (2013: 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.

	2014	2013
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**309**	528
Current – Mainland China		
Corporate income tax	**73,932**	29,132
Land appreciation tax	**10,091**	3,713
Overprovision in prior years	**(27,278)**	(46)
Deferred	**24,686**	12,969
Total tax charge for the year	**81,740**	46,296

7. Dividends

	2014	2013
	HK$'000	*HK$'000*
Proposed final – HK5 cents (2013: HK5 cents) per ordinary share	**62,494**	57,789
Proposed special – Nil (2013: HK30 cents) per ordinary share	**–**	346,731
	62,494	404,520
Additional final	**4,531**	280
Additional special	**27,185**	–
	31,716	280

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of 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 1,217,403,547 (2013: 1,149,564,913) 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 change 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:

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**195,629**	153,427
Interest on convertible notes	**8,148**	2,600
Less: Fair value loss/(gain) on the derivative component of the convertible notes	**14,105**	(8,041)
Profit attributable to ordinary equity holders of the parent before financial effect arising from convertible notes	**217,882**	147,986

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,217,403,547**	1,149,564,913
Effect of dilution – weighted average number of ordinary shares:		
Share options	**14,371,903**	13,407,964
Convertible notes	**12,852,890**	8,266,826
	1,244,628,340*	1,171,239,703

* Because the diluted earnings per share amount is increased when taking convertible notes into account, the convertible notes had an anti-dilutive effect on the basic earnings per share for the year ended 31 March 2014 and were ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of HK$195,629,000 and the weighted average number of ordinary shares of 1,231,775,450 in issue, after adjusted for dilution effect of share options, during the year.

9. Debtors, deposits and prepayments

Included in the balance is an amount of HK$50,446,000 (2013: HK$40,203,000) representing the trade debtors of the Group.

	2014	2013
	HK$'000	*HK$'000*
Trade debtors	**70,891**	60,236
Impairment	**(20,445)**	(20,033)
	50,446	40,203

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:

	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**6,214**	8,410
31 to 60 days	**5,833**	5,272
61 to 90 days	**18,323**	2,149
Over 90 days	**20,076**	24,372
	50,446	40,203

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:

	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**122,954**	91,211
31 to 60 days	**3,272**	5,879
61 to 90 days	**6,350**	4,540
Over 90 days	**6,851**	6,434
	139,427	108,064

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

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the year ended 31 March 2014, the Group's turnover was HK$1,013,101,000 (2013: HK$748,479,000), increased by 35% from last year. The Group's profit attributable to shareholders was HK$195,629,000 (2013: HK$153,427,000), increased by 28% from last year. The reason for the increase in turnover was sales revenue recognition of Phase 2 of Grand Lake City, Yiyang of Hunan Province during the year. Together with remaining sales of shops in Lianyungang of Jiangsu Province, property sales revenue booked during the year was HK$442,852,000, significantly increased by 4.5 times from last year. The increase in profit attributable to shareholders was mainly due to increase in profit from property sales increase as well as remaining profit booked for sales of China South City shares in last year upon delivery of remaining shares to buyer during the year.

Property

Turnover of property business for the year was HK$524,757,000 (2013: HK$147,658,000), significantly increased from last year by 2.6 times. Segment profit before tax was HK$295,511,000 (2013: HK$194,581,000), increased by 52% from last year. Excluding the effect of property revaluation gain, segment profit before tax was HK$255,045,000 (2013: HK$123,888,000), significantly increased by 1.1 times from last year.

During the year, the construction 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, was completed. Approximately 85,000 sq.m. with sales value of HK$388,714,000 was booked as sales revenue for the year. Together with some remaining property sales of Phase 1 and remaining shops sales of China East City in Lianyungang of Jiangsu Province, total property sales for the year was HK$442,852,000, significantly increased from last year by 4.5 times.

For the coming year, remaining property of Phase 2 of Grand Lake City will continue to be sold. Sales of 55,000 sq.m. Phase 3 of Grand Lake City, comprising 3 blocks of small size lake view apartments and a shopping mall, has also been started. On the other hand, the Group's 50% owned 410,000 sq.m. furniture, construction materials and household goods mall and services apartment project in Dongguan, named as 'Home Town', recorded satisfactory progress for its construction. Phase 1 mall, comprising 110,000 sq.m. 6 storeys above ground and two levels of basement, is planned to be completed in early 2016. Sales of shops will start in late 2014 and marketing and promotion activities have also been started.

For investment properties, rental income for the year was HK$81,905,000, significantly increased by 22% from last year. The main reason for rental income increase was the satisfactory rental increment as well as occupancy rate improvement from 97% to 99% of Carrianna Friendship Square in Shenzhen. The rental income from properties in Hong Kong, Hunan and Jiangsu also recorded satisfactory growth.

The remaining portion of 750,000,000 China South City shares sold in last year was delivered to buyer during the year. Resulting net profit of HK$115,081,000 was booked in this year, an increase of HK$38,130,000 from last year. The Group currently holds 138,966,649 China South City shares for long term investment purpose. The value of these shares as at 31 March 2014 was HK$491,942,000, based on closing market price of HK$3.54 per share on that day.

Hotel, Restaurant and Food

Turnover for hotel, restaurant and food division for the year was HK$488,344,000 (2013: HK$600,821,000), decreased by 19% from last year. Segment profit was HK$70,386,000 (2013: HK$98,837,000), decreased by 29% from last year.

During the year, mainland government continued its policy to tighten control on dining, entertainment and travelling expenses. Business hotel and fine dining sector were seriously affected by this policy. As a result, the Group's hotel and restaurant turnover for the year declined by over 30% from last year and resulted in operating loss. Despite such difficult operating environment, the Group's Carrianna brand of mooncake and other food sales continued to achieve 7% growth which partially offset reduction in revenue of hotel and restaurant business. The increase in profit from food business also partially offset the effect of operating loss from hotel and restaurant business.

During the year, management installed various measures to increase revenue and control cost so as to improve operating results of the hotel and restaurant business. Starting from the beginning of 2014, the following key measures were introduced: Closed one of the Carrianna restaurant in Wuhan, renovation of Carrianna Futian restaurant in Shenzhen to remove several private function rooms so as to enlarge the dining hall to accommodate bigger wedding and birthday banquets, reduction of operating area and staff for Carrianna restaurants in Hainan and Foshan Carrianna hotel and introduction of moderate pricing menu to attract more mid-priced business dining customers and private dinner customers. All of the above measures have started to have initial results. Wedding banquets booking for the second half of 2014 was satisfactory and operating cost for April and May 2014 was significantly lower than corresponding period of last year. Management is confident that operating results of hotel and restaurant business will improve for the coming year. On the other hand, in order to diversify the restaurant business, the Group is also considering expansion into low price chain restaurant business in Hong Kong and major cities in China and is actively looking for business partner and acquisition target.

For food business, the past year's growth momentum mainly came from Hainan where the Carrianna brand and quality of its food product were well accepted by customers. The expansion of the food factory to enable delivery of large customer orders during the busy mooncake season was the key to the continued growth of sales. As such, the Group had started to build a new factory in Kunming during the year which was completed in May 2014. Production will start in July 2014 to meet demand for this year mooncake orders in Yunnan Province. On the other hand, the Group also plans to build a new food factory in Panyu, Guangzhou to serve the Guangdong Province. Construction planning was underway with application for government construction permit approval submitted. Construction will start in September 2014 and will be completed in first quarter of 2015. With higher production capacity, the Group will develop more Carrianna brand of fine Chinese food products as well as investing to extend distribution network in Yunnan and Guangdong Provinces. Management is confident that food business will maintain its medium to long term growth momentum.

Liquidity and Financial Resources

As at 31 March 2014, the Group's consolidated net assets after deduction of non-controlling interests was HK$3,709,349,000 (2013: HK$3,534,930,000) and consolidated net assets after deduction of non-controlling interests per share was HK$2.97 (2013: HK$3.06).

As at 31 March 2014, the Group's cash and cash equivalents amounted to HK$362,994,000 (2013: HK$479,413,000), which was denominated in Hong Kong dollars, Renminbi and United States dollars of HK$171,632,000, HK$187,277,000 and HK$4,085,000, respectively. The Group's free cash and bank balances and structured deposits were HK$387,987,000 (2013: HK$561,056,000).

The Group's total borrowings amounted to HK$915,971,000 (2013: HK$1,073,933,000) comprised interest-bearing bank and other borrowings, derivative financial instrument and convertible notes. All interest-bearing bank and other borrowings bear interest at floating rates. Netting off cash deposits pledged for borrowings, the Group's net bank and other borrowings were HK$843,886,000 (2013: HK$953,745,000). Net bank and other borrowings less free cash and bank balances and structured deposits were HK$455,899,000 (2013: HK$392,689,000).

On 15 February 2013, the Company issued convertible notes with principal amount of HK$80,000,000 to more than six independent placees. The convertible notes bore simple interest at the rate of 5% per annum and matured on the first anniversary date of the issue date i.e. 14 February 2014. The conversion price of the notes was HK$1.15 per conversion share. The net proceed of the convertible notes of HK$78,000,000 was used by the Company as general working capital.

As at 31 March 2014, all the above convertible notes had been converted into 69,565,208 ordinary shares of the Company issued under the general mandate granted to the directors by the shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 August 2012 to issue, allot and deal with shares not exceeding 20% of the issued share capital on the date of passing of such resolution.

The Group's gearing ratio, which was defined as the Group's interest-bearing bank and other borrowings, net of cash and cash equivalents, structured deposits and pledged time deposits as percentage of the Group's total equity, was approximately 12% (2013: 11%).

Material acquisition and disposal

On 19 April 2013, an equity transfer agreements were entered into by the Group and Mr. Yuen Wai Man, a director of the Company prior to 10 June 2013, to acquire the minority equity interest held by Mr. Yuen in six subsidiaries, each operating food or restaurant business in China, of the Group at a total cash consideration of RMB32 million (equivalent to approximately HK$40 million). The acquisition will enable the Group to further develop its food business in Hainan Province and to consolidate control of its restaurants with a view to better enhancing their operating efficiency. Further details of this transaction are also set out in the Company's announcement dated 19 April 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$206,997,000 (2013: HK$229,194,000).

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$2,589,636,000 (2013: HK$2,734,460,000) 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 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 1,400 employees outside Hong Kong. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

POTENTIAL SPIN-OFF AND SEPARATE LISTING

Reference is made to the Company's announcement dated 15 January 2014 in relation to the Company entering into a letter of engagement with a financial adviser to advise on corporate finance (the "Financial Adviser"). Pursuant to the letter of engagement, the Company engaged the Financial Adviser on an exclusive basis who shall conduct a feasibility study (the "Feasibility Study") on potential spin-off and separate listing of (i) the property investment and development business or (ii) the restaurant, food and hotel business of the Group (the "Potential Spin-Off and Separate Listing") on the main board of The Stock Exchange of Hong Kong Limited.

As at the date of this announcement, the Feasibility Study has not been completed and is pending on the announcement of the audited consolidated results of the Group for the year ended 31 March 2014. Further announcement(s) setting out the progress of the Potential Spin-Off and Separate Listing, will be made by the Company as and when necessary in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended the payment of a final dividend of HK5 cents (2013: HK5 cents) per ordinary share for the year ended 31 March 2014. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on or before 15 October 2014.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Friday, 26 September 2014 to Tuesday, 30 September 2014 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the Annual General Meeting), all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 25 September 2014.

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, 25 August 2014 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) and included in the 2014 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, 22 August 2014 to Monday, 25 August 2014, both days inclusive, during which period no transfer of shares will be effected. In order for a shareholder to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 21 August 2014.

AUDIT COMMITTEE

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

The audit committee has reviewed with 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 2014.

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 Listing Rules throughout the year ended 31 March 2014.

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 2014.

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 2014.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The results announcement is published on the websites of the Company (http://www.carrianna.com) and The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) respectively. The 2014 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, 23 June 2014

As at the date of this announcement, the Board comprises Mr. Ma Kai Cheung (Honorary Chairman and non-executive Director); Mr. Ma Kai Yum (Chairman), Mr. Chan Sheung Lai, Mr. Ng Yan Kwong and Mr. Ma Hung Ming, John as executive Directors; and Mr. Lo Ming Chi, Charles, Mr. Lo Man Kit, Sam and Mr. Wong See King as independent non-executive Directors.