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 2014

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Carrianna Group Holdings Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2014. These condensed consolidated interim 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 2014

		For the six months ended 30 September	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**377,500**	431,681
Cost of sales		**(175,233)**	(194,329)
Gross profit		**202,267**	237,352
Other income and gains, net		**55,168**	160,882
Selling and distribution expenses		**(81,136)**	(91,243)
Administrative expenses		**(57,347)**	(65,548)
Other expenses, net		**(2,395)**	(7,663)
Finance costs	*5*	**(15,054)**	(18,479)
Share of loss of an associate		**(4,525)**	(3,960)

	Notes	For the six months ended 30 September 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)
PROFIT BEFORE TAX	*6*	**96,978**	211,341
Income tax expense	*7*	**(23,039)**	(36,157)
PROFIT FOR THE PERIOD		**73,939**	175,184
ATTRIBUTABLE TO:			
Owners of the parent		**57,802**	149,407
Non-controlling interests		**16,137**	25,777
		73,939	175,184
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*	***HK cents***	*HK cents*
Basic		**4.62**	12.58
Diluted		**4.60**	12.44

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	For the six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**73,939**	175,184
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**6,948**	280,294
Reclassification adjustment for gain included in the consolidated statement of profit or loss on disposal	**–**	(115,086)
	6,948	165,208
Exchange differences on translation of foreign operations	**3,930**	38,898
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**10,878**	204,106
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**84,817**	379,290
ATTRIBUTABLE TO:		
Owners of the parent	**68,357**	347,849
Non-controlling interests	**16,460**	31,441
	84,817	379,290

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	Notes	30 September 2014 HK$'000 (Unaudited)	31 March 2014 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**520,309**	489,248
Investment properties		**1,562,365**	1,547,416
Prepaid land lease payments		**14,683**	14,820
Goodwill		**74,480**	40,111
Other intangible assets		**399,732**	399,732
Interests in associates		**343,822**	347,809
Available-for-sale investments		**529,157**	522,144
Financial assets at fair value through profit or loss		**4,681**	4,654
Properties under development		**1,058,294**	982,718
Pledged time deposits		**–**	61,564
Deposits for purchases of land and buildings		**70,338**	63,817
Total non-current assets		**4,577,861**	4,474,033
CURRENT ASSETS			
Properties under development		**99,690**	99,507
Properties held for sale		**808,572**	816,192
Inventories		**36,545**	37,148
Debtors, deposits and prepayments	*10*	**394,966**	261,574
Due from directors		**4,544**	1,776
Financial assets at fair value through profit or loss		**41,412**	100,415
Structured deposits		**120,006**	24,993
Restricted cash		**7,241**	10,123
Pledged time deposits		**117,697**	6,477
Cash and cash equivalents		**332,842**	362,994
Total current assets		**1,963,515**	1,721,199

	Notes	30 September 2014 HK$'000 (Unaudited)	31 March 2014 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade creditors	*11*	**(153,465)**	(139,427)
Sundry creditors, accruals and deposits received		**(610,148)**	(377,504)
Due to directors		**–**	(3,070)
Due to non-controlling shareholders		**(13,309)**	(8,275)
Interest-bearing bank and other borrowings		**(533,842)**	(559,163)
Finance lease payables		**(825)**	(776)
Derivative financial instrument		**(3,018)**	(2,508)
Deferred income		**(436)**	(435)
Tax payable		**(212,224)**	(193,830)
Total current liabilities		**(1,527,267)**	(1,284,988)
NET CURRENT ASSETS		**436,248**	436,211
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,014,109**	4,910,244
NON-CURRENT LIABILITIES			
Other liabilities		**(10,500)**	–
Due to non-controlling shareholders		**(17,445)**	(17,441)
Interest-bearing bank and other borrowings		**(415,981)**	(352,764)
Finance lease payables		**(174)**	(607)
Derivative financial instrument		**–**	(1,536)
Deferred income		**(213,863)**	(213,487)
Deposits received		**(9,879)**	(9,772)
Deferred tax		**(465,598)**	(462,283)
Total non-current liabilities		**(1,133,440)**	(1,057,890)
Net assets		**3,880,669**	3,852,354
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**124,989**	124,889
Reserves		**3,584,175**	3,521,966
Proposed final and special dividends		**–**	62,494
		3,709,164	3,709,349
Non-controlling interests		**171,505**	143,005
Total equity		**3,880,669**	3,852,354

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2014

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2014 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The accounting policies and basis of preparation adopted in the preparation of these condensed interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2014 except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which became effective for the first time for the current period's financial statements, as further detailed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited condensed consolidated interim financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

The adoption of these new and revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in the unaudited condensed consolidated interim financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. 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.

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**		**Others**		**Total**	
	For the six months ended 30 September							
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue:								
Sales to external customers	**318,068**	382,341	**59,432**	49,340	**–**	–	**377,500**	431,681
Intersegment sales	**466**	385	**450**	561	**–**	–	**916**	946
							378,416	432,627
Reconciliation:								
Elimination of intersegment sales							**(916)**	(946)
Total revenue							**377,500**	431,681

	Restaurant, food and hotel		Property investment and development		Others		Total	
	For the six months ended 30 September							
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment results	**59,592**	92,614	**60,849**	177,757	**(9)**	(11)	**120,432**	270,360
Reconciliation:								
Bank interest income							**2,690**	3,582
Unallocated other income and gains, net							**5,884**	14,598
Corporate and unallocated expenses							**(16,974)**	(58,720)
Finance costs							**(15,054)**	(18,479)
Profit before tax							**96,978**	211,341

4. 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 sale of properties; and gross rental income received and receivable during the period.

An analysis of revenue is as follows:

	For the six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Income from the hotel, restaurant and food businesses	**318,068**	382,341
Gross rental income	**41,082**	39,006
Proceeds from sale of properties	**18,350**	10,334
	377,500	431,681

5. FINANCE COSTS

	For the six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest in respect of:		
Bank loans, overdrafts and other loans (including convertible notes) wholly repayable within five years or on demand	**21,535**	21,983
Bank loans not wholly repayable within five years	**507**	91
Finance leases	**29**	47
Total interest expense on financial liabilities not at fair value through profit or loss	**22,071**	22,121
Less: Interest capitalised	**(7,017)**	(3,642)
	15,054	18,479

6. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold and services provided	**175,233**	194,329
Depreciation	**17,981**	26,571
Recognition of prepaid land lease payments	**209**	208
Minimum lease payments under operating leases for land and building	**17,261**	16,982
Equity-settled share option expense	**632**	4,685
Bank interest income	**(2,690)**	(3,582)
Foreign exchange difference, net	**(374)**	(631)
Change in fair value of investment properties, net	**(14,601)**	(9,324)
Dividend income from available-for-sale investments	**(19,455)**	(13,897)
Gain on disposal of available-for-sale investments	**–**	(115,086)

7. 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 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	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**70**	81
Current – Mainland China		
Charge for the period	**23,579**	33,808
Overprovision in prior years	**(4,104)**	–
Deferred	**3,494**	2,268
Total tax charge for the period	**23,039**	36,157

8. INTERIM DIVIDEND

The Board of the Company does not recommend the payment of any interim dividend for the six months ended 30 September 2014 (2013: Nil).

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

The calculation of basic earnings per share amount is based on the unaudited profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,249,876,607 (2013: 1,188,106,690) in issue during the period.

The calculation of diluted earnings per share is based on the unaudited profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, 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 impact of convertible notes were ignored in the calculation of diluted earnings per share for the six months ended 30 September 2013 because the diluted earnings per share amount increased when taking convertible notes into account. Hence, the convertible notes had an anti-dilutive effect on the basic earnings per share for the six months ended 30 September 2013.

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

	For the six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**57,802**	149,407

	Number of shares For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,249,876,607**	1,188,106,690
Effect of dilution – weighted average number of ordinary shares:		
Share options	**6,555,831**	12,691,352
	1,256,432,438	1,200,798,042

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the balance is an amount of HK$115,059,000 (31 March 2014: HK$50,446,000) representing the trade debtors of the Group. 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:

	30 September 2014	31 March 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current to 30 days	**16,345**	6,214
31 to 60 days	**42,700**	5,833
61 to 90 days	**37,734**	18,323
Over 90 days	**18,280**	20,076
	115,059	50,446

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.

In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade debtors are non-interest-bearing.

11. TRADE CREDITORS

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

	30 September 2014	31 March 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current to 30 days	**140,657**	122,954
31 to 60 days	**2,684**	3,272
61 to 90 days	**5,448**	6,350
Over 90 days	**4,676**	6,851
	153,465	139,427

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

For the six months ended September 2014, turnover of the Group was HK$377,500,000, decreased by 12% as compared to the corresponding period of last year. Profit attributable to equity holders of the parent was HK$57,802,000, decreased by 61% as compared to the corresponding period of last year. Decrease in turnover was mainly due to reduction of hotel, restaurant and food sales revenue as a result of government continuous control on dining and entertainment expenses as well as slow down of the economy which led to reduction in corporate dining and entertainment expenses. Decrease in profit attributable to equity holders of the parent was mainly due to substantial part of the gain in disposal of 750,000,000 shares of China South City's shares in February 2013 amounting to HK$115,086,000, which was not recurring, was recognized in same period of last year. Excluding property revaluation gain and related taxes, recurring operating profit attributable to equity holders was HK$46,851,000, significantly increased by 71% from the corresponding period of last year.

Property

During the period, turnover of property business was HK$59,432,000, increased by 20% from corresponding period of last year while operating profit was HK$60,849,000, decreased by 66% from the corresponding period of last year. The reduction in profit was mainly due to non-recurring gain from disposal of China South City's shares in the corresponding period of last year. Excluding investment property revaluation surplus of HK$14,601,000, recurring operating profit was HK$46,248,000, significantly increased by 1.2 times from the corresponding period of last year.

During the period, property sales revenue and rental income increased by 77% and 5% respectively from the corresponding period of last year. In addition to contribution from increase in property sales and rental income, dividend income from remaining 139,000,000 China South City's shares also increased by 40% which was another contributor to operating profit growth for the period.

For second half of the financial year, sales and construction progress of Phase 3 of Grand Lake City, comprising 55,000 sq.m. of small size lake view apartments, was satisfactory. Construction is expected to be completed in first quarter of 2015. Property market has been slowing down during the period and hence, sales revenue from the project for the year may be slightly less than planned. 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 first quarter of 2015 and marketing and promotion activities have also been started.

For investment properties, Carrianna Friendship Square rental income was 11% higher than the corresponding period of last year. Together with rental increase in Hong Kong investment properties, rental income for the period increased to HK$41,082,000, increased by 5% from the corresponding period of last year. Investment properties will continue to provide steady and increasing rental income to the Group.

Hotel, Restaurant and Food

During the period, hotel, restaurant and food turnover was HK$318,068,000, decreased by 17% from the corresponding period of last year. Operating profit was HK$59,592,000, decreased by 36% from the corresponding period of last year. During the period, government continued its policy to tighten control on dining and entertainment expenses. Corporate spending on dining and entertainment also reduced significantly during the period as a result of slowing down of the economy in mainland China. Hotel and restaurant business was adversely affected. Under such difficult operating environment, the Group's Carrianna brand of mooncake and other food sales also recorded reduction in sales revenue for the first time. The decrease in segment profit was due to decrease in sales revenue as well as restructuring costs related to reduction in labour in restaurants and hotels and relocation of Kunming, Hainan and Beijing restaurants.

During the period, to operate under a very difficult market environment, in addition to provide better services and introduce more moderate price new dishes, management had also made various restructuring measures to reduce recurring labour cost. The three restaurants in Kunming, Hainan and Beijing had either been relocated or closed temporarily pending for relocation as the high rental costs were not affordable under the current market condition. The new smaller Hainan Carrianna restaurant had started operation in October 2014 and sales revenue of the second month has already reached target. New Beijing restaurant will be moved to commercial centre of Chaoyang district and management is looking for new premises in Kunming. Both new and smaller Carrianna restaurants in Beijing and Kunming are planned to be operating in 2015. With cost under control and busy season for restaurant at year end, operating results for restaurants in the second half of the financial year are expected to be significantly improve from first half year.

As government control on dining and entertainment expenses had become permanent and slowing down of economy led to reduction in corporate dining and entertainment spending, the Group had adjusted its strategy on restaurant business from beginning of the year. It was decided that the Group will enter into low and medium price chain restaurants through merger and acquisition. During the current period, the Group acquired 60% equity interest in Delicious Group which operates 11 'Cha Chaan Teng' restaurants and a central kitchen under the brand name of Delicious in Hong Kong. Delicious became a subsidiary of the Group since 1 August 2014. Initial operating results was satisfactory with first two months turnover amounting to HK$23,932,000 and operating profit of HK$1,689,000. The Group is currently expanding the central kitchen of Delicious so as to support the planned expansion of the Cha Chaan Teng restaurants within the next 3 to 4 years to over 30 restaurants and expansion into Shenzhen and nearby Pearl River Delta cities.

For food business, the Group had also planned to extend into retail bakery business. The first shop in Hainan has been opened in October 2014. Preparation works has also been started in Kunming and Shenzhen, the other two major food markets of the Group. The Group planned to open about 10 bakery shops in 2015.

With over 30 years experience in restaurant and food business and a capable management team, the Group is confident that within the next few years, food and restaurant business will be expanded to mass market of major cities in China from its current foundation of Carrianna brand of fine dining and food. And, hotel, restaurant and food business will continue to provide long term steady income for shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2014, the Group's consolidated net assets after deduction of non-controlling interests was HK$3,709,164,000 (31 March 2014: HK$3,709,349,000) and consolidated net assets after deduction of non-controlling interests per share was HK$2.97 (31 March 2014: HK$2.97).

As at 30 September 2014, the Group's cash and cash equivalents amounted to HK$332,842,000 (31 March 2014: HK$362,994,000), which was denominated in Hong Kong dollars, Renminbi and United States dollars of HK$56,711,000, HK$276,054,000 and HK$77,000, respectively. The Group's free cash and bank balances and structured deposits were HK$452,848,000 (31 March 2014: HK$387,987,000).

As at 30 September 2014, the Group's total borrowings amounted to HK$949,823,000 (31 March 2014: HK$911,927,000) comprised interest-bearing bank and other borrowings. 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$832,126,000 (31 March 2014: HK$843,886,000). Net bank and other borrowings less free cash and bank balances and structured deposits were HK$379,278,000 (31 March 2014: HK$455,899,000).

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 10% (31 March 2014: 12%).

The Group adopts 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.

Foreign exchange exposure

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

Contingent liabilities and future commitment

As at the end of the reporting period, the Group had contingent liabilities relating to guarantees given to bank for mortgage loan facilities granted to purchasers of properties of approximately HK$206,623,000 (31 March 2014: HK$206,997,000).

Capital expenditures

During the six months ended 30 September 2014, the Group spent approximately HK$64,063,000 (31 March 2014: HK$39,257,000) as capital expenditures, which consists of property, plant and equipment, investment properties and prepaid land lease payments, including assets acquired through acquisition of subsidiary during the six months ended 30 September 2014.

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 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 HK$2,636,299,000 (31 March 2014: HK$2,589,636,000) 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.

Material acquisition and disposal

On 26 June 2014, the Group entered into a share transfer agreement for the acquisition of the 60% equity interests in Sleek Treasure Ventures Limited ("Sleek Treasure") which is the holding company for operating Delicious group of restaurants, at a cash consideration of HK$30,000,000 (See announcement dated 26 June 2014).

The share transfer agreement was entered with the owner operators of Delicious group of restaurants and subject to an earnout payment which was calculated by any excess to annual profits of HK$7,200,000 at a price-earnings ratio ("PE") of 6.35. Sleek Treasure was engaged in the operation of chain restaurants in Hong Kong under trade names "Delicious"(“味皇”), "Delicious Café"(“星級味皇”), "Delicious City"(“味集皇城”) and "Gustation Restaurant"(“嚐味”) and operated 11 restaurants and 1 central kitchen in Hong Kong.

The transaction was completed on 1 August 2014 and Sleek Treasure became the subsidiary of the Group on the same date.

RESULT OF THE FEASIBILITY STUDY OF 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 Financial Adviser conducted 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 on the main board of the Stock Exchange.

As at the date of this announcement, the Feasibility Study has been completed. The Financial Adviser suggested that the separate listing of the food and restaurant business of the Group will generate better shareholder values than the separate listing of the Group's property investment and development business as companies of the former business with similar size of the Group are recently trading at a PE around 10 to 16 times on the Stock Exchange while companies of the latter business with similar size are trading at a PE of 3 to 8 times only. Based on the report of the Financial Adviser, the Board decided that the Group will consider the separate listing of the food and restaurant business as a priority over the separate listing of the property investment and development business. The Board had also decided that the separate listing of food and restaurant business will not be carried out in the coming year as the Group has just completed the acquisition of the chain restaurant business under the trade names of, inter alia, "Delicious" ("味皇") earlier this year and it is expected that more time is required to build the restaurant and food business to an optimal scale suitable for separate listing.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2014, the Group's staff consists of approximately 500 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.

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 unaudited condensed consolidated interim financial statements for the six months ended 30 September 2014.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code for securities transactions by Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code for the six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 2014.

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 2014/2015 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.

For and on behalf of the Board
Carrianna Group Holdings Company Limited
Dr. Ma Kai Yum
Chairman

Hong Kong, 24 November 2014

As at the date of this announcement, the Board comprises Dr. Ma Kai Cheung (Honorary Chairman and non-executive Director); Dr. 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.