# 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 2015

## 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 2015, together with the comparative figures for the previous year, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 March 2015*

| | *Notes* | **2015** | 2014 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| REVENUE | *3* | **670,292** | 1,013,101 |
| Cost of sales | | **(323,021)** | (560,288) |
| Gross profit | | **347,271** | 452,813 |
| Other income and gains, net | | **140,303** | 240,331 |
| Selling and distribution expenses | | **(142,087)** | (139,759) |
| Administrative expenses | | **(118,999)** | (139,740) |
| Other expenses, net | | **(10,418)** | (58,508) |
| Finance costs | *4* | **(32,681)** | (43,194) |
| Share of loss of an associate | | **(10,994)** | (13,889) |
| PROFIT BEFORE TAX | *5* | **172,395** | 298,054 |
| Income tax expense | *6* | **(15,132)** | (81,740) |
| PROFIT FOR THE YEAR | | **157,263** | 216,314 |

| | *Notes* | **2015** | 2014 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| Attributable to: | | | |
| Owners of the parent | | **120,744** | 195,629 |
| Non-controlling interests | | **36,519** | 20,685 |
| | | **157,263** | 216,314 |
| | | **HK cents** | HK cents |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | *8* | | |
| Basic | | **9.66** | 16.07 |
| Diluted | | **9.59** | 15.88 |

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 March 2015*

| | 2015<br>*HK$'000* | 2014<br>*HK$'000* |
|---|---|---|
| PROFIT FOR THE YEAR | **157,263** | 216,314 |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | |
| Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods: | | |
| Available-for-sale investments: | | |
| Changes in fair value | **(138,967)** | 464,833 |
| Reclassification adjustment for gain included in the consolidated statement of profit or loss on disposal | **–** | (152,315) |
| | **(138,967)** | 312,518 |
| Exchange differences on translation of foreign operations | **9,146** | 26,883 |
| Reclassification adjustment on disposal of foreign operations | **414** | – |
| Share of other comprehensive income of an associate | **1,068** | – |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR | **(128,339)** | 339,401 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | **28,924** | 555,715 |
| Attributable to: | | |
| Owners of the parent | **(8,269)** | 531,411 |
| Non-controlling interests | **37,193** | 24,304 |
| | **28,924** | 555,715 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 March 2015*

| | Notes | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | **605,926** | 489,248 |
| Investment properties | | **1,555,317** | 1,547,416 |
| Prepaid land lease payments | | **31,212** | 14,820 |
| Goodwill | | **72,145** | 40,111 |
| Other intangible assets | | **359,394** | 399,732 |
| Interests in associates | | **242,860** | 347,809 |
| Available-for-sale investments | | **383,323** | 522,144 |
| Financial assets at fair value through profit or loss | | **4,679** | 4,654 |
| Properties under development | | **1,074,092** | 982,718 |
| Pledged time deposits | | **88,844** | 61,564 |
| Deposits for purchases of land and buildings | | **–** | 63,817 |
| Total non-current assets | | **4,417,792** | 4,474,033 |
| CURRENT ASSETS | | | |
| Properties under development | | **186,081** | 99,507 |
| Properties held for sale | | **814,344** | 816,192 |
| Inventories | | **31,041** | 37,148 |
| Debtors, deposits and prepayments | *9* | **297,482** | 261,574 |
| Loan to an associate | | **81,960** | – |
| Due from directors | | **3,306** | 1,776 |
| Due from non-controlling shareholders | | **7,083** | – |
| Financial asset at fair value through profit or loss | | **33,745** | 100,415 |
| Structured deposits | | **74,105** | 24,993 |
| Restricted cash | | **10,712** | 10,123 |
| Pledged time deposits | | **29,452** | 6,477 |
| Cash and cash equivalents | | **229,248** | 362,994 |
| | | **1,798,559** | 1,721,199 |
| Investment properties held for sale | | **47,530** | – |
| Total current assets | | **1,846,089** | 1,721,199 |

| | Notes | 2015 | 2014 |
|---|---|---|---|
| | | **HK$'000** | *HK$'000* |
| CURRENT LIABILITIES | | | |
| Trade creditors | *10* | **(116,343)** | (139,427) |
| Sundry creditors, accruals and deposits received | | **(403,594)** | (377,504) |
| Due to directors | | **(11,960)** | (3,070) |
| Due to non-controlling shareholders | | **(12,956)** | (8,275) |
| Interest-bearing bank and other borrowings | | **(773,598)** | (559,163) |
| Finance lease payables | | **(607)** | (776) |
| Derivative financial instrument | | **(1,517)** | (2,508) |
| Deferred income | | **(23,566)** | (435) |
| Tax payable | | **(189,956)** | (193,830) |
| Total current liabilities | | **(1,534,097)** | (1,284,988) |
| NET CURRENT ASSETS | | **311,992** | 436,211 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **4,729,784** | 4,910,244 |
| NON-CURRENT LIABILITIES | | | |
| Due to non-controlling shareholders | | **(21,576)** | (17,441) |
| Interest-bearing bank and other borrowings | | **(231,820)** | (352,764) |
| Finance lease payables | | **–** | (607) |
| Derivative financial instrument | | **–** | (1,536) |
| Deferred income | | **(169,998)** | (213,487) |
| Deposits received | | **(11,277)** | (9,772) |
| Contingent consideration | | **(2,564)** | – |
| Deferred tax | | **(474,971)** | (462,283) |
| Total non-current liabilities | | **(912,206)** | (1,057,890) |
| Net assets | | **3,817,578** | 3,852,354 |
| EQUITY | | | |
| *Equity attributable to owners of the parent* | | | |
| Issued capital | | **124,989** | 124,889 |
| Reserves | | **3,471,709** | 3,521,966 |
| Proposed final dividends | *7* | **37,617** | 62,494 |
| | | **3,634,315** | 3,709,349 |
| Non-controlling interests | | **183,263** | 143,005 |
| Total equity | | **3,817,578** | 3,852,354 |

*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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance which, because the Company has not early adopted the revised Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). The financial statements 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 revised standards and a new interpretation for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) | *Investment Entities* |
| Amendments to HKAS 32 | *Offsetting Financial Assets and Financial Liabilities* |
| Amendments to HKAS 39 | *Novation of Derivatives and Continuation of Hedge Accounting* |
| HK(IFRIC)-Int 21 | *Levies* |
| Amendments to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle* | *Definition of Vesting Condition*[1] |
| Amendments to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle* | *Accounting for Contingent Consideration in a Business Combination*[1] |
| Amendments to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle* | *Short-term Receivables and Payables* |
| Amendments to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle* | *Meaning of Effective HKFRSs* |

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

***New and revised HKFRSs and new disclosure requirements under the Hong Kong Companies Ordinance not yet adopted***

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

| | |
|---|---|
| HKFRS 9 | *Financial Instruments*[4] |
| Amendments to HKFRS 10 and HKAS 28 (2011) | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) | *Investment Entities: Applying the Consolidation Exception*[2] |
| Amendments to HKFRS 11 | *Accounting for Acquisitions of Interests in Joint Operations*[2] |
| HKFRS 14 | *Regulatory Deferral Accounts*[5] |
| HKFRS 15 | *Revenue from Contracts with Customers*[3] |
| Amendments to HKAS 1 | *Disclosure Initiative*[2] |
| Amendments to HKAS 16 and HKAS 38 | *Clarification of Acceptable Methods of Depreciation and Amortisation*[2] |
| Amendments to HKAS 16 and HKAS 41 | *Agriculture: Bearer Plants*[2] |
| Amendments to HKAS 19 | *Defined Benefit Plans: Employee Contributions*[1] |
| Amendments to HKAS 27 (2011) | *Equity Method in Separate Financial Statements*[2] |
| *Annual Improvements 2010-2012 Cycle* | Amendments to a number of HKFRSs[1] |
| *Annual Improvements 2011-2013 Cycle* | Amendments to a number of HKFRSs[1] |
| *Annual Improvements 2012-2014 Cycle* | Amendments to a number of HKFRSs[2] |

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

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

3 Effective for annual periods beginning on or after 1 January 2017

4 Effective for annual periods beginning on or after 1 January 2018

5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the amendments to the Listing Rules announced by the Stock Exchange in February 2015 relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) and HKFRSs will be applied for the year ending 31 March 2016. They will affect the presentation and disclosure of certain information in the consolidated financial statements for the next financial year.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 April 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 April 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1 April 2016.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

*The Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described above, the Group expects to adopt the amendments from 1 April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments most applicable to the Group are as follows:

*HKFRS 8 Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

## 2. Operating segment information

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

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

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

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 2015**

| | Restaurant, food and hotel HK$'000 | Property investment and development HK$'000 | Total HK$'000 |
|---|---|---|---|
| **Segment revenue:** | | | |
| Sales to external customers | **543,973** | **126,319** | **670,292** |
| Intersegment sales | **1,306** | **6,770** | **8,076** |
| | | | **678,368** |
| *Reconciliation:* | | | |
| Elimination of intersegment sales | | | **(8,076)** |
| Total revenue | | | **670,292** |
| **Segment results** | **94,509** | **121,516** | **216,025** |
| *Reconciliation:* | | | |
| Bank interest income | | | **7,314** |
| Unallocated other income and gains, net | | | **13,565** |
| Corporate and unallocated expenses | | | **(31,828)** |
| Finance costs | | | **(32,681)** |
| Profit before tax | | | **172,395** |
| **Other segment information:** | | | |
| Changes in fair value of investment properties | **–** | **63,022** | **63,022** |
| Gain on disposal of investment properties | **–** | **22,514** | **22,514** |
| Fair value gain on financial assets at fair value through profit or loss, net – unallocated | | | **7,848** |
| Fair value loss on derivative instruments – transactions not qualifying as hedges, net – unallocated | | | **624** |
| Share of loss of an associate | **–** | **10,994** | **10,994** |
| Gain on deregistration of subsidiaries | **871** | **–** | **871** |
| Equity-settled share option expense | | | |
| – segment | **–** | **210** | **210** |
| – unallocated | | | **749** |
| | | | **959** |
| Other interest income | | | |
| – segment | **–** | **4,918** | **4,918** |
| – unallocated | | | **1,362** |
| | | | **6,280** |
| Impairment of trade debtors, net | **8,982** | **–** | **8,982** |
| Recognition of prepaid land lease payments | **839** | **–** | **839** |
| Depreciation | | | |
| – segment | **28,403** | **8,419** | **36,822** |
| – unallocated | | | **2,428** |
| | | | **39,250** |
| Interests in associates | **172** | **242,688** | **242,860** |
| Capital expenditure | | | |
| – segment | **141,363** | **18,755** | **160,118** |
| – unallocated | | | **817** |
| | | | **160,935*** |

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

**Year ended 31 March 2014**

| | Restaurant, food and hotel *HK$'000* | Property investment and development *HK$'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 | 365,897 |
| *Reconciliation:* | | | |
| Bank interest income | | | 6,140 |
| Unallocated other income and gains, net | | | 21,206 |
| Corporate and unallocated expenses | | | (51,995) |
| 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 | 178 | 347,631 | 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.*

***Geographical information***

(a) *Revenue from external customers*

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **141,063** | 45,712 |
| Mainland China | **529,229** | 967,389 |
| | **670,292** | 1,013,101 |

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

(b) *Non-current assets*

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **240,141** | 186,598 |
| Mainland China | **3,700,805** | 3,401,068 |
| | **3,940,946** | 3,587,666 |

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 2015 and 2014.

## 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 rendering of hotel and other services; proceeds from sale of properties; and gross rental income received and receivable during the year.

An analysis of revenue is as follows:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Income from the hotel, restaurant and food businesses | **543,973** | 488,344 |
| Gross rental income | **90,120** | 81,905 |
| Proceeds from sale of properties | **36,199** | 442,852 |
| | **670,292** | 1,013,101 |

## 4. Finance costs

| | **2015** | 2014 |
|---|---|---|
| | ***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 | **43,307** | 56,553 |
| Bank loans not wholly repayable within five years | **1,127** | 426 |
| Contingent consideration | **714** | – |
| Finance leases | **49** | 85 |
| Total interest expense on financial liabilities not at fair value through profit or loss | **45,197** | 57,064 |
| Less: Interest capitalised | **(12,516)** | (13,870) |
| | **32,681** | 43,194 |

## 5. Profit before tax

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

| | 2015 | 2014 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Cost of inventories sold and services provided | **323,021** | 560,288 |
| Depreciation | **39,250** | 34,127 |
| Recognition of prepaid land lease payments | **839** | 429 |
| Lease payments under operating leases for land and buildings: | | |
| Minimum lease payments | **41,685** | 28,745 |
| Contingent rents | **208** | 413 |
| | **41,893** | 29,158 |
| Auditors' remuneration | **3,497** | 3,121 |
| Employee benefit expense (excluding directors' remuneration)#: | | |
| Wages and salaries | **122,739** | 108,552 |
| Equity-settled share option expense | **210** | 1,505 |
| Pension scheme contributions (defined contribution scheme) | **9,239** | 13,129 |
| | **132,188** | 123,186 |
| Foreign exchange differences, net | **(2,108)** | 87 |
| Impairment of trade debtors, net | **8,982** | 86 |
| Fair value losses/(gains), net: | | |
| Financial assets at fair value through profit or loss | | |
| – Held for trading | **(6,062)** | (13,356) |
| – Designated as such upon initial recognition | **(1,786)** | 468 |
| Derivative instruments – transactions not qualifying as hedges | **624** | 51,248 |
| Available-for-sale investments (transfer from equity on disposal) | **–** | (152,315) |
| Write-down of inventories to net realisable value | **–** | 3,423 |
| Gain on disposal of investment properties | **(22,514)** | – |
| Changes in fair value of investment properties, net | **(63,022)** | (40,466) |
| Gross rental income | **(90,120)** | (81,905) |
| Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties | **1,508** | 1,367 |
| | **(88,612)** | (80,538) |
| Bank interest income | **(7,314)** | (6,140) |
| Other interest income | **(6,280)** | (2,684) |
| Dividend income from available-for-sale listed investments | **(19,456)** | (13,897) |
| Dividend income from available-for-sale unlisted investments | **(1,784)** | – |
| Dividend income from financial assets at fair value through profit or loss | **(2,271)** | (4,757) |
| Gain on deregistration of subsidiaries | **(871)** | – |
| Loss on disposal of items of property, plant and equipment, net | **212** | 221 |

# *Inclusive of an amount of HK$83,019,000 (2014: HK$76,166,000) 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% (2014: 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.

| | 2015 | 2014 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Group: | | |
| Current – Hong Kong | | |
| Charge for the year | **628** | 309 |
| Current – Mainland China | | |
| Corporate income tax | **40,244** | 73,932 |
| Land appreciation tax | **871** | 10,091 |
| Overprovision in prior years | **(39,160)** | (27,278) |
| Deferred | **12,549** | 24,686 |
| Total tax charge for the year | **15,132** | 81,740 |

## 7. Dividends

| | 2015 | 2014 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Proposed final – HK3 cents (2014: HK5 cents) per ordinary share | **37,617** | 62,494 |
| Additional final | **–** | 4,531 |
| Additional special | **–** | 27,185 |
| | **–** | 31,716 |

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 the 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 1,249,882,057 (2014: 1,217,403,547) in issue during the year.

The calculation of the 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, where applicable. 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:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Earnings | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | **120,744** | 195,629 |
| Interest on convertible notes | **–** | 8,148 |
| Less: Fair value loss on the derivative component of the convertible notes | **–** | 14,105 |
| Profit attributable to ordinary equity holders of the parent before financial effect arising from convertible notes | **120,744** | 217,882* |

| | **Number of shares** | |
|---|---|---|
| | **2015** | 2014 |
| Shares | | |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation | **1,249,882,057** | 1,217,403,547 |
| Effect of dilution – weighted average number of ordinary shares: | | |
| Share options | **8,573,413** | 14,371,903 |
| Convertible notes | **–** | 12,852,890 |
| | **1,258,455,470** | 1,244,628,340* |

* Because the diluted earnings per share amount would be 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 was based on the profit for the prior 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 that year.

## 9. Debtors, deposits and prepayments

Included in the balance is an amount of HK$88,352,000 (2014: HK$50,446,000) representing the trade debtors of the Group.

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade debtors | **117,739** | 70,891 |
| Impairment | **(29,387)** | (20,445) |
| | **88,352** | 50,446 |

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:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current to 30 days | **6,731** | 6,214 |
| 31 to 60 days | **946** | 5,833 |
| 61 to 90 days | **3,857** | 18,323 |
| Over 90 days | **76,818** | 20,076 |
| | **88,352** | 50,446 |

***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:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current to 30 days | **104,045** | 122,954 |
| 31 to 60 days | **6,132** | 3,272 |
| 61 to 90 days | **2,207** | 6,350 |
| Over 90 days | **3,959** | 6,851 |
| | **116,343** | 139,427 |

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Results

For the year ended 31 March 2015, the Group's turnover was HK$670,292,000 (2014: HK$1,013,101,000), decreased by 34% from last year. The Group's profit attributable to shareholders was HK$120,744,000 (2014: HK$195,629,000), decreased by 38% from last year. The reason for the decrease in turnover was sales revenue recognition of Phase 2 of Grand Lake City, Yiyang of Hunan Province in last year contributed to total property sales revenue of HK$442,852,000 while property sales revenue was only HK$36,199,000 for this year as Phase 3 of Grand Lake City sales revenue could not be booked due to government inspection procedures could only be completed in May 2015. The decrease in profit attributable to shareholders was mainly due to decrease in profit from property sales as well as profit for sales of China South City shares amounted to HK$115,086,000 was booked in last year. Excluding non-recurring profit from sales of China South City shares, profit attributable to shareholders increased by 50% from last year. Excluding non-recurring profit from sales of China South City shares and property revaluation gain and related tax, operating profit attributable to shareholders was HK$71,179,000, increased by 44% from last year.

## Property

Turnover of property business for the year was HK$126,319,000 (2014: HK$524,757,000), decreased by 76% from last year. Segment profit before tax was HK$121,516,000 (2014: HK$295,511,000), decreased by 59% from last year. Excluding the effect of property revaluation gain and profit from sales of China South City shares, segment profit before tax was HK$58,494,000 (2014: HK$139,959,000), decreased by 58% from last year.

During the year, the construction of Phase 3 of Grand Lake City, Yiyang of Hunan Province, comprising 3 blocks of small size lake view residential buildings and a shopping centre, was completed in first quarter of 2015. However, government inspection procedures were only fully completed in May 2015. As a result, property sales for Phase 3 of Grand Lake City could not be booked in the current financial year and this was the major reason for reduction in property sales revenue for the year. Property sales revenue booked during the year was only HK$36,199,000 mainly represented sales of remaining property of Phase 2 of Grand Lake City.

For the coming year, property sales volume and property price in small to medium cities in the mainland are both under downward adjustment pressure. Sales in Phase 3 of Grand Lake City will also be affected. Currently, the Group has contracted property sales not booked in the amount of approximately HK$168,000,000. Management will increase effort and resources for promotion of property sales so as to increase property sales revenue and profit for the coming year.

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, the "Home Town", had good construction progress. Phase I mall, comprising 110,000 sq. m. 6 storeys above ground and two levels of basement will be completed in early 2016. Sales of shops has started in May 2015. Initial sales were slower than expected as investors in the mainland have increased their investments in the stock market recently. Management will increase effort and resources in sales promotion and expects sales to pick up in the second half of the year when investors take profit from the stock market and invest into properties. Shopping mall management team has been working hard to solicit shopping mall tenants. Progress has been satisfactory with negotiation for large anchor tenants approaching final stages.

For investment properties, rental income for the year was HK$90,120,000, increased significantly by 10% from last year. Major contributors were Carrianna Friendship Square in Shenzhen and shops in Grand Lake City, Hunan with rental income increased by 10% and 66% respectively. On the other hand, investment properties in Hong Kong as well as Imperial Palace shopping mall in Shenzhen also recorded satisfactory growth in rental income.

**Hotel, Restaurant and Food**

Turnover for hotel, restaurant and food division for the year was HK$543,973,000 (2014: HK$488,344,000), increased by 11% from last year. Segment profit was HK$94,509,000 (2014: HK$70,386,000), increased by 34% from last year. Increase in turnover was mainly due to 8 months turnover contribution of HK$96 million from Delicious restaurants which was acquired by the Group last year. Carrianna restaurants turnover increased by 12% while food and hotel business turnover decreased by 22% and 3% respectively. Operating profit increase was mainly due to restaurant business turned from loss to profit, together with reduction in operating loss in hotel business, were more than enough to offset decrease in profit from food business.

During the year, to operate under a very difficult market environment, Carrianna restaurant management had made various efforts to increase sales revenue and control cost. The two loss making restaurants in Beijing and Wuhan were closed during the year. Operating areas and number of labours were reduced in restaurants in Hainan and Kunming in order to lower operating cost. Together with sales increase in the three restaurants in Shenzhen, profit contribution from Hong Kong Carrianna restaurant and reversal of prior year sales tax overprovision in Hainan and Kunming, Carrianna restaurants turned from operating loss to operating profit during the year. For the coming year, management will further control cost and improve operating efficiency in order to continue to provide operating profit to the Group.

The newly acquired Delicious "Cha Chaan Teng" restaurants group became a subsidiary of the Group on 1 August 2014. The first eight months turnover was HK$96,167,000 and operating profit was HK$5,656,000. "Cha Chaan Teng" and other low to medium price specialty restaurants is one of the key development area of the Group. Currently, Delicious group operates 10 Delicious（味皇）brand Cha Chaan Teng and 2 Gusto（嚐味）brand South East Asian food restaurants. In addition to two restaurants opened in Ma On Shan and Wanchai recently, the Group has planned to open 3 to 4 restaurants in Hong Kong and 1 to 2 restaurants in Shenzhen in the coming year. In order to support business expansion, the group moved its central kitchen to Kwai Chung during the year. The new 6,300 sq. feet ground floor central kitchen can support up to 30 restaurants, enough for supporting restaurant expansion in the coming 2 to 3 years.

For food business, moon cake sales revenue and profit decreased from last year for the first time mainly due to cancellation of orders from government departments and government owned enterprises. This was the result of continued tightening of government expenditure leading to cancellation of the usual practice of providing mooncake to staff for Mid-Autumn festival. For the coming year, government has restored the practice of providing employee with festival food such as mooncake. Management expects mooncake sales to be significantly higher than last year.

On the other hand, establishment of other food business is also one of the key development directions of the Group. On 28 May 2015, the Group entered into a share transfer agreement for the acquisition of 60% equity interest in New Sheen Holdings Limited. The acquisition is expected to be completed on 1 July 2015. Upon successful completion, New Sheen will become a subsidiary of the Group operating 10 bakeries under the brand name of Empery (馥軒) and Pak Lok (百樂) and a food factory for the production of bread, cakes, pastries and Chinese pastries. In addition to enter into the bakery market in Hong Kong with two well established brands, the acquisition also provide technical knowhow and business development experience for the Group's bakery and food retail business in China which has just been started in Hainan and Shenzhen.

***Liquidity and Financial Resources***

As at 31 March 2015, the Group's consolidated net assets after deduction of non-controlling interests was HK$3,634,315,000 (2014: HK$3,709,349,000) and consolidated net assets after deduction of non-controlling interests per share was HK$2.91 (2014: HK$2.97).

As at 31 March 2015, the Group's cash and cash equivalents amounted to HK$229,248,000 (2014: HK$362,994,000), which was denominated in Hong Kong dollars, Renminbi and United States dollars of HK$126,982,000, HK$102,088,000 and HK$178,000, respectively. The Group's free cash and bank balances and structured deposits were HK$303,353,000 (2014: HK$387,987,000).

The Group's total borrowings amounted to HK$1,006,935,000 (2014: HK$915,971,000) comprised interest-bearing bank and other borrowings and derivative financial instrument. 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$887,122,000 (2014: HK$843,886,000). Net bank and other borrowings less free cash and bank balances and structured deposits were HK$583,769,000 (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 15% (2014: 12%).

***Material acquisition and disposal***

On 26 June 2014, the Group entered into a share transfer agreement for the acquisition of 60% equity interest 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 "Gusto 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.

On 28 May 2015, the Group entered into a share transfer agreement for the acquisition of 60% equity interest in New Sheen Holdings Limited ("New Sheen") which, upon completion will be the holding company for operating Profit Smart group, at a cash consideration of HK$20,400,000 (See announcement dated 28 May 2015).

The share transfer agreement was entered with the owner operators of Profit Smart group, who operates a food factory and 10 bakeries under the names of Empery（馥軒）and Pak Lok（百樂）.

The transaction is expected to be completed on 1 July 2015 and New Sheen, upon successful completion, will become the subsidiary of the Group on the same date.

***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$223,710,000 (2014: HK$206,997,000).

### *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$2,443,653,000 (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.

### *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 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.

## FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended the payment of a final dividend of HK3 cents (2014: HK5 cents) per ordinary share for the year ended 31 March 2015. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on or before 15 October 2015.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Friday, 25 September 2015 to Wednesday, 30 September 2015 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, 24 September 2015.

## 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, 24 August 2015 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 2015 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, 21 August 2015 to Monday, 24 August 2015, 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, 20 August 2015.

## 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 2015.

## 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 2015.

## 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 2015.

## 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 2015.

## 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 2015 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, 26 June 2015

*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.*