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 2017

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 2017, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
REVENUE	*3*	**867,468**	867,178
Cost of sales		**(471,670)**	(481,922)
Gross profit		**395,798**	385,256
Other income and gains, net		**78,099**	101,844
Selling and distribution expenses		**(183,380)**	(171,221)
General and administrative expenses		**(134,597)**	(135,404)
Other expenses, net		**(6,261)**	(38,199)
Finance costs	*4*	**(36,342)**	(33,702)
Share of profit of an associate		**47,236**	43,198
PROFIT BEFORE TAX	*5*	**160,553**	151,772
Income tax expense	*6*	**(10,828)**	(17,346)
PROFIT FOR THE YEAR		**149,725**	134,426

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Attributable to:			
Owners of the parent		**127,446**	121,030
Non-controlling interests		**22,279**	13,396
		149,725	134,426
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**10.16**	9.65
Diluted		**10.16**	9.64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**149,725**	134,426
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**–**	(130,629)
Exchange differences on translation of foreign operations	**(84,896)**	(109,053)
Reclassification adjustment on disposal of foreign operations	**(508)**	622
Share of other comprehensive loss of an associate	**(11,130)**	(7,731)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(96,534)**	(246,791)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**53,191**	(112,365)
Attributable to:		
Owners of the parent	**36,883**	(116,912)
Non-controlling interests	**16,308**	4,547
	53,191	(112,365)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	2017	2016
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**587,306**	600,060
Investment properties		**1,527,202**	1,563,410
Prepaid land lease payments		**26,384**	28,672
Goodwill		**90,318**	90,318
Other intangible assets		**359,394**	359,394
Interests in associates		**553,644**	400,936
Available-for-sale investments		**267,447**	250,969
Derivative financial instrument		**83**	–
Financial assets at fair value through profit or loss		**83,761**	–
Properties under development		**860,955**	941,640
Debtors and deposits	*9*	**25,487**	27,208
Pledged time deposits		**42,926**	86,818
Total non-current assets		**4,424,907**	4,349,425
CURRENT ASSETS			
Properties under development		**101,746**	51,239
Properties held for sale		**817,869**	883,195
Inventories		**24,308**	25,686
Debtors, deposits and prepayments	*9*	**225,300**	224,655
Due from directors		**35,539**	13,696
Due from non-controlling shareholders		**200**	100
Financial assets at fair value through profit or loss		**79,785**	89,946
Structured deposits		**12,129**	14,490
Restricted cash		**5,077**	6,971
Pledged time deposits		**4,122**	16,888
Cash and cash equivalents		**284,215**	158,207
		1,590,290	1,485,073
Investment properties held for sale		**68,918**	–
Total current assets		**1,659,208**	1,485,073

	Notes	**2017**	2016
		HK$'000	*HK$'000*
CURRENT LIABILITIES			
Trade creditors	*10*	**(88,978)**	(101,858)
Sundry creditors, accruals and deposits received		**(356,814)**	(343,862)
Provisions		**(11,972)**	(13,772)
Due to directors		**(5,434)**	(1,317)
Due to non-controlling shareholders		**(25,795)**	(36,939)
Interest-bearing bank and other borrowings		**(806,528)**	(652,885)
Finance lease payables		**(18)**	–
Deferred income		**(20,711)**	(21,962)
Tax payable		**(199,655)**	(205,227)
Total current liabilities		**(1,515,905)**	(1,377,822)
NET CURRENT ASSETS		**143,303**	107,251
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,568,210**	4,456,676
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**(425,738)**	(283,514)
Derivative financial instrument		**–**	(195)
Deferred income		**(151,585)**	(160,119)
Deposits received		**(8,350)**	(12,157)
Provisions		**(2,318)**	(12,882)
Deferred tax		**(450,575)**	(453,217)
Finance lease payable		**(60)**	–
Total non-current liabilities		**(1,038,626)**	(922,084)
Net assets		**3,529,584**	3,534,592
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**125,389**	125,389
Reserves		**3,313,467**	3,312,459
		3,438,856	3,437,848
Non-controlling interests		**90,728**	96,744
Total equity		**3,529,584**	3,534,592

Notes:

1.1 Basis of preparation

The consolidated financial statements of the Group 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. 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 or were revaluated in the past. The consolidated 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.

1.2 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 final results:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of the above new and revised standards has had no significant financial effect on the consolidated financial statements.

1.3 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 these final results:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions* [2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts* [2]
HKFRS 9	*Financial Instruments* [2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]
HKFRS 15	Revenue from Contracts with Customers [2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers* [2]
HKFRS 16	*Leases* [3]
Amendments to HKAS 7	*Disclosure Initiative* [1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses* [1]
Amendments to HKAS 40	*Transfers of Investment Property* [2]
Annual Improvements 2014 – 2016 Cycle	Amendments to a number of HKFRSs [5]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration* [2]

[1] Effective for annual periods beginning on or after 1 January 2017

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for annual periods beginning on or after 1 January 2019

[4] No mandatory effective date yet determined but available for adoption

[5] Effective for annual periods beginning on or after 1 January 2018, except for the amendments to HKFRS 12, which are effective for annual periods beginning on or after 1 January 2017

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in on position to state whether these new and revised HKFRSs would have a significant impact on the Group's financial performance and financial position.

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, industrial and residential properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that bank interest income, certain fair value gains or losses from the Group's financial instruments, finance costs as well as corporate and unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the agreed prices.

Year ended 31 March 2017/At 31 March 2017

	Restaurant, food and hotel *HK$'000*	Property investment and development *HK$'000*	Total *HK$'000*
Segment revenue:			
Revenue from external customers	**712,777**	**154,691**	**867,468**
Intersegment revenue	**231**	**5,411**	**(5,642)**
	713,008	**160,102**	**873,110**
Reconciliation:			
Elimination of intersegment revenue			**(5,642)**
Total revenue			**867,468**
Segment results	**79,830**	**125,016**	**204,846**
Reconciliation:			
Bank interest income			**2,828**
Unallocated other income and gains, net			**19,603**
Corporate and other unallocated expenses			**(30,382)**
Finance costs			**(36,342)**
Profit before tax			**160,553**
Other segment information:			
Changes in fair value of investment properties, net	**–**	**15,830**	**15,830**
Changes in fair value of an investment property classified as held for sale	**–**	**13,118**	**13,118**
Gain on disposal of investment properties	**–**	**4,059**	**4,059**
Fair value gain on financial assets at fair value through profit or loss, net – unallocated			**12,724**
Fair value gain on derivative instruments – transactions not qualifying as hedges, net – unallocated			**6**
Share of profit of an associate	**–**	**47,236**	**47,236**
Utilisation of provision for onerous contract		**10,128**	**10,128**
Gain on deregistration of a subsidiary	**530**	**–**	**530**
Equity-settled share option expense			
– segment	**–**	**503**	**503**
– unallocated			**1,238**
			1,741
Other interest income			
– segment	**–**	**4,918**	**4,918**
– unallocated			**5,558**
			10,476
Impairment of trade debtors, net	**4,100**	**–**	**4,100**
Recognition of prepaid land lease payments	**740**	**–**	**740**
Depreciation			
– segment	**36,056**	**4,156**	**40,212**
– unallocated			**1,824**
			42,036
Interests in associates	**173**	**553,471**	**553,644**
Capital expenditure			
– segment	**76,488**	**35,353**	**111,841**
– unallocated			**233**
			112,074 **

** *Capital expenditure consists of additions to property, plant and equipment, excluding assets from the acquisition of subsidiaries.*

Year ended 31 March 2016/At 31 March 2016

	Restaurant, food and hotel *HK$'000*	Property investment and development *HK$'000*	Total *HK$'000*
Segment revenue:			
Revenue from external customers	622,015	245,163	867,178
Intersegment revenue	1,507	4,651	6,158
	623,522	249,814	873,336
Reconciliation:			
Elimination of intersegment revenue			(6,158)
Total revenue			867,178
Segment results	69,903	159,821	229,724
Reconciliation:			
Bank interest income			5,475
Unallocated other income and gains, net			997
Corporate and other unallocated expenses			(50,722)
Finance costs			(33,702)
Profit before tax			151,772
Other segment information:			
Changes in fair value of investment properties, net	–	23,985	23,985
Gain on disposal of investment properties	–	7,729	7,729
Fair value losses on financial assets at fair value through profit or loss, net – unallocated			13,188
Fair value loss on derivative instruments – transactions not qualifying as hedges – unallocated			33
Share of profit of an associate	–	43,198	43,198
Loss on deregistration of subsidiaries	354	–	354
Gain on disposal of certain properties under development	–	20,885	20,885
Provision for onerous contracts	–	24,124	24,124
Equity-settled share option expense			
– segment	–	412	412
– unallocated			2,368
			2,780
Other interest income			
– segment	–	4,918	4,918
– unallocated			5,510
			10,428
Impairment of trade debtors	28	–	28
Recognition of prepaid land lease payments	782	–	782
Depreciation			
– segment	35,214	4,572	39,786
– unallocated			2,252
			42,038
Interests in associates	174	400,762	400,936
Capital expenditure			
– segment	50,876	12,035	62,911
– unallocated			824
			63,735**

** *Capital expenditure consists of additions to property, plant and equipment, excluding assets from the acquisition of subsidiaries.*

Geographical information

(a) *Revenue from external customers*

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**341,027**	281,669
Mainland China	**526,441**	585,509
	867,468	867,178

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

(b) *Non-current assets*

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**223,352**	254,292
Mainland China	**3,781,851**	3,730,138
	4,005,203	3,984,430

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

No revenue to any external customer accounted for 10% or more of the Group's total revenue for the years ended 31 March 2017 and 2016.

3. Revenue

Revenue 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:

	2017	2016
	HK$'000	*HK$'000*
Income from the hotel, restaurant and food businesses	**712,777**	622,015
Gross rental income	**83,624**	89,261
Proceeds from sale of properties	**71,067**	155,902
	867,468	867,178

4. Finance costs

	2017	2016
	HK$'000	*HK$'000*
Interest in respect of:		
Bank loans, overdrafts and other loans	**41,098**	36,988
Finance leases	**–**	12
Total interest expense on financial liabilities not at fair value through profit or loss	**41,098**	37,000
Less: Interest capitalised	**(4,756)**	(3,642)
	36,342	33,358
Other finance costs:		
Increase in discounted amounts of contingent consideration arising from the passage of time	**–**	344
	36,342	33,702

5. Profit before tax

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

	2017	2016
	HK$'000	*HK$'000*
Cost of inventories sold and services provided	**471,670**	481,922
Depreciation	**42,036**	42,038
Recognition of prepaid land lease payments	**740**	782
Impairment of trade debtors, net	**4,100**	28
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss		
– Held for trading	**(12,704)**	11,152
– Designated as such upon initial recognition	**(20)**	2,036
Derivative instruments – transactions not qualifying as hedges	**(6)**	33
Gain on disposal of investment properties	**(4,059)**	(7,729)
Changes in fair value of investment properties, net	**(15,830)**	(23,985)
Change in fair value of an investment property classified as held for sale	**(13,118)**	–
Bank interest income	**(2,828)**	(5,475)
Other interest income	**(10,476)**	(10,428)
Gain on disposal of a subsidiary	**–**	(20,885)
Provision/(utilisation of provision) for onerous contracts	**(10,128)**	24,124
Dividend income from available-for-sale investments	**(16,482)**	(21,358)
Dividend income from financial assets at fair value through profit or loss	**(2,585)**	(1,996)
Loss/(gain) on deregistration of subsidiaries	**(530)**	354
Loss/(gain) on disposal of items of property, plant and equipment, net	**246**	(316)

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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 relevant rates of tax prevailing in Mainland China.

	2017	2016
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**1,426**	1,296
Current – Mainland China		
Corporate income tax	**30,252**	43,166
Land appreciation tax	**459**	3,476
Overprovision in prior years	**(20,106)**	(10,453)
Deferred	**(1,203)**	(20,139)
Total tax charge for the year	**10,828**	17,346

7. Dividend

	2017	2016
	HK$'000	*HK$'000*
Proposed final – HK3 cents (2016: HK3 cents) per ordinary share	**37,629**	37,617

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 1,253,887,536 (2016: 1,253,734,531) 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. 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:

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**127,446**	121,030

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,253,887,536**	1,253,734,531
Effect of dilution – weighted average number of ordinary shares:		
Share options	**196,978**	1,357,670
	1,254,084,514	1,255,092,201

9. Debtors, deposits and prepayments

Included in the balance is an amount of HK$47,087,000 (2016: HK$83,757,000) representing the trade debtors of the Group.

	2017	2016
	HK$'000	*HK$'000*
Trade debtors	**75,443**	109,393
Impairment	**(28,356)**	(25,636)
	47,087	83,757

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:

	2017	2016
	HK$'000	*HK$'000*
Current to 30 days	**9,962**	9,120
31 to 60 days	**789**	3,223
61 to 90 days	**516**	628
Over 90 days	**35,820**	70,786
	47,087	83,757

For restaurant, food and hotel businesses, 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 provided when the collection of the full amount is no longer probable. The Group seeks to maintain strict control over its outstanding debtor balances. Overdue balances are reviewed regularly by senior management.

10. Trade creditors

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

	2017	2016
	HK$'000	*HK$'000*
Current to 30 days	**73,955**	92,849
31 to 60 days	**5,086**	3,331
61 to 90 days	**5,479**	1,580
Over 90 days	**4,458**	4,098
	88,978	101,858

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

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 March 2017, the Group's turnover was HK$867,468,000 (2016: HK$867,178,000), roughly the same as last year. The Group's profit attributable to shareholders was HK$127,446,000 (2016: HK$121,030,000), increased by 5% from last year. Excluding property revaluation gain and related taxes, profit attributable to shareholders was HK$98,892,000, slightly reduced by 1% from last year. During the year, restaurant, food and hotel businesses recorded turnover growth with a combined growth of 15%. However, such growth was offset by the reduction in property sales revenue. Increase in profit attributable to shareholders was mainly due to operating profit increased from restaurant, food and hotel businesses while profit from property business decreased due to reduction in property sales revenue. On the other hand, the depreciation of RMB by more than 5% in last year turned profit attributable to shareholders excluding property revaluation gain and related taxes from growth to reduction.

PROPERTY

Turnover for property segment for the year ended 31 March 2017 was HK$154,691,000 (2016: HK$245,163,000), decreased by 37% from last year. Segment profit was HK$125,016,000 (2016: HK$159,821,000), decreased by 22% from last year. Excluding property revaluation gain, segment profit was HK$96,068,000 (2016: HK$135,835,000), decreased by 29% from last year. Decrease in turnover was mainly due to property sales revenue decrease in phase 3 of Grand Lake City project of Yiyang, Hunan Province. In last year, about two thirds of the phase 3 residential units were sold and booked while only one third of the remaining residential units was booked in current year. This was also the reason for reduction in segment profit.

During the year, the remaining units of phase 3 of Grand Lake City were sold. Together with some remaining units from phase 2, total sales was about HK$70,000,000. Construction progress for phase 4 of Grand Lake City, Peacock City, was satisfactory and sales will start in third quarter of 2017. Part one of phase 4 consists of 514 units, 61,143 sq.m, of residential property and 57 units, 6,437 sq.m, of shops. Average selling price is planned to be RMB4,800 and RMB20,000 respectively. Total planned sales value was approximately RMB420 million. Construction is expected to be completed by third quarter of 2018.

The Group's 50% owned Dongguan Home Town completed construction for the east tower at the end of 2016. Export e-commerce product exhibition and trading centre located on the sixth floor and exhibition centre located at the basement floor had started operation. Other floors will be opened for business by phases together with the west and north tower from the end of 2017. A total of 789 units, 40,312 sq.m, of Home Town residential apartments had been sold with sales revenue of over RMB440,000,000. These units will be delivered to customer by September to October 2017 and booked as sales revenue. On the other hand, Home Town owned 30% share of Red Star Macalline furniture mall which had started operation in September 2016. Rent out rate was near 100%. Rental income will grow continuously from the second year of operation.

On 5 November 2016, the Group entered into an agreement to jointly develop a city renewal project at Maguling, Luohu district of Shenzhen (see the Group's announcement on 5 November 2016). The project was recently submitted to government for redevelopment approval. If the project is successfully developed on time, it will bring in substantial property development profits to the Group in 3 to 4 year's time.

Rental income from investment properties was HK$83,624,000, decreased by 6% from last year as a result of RMB devaluation of 5%. Excluding RMB devaluation effect, rental reduction was only 1% from last year. The main reason for the reduction was a major tenant in Carrianna Friendship Square had new renovation, a rent free period of three months was granted which resulted in rental reduction of about RMB1 million. In April 2017, the Group sold its 6 floors, 8,398 sq. ft., commercial property in Tak Sing Alliance Building for HK$68,648,000 (see announcement on 12 April 2017). The rental growth as well as yield against selling price were low for Tak Sing Alliance Building. The proceeds for the sales was used to buy, at different dates, 3 retail shops with good growth potential at Kowloon urban area. Rental yield was improved from 2.6% to 3.2%. On the other hand, construction for the factory building in Panyu Guangdong province had been completed and was leased at a monthly rental of RMB300,000 to a tenant who will start to move in by phases from fourth quarter of 2017. For the coming year, rental income will continue to grow mildly and continue to provide steady cash contribution to the Group.

RESTAURANT, FOOD AND HOTEL

Turnover of restaurant, food and hotel segment for the year ended 31 March 2017 was HK$712,777,000 (2016: HK$622,015,000), increased by 15% from last year. Segment profit was HK$79,830,000 (2016: HK$69,903,000), increased by 14% from last year. All restaurant, food and hotel businesses recorded growth in sales revenue during the year. Operating results of restaurant and hotel recorded satisfactory growth while food business operating profit was about the same as last year. Excluding the effect of RMB devaluation, food business profit increased by 4% from last year.

Restaurant turnover for the year was HK$335,653,000, increased by 16% from last year. Carrianna restaurants turnover increased by 13% from last year. Except Shenzhen Jing Du shop, all Carrianna restaurants in mainland China as well as the Hong Kong shop recorded growth in sales revenue. Delicious Group of restaurants also recorded turnover of 13% with the growth mainly came from new shops opened during the year. Due to fierce competition, most old Delicious shops recorded reduction in turnover from last year. As at 31 March 2017, Delicious Group operated 17 restaurants in Hong Kong. In addition to Carrianna and Delicious Group of restaurants, the new 'ShunYi'（順意）brand of Shunde cuisine restaurant opened in October 2016 in Shenzhen also contributed HK$8,000,000 of turnover to the Group's restaurant business.

For the coming year, Carrianna restaurants will continue to control purchasing cost, improve operating flow to enhance efficiency and strengthen promotion of wedding banquet and business dining. Management will ensure the profit growth trend can be continued. Delicious Group plans to open 4 to 5 more shops for the coming year. As operating results for old shops started to improve in second quarter of 2017, together with profit contribution from new shops, management is cautiously optimistic about the operating results of Delicious Group for the coming year. On the other hand, the Group will open a Korean restaurant and a Vietnam/Thailand cuisine restaurant in Causeway Bay in September 2017. Together with the new Shunde cuisine restaurant in Shenzhen, the Group's restaurant business will become even more diversified.

Food business turnover for the year was HK$319,808,000, increased by 16% from last year. Operating profit was about the same as last year. Excluding the effect of RMB devaluation, operating profit of food business increased by more than 5% from last year. Major turnover and profit contributor continued to be mooncake sales. Turnover of food business in the mainland increased by 4% from last year and increased by 10% in RMB term. The growth mainly came from Hainan province mooncake sales while sales in Kunming and Shenzhen were about the same as last year. During the year, construction progress of Hainan new food factory was satisfactory. Construction is expected to be completed by first quarter of 2018 and production at the new factory is scheduled to start in second quarter of 2018. Profit Smart Group in Hong Kong had recorded a full year of operating results for this year while last year had only recorded 9 months. As a result, turnover increased significantly from the year. However, operating profit reduced due to new shops opening expenses and significant operating loss in the Un Chau shop at Shum Shui Po. For the coming year, the current level of mooncake sales revenue and operating profit should be maintained. Profit Smart Group will close shops with large operating loss and open 4 to 5 new shops. As shops opened in recent months are contributing satisfactory profit, together with improvement in factory direct sales profit, Profit Smart Group profit will return to growth.

Turnover of hotel business for the year was HK$57,316,000, increased by 3% from last year. Carrianna Hotel in Yiyang, Hunan Province recorded growth in turnover and operating cash while operating loss also reduced by 27% from last year. Turnover of Foshan Carrianna Hotel in RMB term was about the same as last year while operating results improved by 12%. For the coming year, the management will continue to improve service quality and put more effort on sales promotion in order to continue the growth in turnover and operating cash.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 March 2017, the Group's cash and cash equivalents amounted to HK$284,215,000 (2016: HK$158,207,000), which were denominated in Hong Kong dollars, Renminbi Canadian dollars and United States dollars of HK$166,817,000, HK$107,989,000, HK$9,278,000 and HK$131,000, respectively. The Group's free cash and bank balances, structured deposits, and derivative financial instrument were HK$296,427,000. (2016: HK$172,697,000).

The Group's total borrowings amounted to HK$1,232,344,000 (2016: HK$936,594,000) comprised interest-bearing bank and other borrowings, finance lease payable 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$1,185,296,000 (2016: HK$832,693,000). Net bank and other borrowings less free cash and bank balances, structured deposits and derivative financial instrument were HK$888,869,000 (2016: HK$659,996,000).

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 25% (2016: 19%).

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.

Material acquisition and disposal

On 5 November 2016, Carrianna (Shenzhen) Investment Co., Ltd.*（佳寧娜（深圳）投資有限公司）("Carrianna Shenzhen"), an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Yaohuan (Shenzhen) Properties Co., Ltd.*（耀桓（深圳）置業有限公司）and the Guarantor in relation to the investment by Carrianna Shenzhen into the Maguling Project (see announcement dated 5 November 2016).

Pursuant to the Cooperation Agreement, Carrianna Shenzhen has conditionally agreed that it will provide funding in the aggregate amount of RMB150,000,000 to the Project Company, which amount will be contributed in stages pursuant to the actual funding needs of the Project Company. In return for the investment of RMB150,000,000 by Carrianna Shenzhen, Carrianna Shenzhen will be entitled to 15% equity interest in the Project Company.

Post balance sheet event

On 12 April 2017, Goldfield Properties Limited, an indirect wholly-owned subsidiary of the Group, entered into the Agreement for the disposal of Shops on 1st Floor, 2nd Floor, 3rd Floor and Offices on 15th Floor, 16th Floor, 17th Floor and 18th Floor, Tak Sing Alliance Building, No. 115 Chatham Road South, Kowloon, Hong Kong (the "Properties") with Famous Charm Limited（亮華有限公司）(the "Purchaser"), at a cash consideration of HK$68,647,800 (See announcement dated 12 April 2017).

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$183,423,000 (2016: HK$219,800,000).

Charges on the Group's Assets

As at the end of the reporting period, certain of the Group's property, plant and equipment, investment properties, properties held for sale, time deposits and financial assets at fair value through profit or loss with a total carrying value of approximately HK$1,542,233,000 (2016: HK$1,492,674,000) 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 900 employees in Hong Kong and approximately 1,300 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 (2016: HK3 cents) per ordinary share for the year ended 31 March 2017. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on or before 13 October 2017.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Monday, 25 September 2017 to Friday, 29 September 2017 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 Friday, 22 September 2017.

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, 21 August 2017 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 2017 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 Wednesday, 16 August 2017 to Monday, 21 August 2017, 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 Tuesday, 15 August 2017.

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 2017.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2017.

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 year ended 31 March 2017.

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 2017.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The annual 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 2017 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, 29 June 2017

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. Leung Pak Yan, 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.

* *for identification purpose only*