佳寧娜集團控股有限公司

CARRIANNA GROUP HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00126)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Carrianna Group Holdings Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2017. These condensed consolidated interim financial statements have not been audited but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2017

		For the six months ended 30 September	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**574,157**	565,872
Cost of sales		**(210,853)**	(236,014)
Gross profit		**363,304**	329,858
Other income and gains, net		**84,291**	43,801
Selling and distribution expenses		**(150,177)**	(128,772)
General and administrative expenses		**(114,455)**	(98,917)
Other expenses, net		**(79,706)**	(338)
Finance costs	*5*	**(22,658)**	(16,598)
Share of profit of an associate		**81,441**	894

	Notes	For the six months ended 30 September 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
PROFIT BEFORE TAX	*6*	**162,040**	129,928
Income tax expense	*8*	**(60,954)**	(31,665)
PROFIT FOR THE PERIOD		**101,086**	98,263
ATTRIBUTABLE TO:			
Owners of the parent		**76,385**	74,354
Non-controlling interests		**24,701**	23,909
		101,086	98,263
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*	***HK cents***	*HK cents*
Basic		**6.09**	5.93
Diluted		**6.09**	5.93

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**101,086**	98,263
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**87,549**	16,676
Exchange differences on translation of foreign operations	**100,896**	(85,829)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**188,445**	(69,153)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**289,531**	29,110
ATTRIBUTABLE TO:		
Owners of the parent	**261,448**	29,004
Non-controlling interests	**28,083**	106
	289,531	29,110

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Notes	**30 September 2017 *HK$'000* (Unaudited)**	31 March 2017 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**641,514**	587,306
Investment properties		**1,667,870**	1,527,202
Prepaid land lease payments		**27,072**	26,384
Goodwill		**58,927**	90,318
Other intangible assets		**–**	359,394
Interests in associates		**689,274**	553,644
Available-for-sale investments		**356,848**	267,447
Derivative financial instrument		**–**	83
Financial assets at fair value through profit or loss		**84,335**	83,761
Properties under development		**336,490**	860,955
Debtors, deposits and prepayments		**301,280**	25,487
Pledged time deposits		**40,365**	42,926
Total non-current assets		**4,203,975**	4,424,907
CURRENT ASSETS			
Properties under development		**–**	101,746
Properties held for sale		**482,155**	817,869
Inventories		**24,440**	24,308
Debtors, deposits and prepayments	*11*	**355,675**	225,300
Due from directors		**34,664**	35,539
Due from non-controlling shareholders		**683**	200
Financial assets at fair value through profit or loss		**55,382**	79,785
Structured deposits		**5,569**	12,129
Restricted cash		**148**	5,077
Pledged time deposits		**4,135**	4,122
Cash and cash equivalents		**480,611**	284,215
		1,443,462	1,590,290
Assets held for sale		**429,627**	68,918
Total current assets		**1,873,089**	1,659,208

	Notes	**30 September 2017** **HK$'000** **(Unaudited)**	31 March 2017 *HK$'000* (Audited)
CURRENT LIABILITIES			
Trade creditors	*12*	**(75,599)**	(88,978)
Sundry creditors, accruals and deposits received		**(366,059)**	(356,814)
Provisions		**(330)**	(11,972)
Due to directors		**(10,938)**	(5,434)
Due to non-controlling shareholders		**(27,300)**	(25,795)
Interest-bearing bank and other borrowings		**(662,951)**	(806,528)
Finance lease payables		**(18)**	(18)
Deferred income		**(21,561)**	(20,711)
Tax payable		**(229,135)**	(199,655)
Total current liabilities		**(1,393,891)**	(1,515,905)
NET CURRENT ASSETS		**479,198**	143,303
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,683,173**	4,568,210
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**(550,821)**	(425,738)
Derivative financial instrument		**(89)**	–
Deferred income		**(166,293)**	(151,585)
Deposits received		**(7,632)**	(8,350)
Provisions		**(1,685)**	(2,318)
Deferred tax		**(239,462)**	(450,575)
Finance lease payable		**(52)**	(60)
Total non-current liabilities		**(966,034)**	(1,038,626)
Net assets		**3,717,139**	3,529,584
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**125,429**	125,389
Reserves		**3,560,598**	3,313,467
		3,686,027	3,438,856
Non-controlling interests		**31,112**	90,728
Total equity		**3,717,139**	3,529,584

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2017 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and in compliance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The accounting policies and basis of preparation adopted in the preparation of these condensed interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2017 except for the changes in accounting policies made thereafter in adopting the revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which became effective for the first time for the current period's financial statements, as further detailed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvement 2014-2016 Cycle	Amendments to HKFRS 12 Clarification of the Scope of disclosures requirements in HKFRS 12

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

3. 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 provisions of food and beverage services; and

(b) the property investment and development segment comprises the development and sale of properties and the leasing of industrial, commercial 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 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 market prices.

The following tables present revenue, profit or loss information for the Group's reportable operating segments during the period.

	Restaurant, food and hotel		Property investment and development		Total	
	For the six months ended 30 September					
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue:						
Revenue from external customers	**499,991**	470,477	**74,166**	95,395	**574,157**	565,872
Intersegment revenue	**606**	506	**2,561**	2,549	**3,167**	3,055
	500,597	470,983	**76,727**	97,944	**577,324**	568,927
Reconciliation:						
Elimination of intersegment revenue					**(3,167)**	(3,055)
Total revenue					**574,157**	565,872
Segment results	**89,336**	87,096	**96,052**	67,636	**185,388**	154,732
Reconciliation:						
Bank interest income					**635**	565
Unallocated other income and gains, net					**16,507**	10,238
Corporate and unallocated expenses					**(17,832)**	(19,009)
Finance costs					**(22,658)**	(16,598)
Profit before tax					**162,040**	129,928

4. REVENUE

Revenue, represents gross restaurant and food business income and net invoiced value of goods sold, after 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 period.

An analysis of revenue is as follows:

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Income from the restaurant, food and hotel businesses	**499,991**	470,477
Gross rental income	**44,735**	43,857
Proceeds from sale of properties	**29,431**	51,538
	574,157	565,872

5. FINANCE COSTS

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest in respect of:		
Bank loans, overdrafts and other loans	**22,658**	18,903
Finance leases	**–**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**22,658**	18,903
Less: Interest capitalised	**–**	(2,305)
	22,658	16,598

6. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold and services provided	**210,853**	236,014
Depreciation	**21,789**	23,092
Recognition of prepaid land lease payments	**370**	377
Minimum lease payments under operating leases for land and building	**44,166**	37,160
Equity-settled share option expense	**554**	1,100
Foreign exchange differences, net	**(2,080)**	261
Bank interest income	**(635)**	(565)
Gain on disposal of investment properties	**(730)**	–
Changes in fair value of investment properties, net	**(50,403)**	(17,930)
Dividend income from available-for-sale investments	**(6,948)**	(6,948)
Loss on disposal of subsidiaries *(Note 7)*	**48,095**	–
Impairment of goodwill upon disposal of subsidiaries *(Note 7)*	**31,390**	–

7. DISPOSAL OF SUBSIDIARIES

Pursuant to the Equity Transfer agreement (see shareholders' circular dated 11 September 2017) entered into between the Company and Hunan Country Garden Real Estate Co. Ltd. ("Purchaser"), during the period the Company completed the disposal of its 51% equity interest in the Carrianna (Hunan) Enterprise Co., Ltd. at a consideration of RMB442.5 million (approximately HK$519.4 million). The related loss on the disposal of the 51% equity interest amounted to approximately HK$48,095,000. The goodwill of HK$31,390,000 in Carrianna (Hunan) Enterprise Co. Ltd. was fully impaired off upon the disposal of the first 51% equity interest. According to the Equity Transfer agreement, the Company's remaining 41.21% equity interest in Carrianna (Hunan) Enterprise Co. Ltd., which was classified as assets held for sale in the Condensed Consolidated Statement of Financial Position, will be transferred to the Purchaser within 6 months after completion of the first shares transfer registration.

8. 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 period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**393**	612
Current – Mainland China		
Charge for the period	**48,789**	27,808
Deferred	**11,772**	3,245
Total tax charge for the period	**60,954**	31,665

9. INTERIM DIVIDEND

The Board of the Company does not recommend the payment of any interim dividend for the six months ended 30 September 2017 (2016: Nil).

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

The calculation of the basic earnings per share amount is based on the unaudited profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,253,920,105 (2016: 1,253,887,536) in issue during the period.

The calculation of the diluted earnings per share is based on the unaudited profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**76,385**	74,354

	Number of shares For the six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,253,920,105**	1,253,887,536
Effect of dilution – weighted average number of ordinary shares:		
Share options	**1,059,133**	244,185
	1,254,979,238	1,254,131,721

11. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the balance is an amount of HK$65,119,000 (31 March 2017: HK$47,087,000) representing the trade debtors of the Group. An aged analysis of such debtors as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	30 September 2017 *HK$'000* **(Unaudited)**	31 March 2017 *HK$'000* (Audited)
Current to 30 days	**27,079**	9,962
31 to 60 days	**1,136**	789
61 to 90 days	**581**	516
Over 90 days	**36,323**	35,820
	65,119	47,087

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.

The Group does not hold any collateral or other credit enhancements over these balances. Trade debtors are non-interest-bearing.

12. TRADE CREDITORS

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

	30 September 2017 *HK$'000* **(Unaudited)**	31 March 2017 *HK$'000* (Audited)
Current to 30 days	**64,388**	73,955
31 to 60 days	**4,606**	5,086
61 to 90 days	**2,448**	5,479
Over 90 days	**4,157**	4,458
	75,599	88,978

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

For the six months ended 30 September 2017, the Group's turnover was HK$574,157,000, increased by 1% from the corresponding period of last year. Profit attributable to shareholders was HK$76,385,000, increased by 3% from the corresponding period of last year. Excluding loss recorded from the disposal of the equity interests in Carrianna (Hunan) Holding Co., Ltd and property revaluation gain and related taxes, operating profit attributable to shareholders was HK$117,239,000, increased drastically by 96% from the corresponding period of last year. Increase in turnover was due to the continuous growth in the turnover of restaurant, food and hotel businesses as well as rental income during the period, with the increase amount greater than the decrease in property sales amount. Increase in operating profit attributable to shareholders was mainly due to the credited property sales revenue from Home Town in Wanjiang District, Dongguan City, which is operated by SCI Group (an associate).

PROPERTY

During the period, turnover of property business was HK$74,166,000, decreased by 22% from the corresponding period of last year, mainly because only HK$26,476,000 of turnover was recorded from the remaining properties of Hunan Grand Lake City, decreased by 49% from the corresponding period of last year. During the period, segment profit was HK$96,052,000, increased by 42% from the corresponding period of last year. Excluding the completed disposal of 51% shares in Carrianna (Hunan) Holding Co., Ltd and loss of goodwill in a total of HK$79,486,000 as well as property revaluation gain in an aggregate of HK$50,403,000, segment operating profit was HK$125,134,000, increased by 1.5 times from the corresponding period of last year. The increase in segment profit was mainly attributable to the credited property sales revenue from Home Town in Wanjiang District, Dongguan City, which is operated by SCI Group (an associate).

During the period, the Group's 50% owned Home Town project progressed satisfactorily in respect of sales, investments attracting and construction. Among four six-storey malls, Red Star Macalline International Home Furniture Mall was in the center of the project and the rent out rate was close to 100%. SCI owned 30% share interests of Red Star Macalline International Home Furniture Mall. SCI's self-owned furniture and building materials mall, which was located on the east, tenant contract signing progressed satisfactorily and will start full operation in early 2018. The two malls on the west and north had been completed and acceptance permits had been obtained from the government. The two malls are now undergoing interior decoration, which is estimated to be completed by second half of 2018 and will start operation by phases in 4th quarter of 2018. The two residential apartments above the malls on the north had also been completed and delivered to buyers during the period. During the period, sales completed and delivered area was 33,800 sq.m with sales revenue of HK$430,361,000 recorded. The remaining residential apartments with area of approximately 9,000 sq.m and sales revenue of HK$115,000,000 will be sold in full next year. Due to the credited property sales revenue, the Group's share of profit of associates increased by HK$80,547,000 to HK$81,441,000 during the period.

During the period, the Group and Hunan Country Garden Real Estate Co., Ltd. signed an agreement for the disposal of 92.21% equity interests in Carrianna (Hunan) Enterprise Co., Ltd. held by the Group in a consideration of RMB800 million (See the shareholders' circular dated 11 September 2017). The agreement had been passed by shareholders at the special general meeting held on 27 September 2017 and the transfer registration of 51% equity interests had been completed on 29 September 2017. According to the requirements of the agreement, the remaining 41.21% equity interests will be transferred to the purchaser within six months after the completion of the first transfer. Prior to the completion of 51% equity transfer, Carrianna (Hunan) Enterprise Co., Ltd. was still a subsidiary of the Group. It recorded property sales revenue of HK$26,476,000, decreased by 52% from last year, and rental income of HK$8,422,000, increased by 29% from last year. Both were consolidated into the Group's consolidated statement of profit or loss during the period.

During the period, the Group's rental income was HK$44,735,000, increased by 2% from last year. On 12 April 2017, the Group disposed offices on 7 floors of Tak Sing Alliance Building in Tsim Sha Tsui (See shareholders' notice dated 12 April 2017). The disposal led to a decrease of HK$794,000 in rental income during the period. Excluding the effect of the disposal, the Group's rental income increased by 4% during the period.

For the second half of the year, segment business revenue will be mainly arising from rental and property sales revenue of SCI Group. Besides the first instalment of RMB100 million received from the disposal of Carrianna (Hunan) Holding Co., Ltd, RMB700 million from disposal of equity interests will be received in the next three years. The Group is actively identifying property development and investment projects, including urban renovation projects in Shenzhen and Dongguan as well as property investment opportunities in Shenzhen and Hong Kong, in an endeavor to bring better returns to shareholders.

RESTAURANT, FOOD AND HOTEL

During the period, restaurant, food and hotel turnover was HK$499,991,000, increased by 6% from the corresponding period of last year. Segment profit was HK$89,336,000, increased by 3% from the corresponding period of last year. During the period, both restaurant and food business recorded growth in turnover and operating profit while operating loss in hotel business increased.

During the period, restaurant turnover was HK$182,896,000, increased by 6% from the corresponding period of last year, in which turnover of Carrianna restaurants and Delicious Group increased by 4% and 8%. Turnover of food business was HK$289,515,000, increased by 7% from the corresponding period of last year. Turnover of hotel business was HK$27,580,000, roughly the same as last year. In respect of operating profit, both restaurant and food business recorded growth. Excluding the increased hotel loss, segment profit increased by 3% from the corresponding period of last year.

During the period, competition in the restaurant and food industry had become more intense and pressure of increasing salary and wages persisted in Hong Kong. Growth in the sales revenue of Delicious and Profit Smart Group was lower than expected and the operating profit was lower than planned. Recently, the Group has increased management resources of restaurant and food business in Hong Kong and recruited more professional management personnel to raise turnover and control costs. Results of both restaurant and food business in Hong Kong are expected to be improved in 2018, hopefully bring back growth rate to double digits.

During the period, Carrianna restaurants in both the mainland and Hong Kong recorded growth in turnover and profit. For the second half of the year, the business will maintain steady growth. Mooncake sales in Hainan, Shenzhen and Kunming still brought satisfactory profit contribution and growth to the Group. The six buildings of the new Haikou food factory had topped out and are undergoing interior decoration. The factory is scheduled to get government building approval permit and to start operation in the first quarter of 2018. Among the six plants, three produce mooncakes, travel food and dried meat products, respectively, and the other three are warehouse, staff quarter and office and sales showroom, respectively.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2017, the Group's consolidated net assets after deduction of non-controlling interests was HK$3,686,027,000 (31 March 2017: HK$3,438,856,000) and consolidated net assets after deduction of non-controlling interests per share was HK$2.94 (31 March 2017: HK$2.74).

As at 30 September 2017, the Group's cash and cash equivalents amounted to HK$480,611,000 (31 March 2017: HK$284,215,000), which were denominated in Hong Kong dollars, Renminbi and United States dollars of HK$110,202,000, HK$360,554,000, and HK$9,855,000, respectively. The Group's free cash and bank balances and structured deposits, and derivative financial instrument were HK$486,180,000 (31 March 2017: HK$296,427,000).

As at 30 September 2017, the Group's total borrowings amounted to HK$1,213,842,000 (31 March 2017: HK$1,232,344,000) 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$1,169,342,000 (31 March 2017: HK$1,185,296,000). Net bank and other borrowings less free cash and bank balances, structured deposits and derivative financial instrument were HK$683,162,000 (31 March 2017: HK$888,869,000).

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 18% (31 March 2017: 25%).

The Group adopts conservative treasury policy in cash and financial management. The objective of the Group's treasury policy is to maintain a sound financial position by holding an appropriate level of cash to meet its operating requirements and long-term business development needs.

Foreign exchange exposure

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

Contingent liabilities and future commitment

As at the end of the reporting period, the Group had contingent liabilities relating to guarantees given to bank for mortgage loan facilities granted to purchasers of properties of approximately HK$12,844,000 (31 March 2017: HK$183,423,000).

Charges on the Group's Assets

As at the end of the reporting period, certain of the Group's properties, plant and equipment, investment properties, properties held for sale, time deposits and financial assets at fair value through profit or loss with a total carrying value of approximately HK$1,522,742,000 (31 March 2017: HK$1,542,233,000) were pledged to secure general banking, trade finance and other facilities granted to the Group. In addition, rental income generated in respect of certain investment properties of the Group was assigned to banks to secure loan facilities granted to the Group.

Material acquisition and disposal

On 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).

On 18 July 2017, Tak Sing Alliance Limited（達成有限公司）(the "Vendor") (an indirect wholly-owned subsidiary of the Company), Hunan Country Garden Real Estate Co., Ltd.（湖南省碧桂園地產有限公司）(the "Purchaser"), Hunan Wancheng Commercial Investment Operations Management Co., Ltd.（湖南萬城商業投資經營管理有限公司）and Carrianna (Hunan) Enterprise Co., Ltd.（佳寧娜（湖南）實業有限公司）(the "Carrianna Hunan") entered into an Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire (i) the First Sale Equity, which is 51% equity interest of Carrianna Hunan, for a cash consideration of RMB442,500,000, and (ii) the Second Sale Equity, which is 41.21% equity interest of Carrianna Hunan, for a cash consideration of RMB357,500,000 (See announcement dated 24 July 2017).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, the Group's staff consists of approximately 900 employees in Hong Kong and approximately 1,100 employees outside Hong Kong. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

AUDIT COMMITTEE

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

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 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 six months ended 30 September 2017.

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 six months ended 30 September 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 six months ended 30 September 2017.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (http://www.carrianna.com) and the Stock Exchange (http://www.hkex.com.hk) respectively. The 2017/2018 interim report will be despatched to the shareholders of the Company and available on the same websites in due course.

APPRECIATION

The Board takes this opportunity to express hearty gratitude to business partners, shareholders, and loyal and diligent staff.

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

Hong Kong, 29 November 2017

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