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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 2019

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 2019, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
REVENUE	*3*	**970,210**	932,620
Cost of sales		**(499,896)**	(477,427)
Gross profit		**470,314**	455,193
Other income and gains, net		**79,218**	245,429
Selling and distribution expenses		**(206,806)**	(203,679)
General and administrative expenses		**(147,680)**	(144,413)
Other expenses, net		**(55,952)**	(51,522)
Finance costs	*4*	**(53,345)**	(48,696)
Share of profits and losses of associates		**256,623**	231,767
PROFIT BEFORE TAX	*5*	**342,372**	484,079
Income tax expense	*6*	**(41,652)**	(152,677)
PROFIT FOR THE YEAR		**300,720**	331,402

	Notes	**2019** HK$'000	2018 HK$'000
Attributable to:			
Owners of the parent		**277,958**	317,017
Non-controlling interests		**22,762**	14,385
		300,720	331,402
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**22.12**	25.27
Diluted		**22.11**	25.21

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**300,720**	331,402
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**–**	23,624
Exchange differences:		
Exchange differences on translation of foreign operations and reclassification adjustment on disposal and deregistration of foreign operations	**(146,543)**	188,275
Share of other comprehensive income/(loss) of associates	**(44,517)**	52,666
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:	**(191,060)**	264,565
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(70,902)**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(261,962)**	264,565
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**38,758**	595,967
Attributable to:		
Owners of the parent	**18,881**	576,142
Non-controlling interests	**19,877**	19,825
	38,758	595,967

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**807,215**	744,965
Investment properties		**1,822,580**	1,764,648
Prepaid land lease payments		**31,315**	12,954
Goodwill		**50,206**	58,928
Interests in associates		**993,174**	786,548
Available-for-sale investments		**–**	295,959
Equity investment designated at fair value through other comprehensive income		**175,098**	–
Derivative financial instrument		**41**	139
Properties under development		**298,520**	366,693
Deferred tax assets		**49**	–
Debtors, deposits and prepayments		**304,070**	426,548
Pledged time deposits		**35,492**	35,018
Total non-current assets		**4,517,760**	4,492,400
CURRENT ASSETS			
Properties under development		**68,392**	–
Properties held for sale		**527,622**	560,536
Inventories		**24,220**	26,212
Tax recoverable		**535**	590
Debtors, deposits and prepayments	*9*	**679,907**	487,057
Due from directors		**10,498**	6,661
Due from non-controlling shareholders		**206**	207
Due from an associate		**60,736**	81,960
Financial assets at fair value through profit or loss		**197,097**	112,482
Equity investment designated at fair value through other comprehensive income		**37,643**	–
Structured deposits		**817**	124,264
Restricted cash		**90**	602
Pledged time deposits		**9,920**	9,151
Cash and cash equivalents		**126,259**	348,950
		1,743,942	1,758,672
Investment properties classified as held for sale		**–**	55,200
Total current assets		**1,743,942**	1,813,872

	Notes	2019 HK$'000	2018 HK$'000
CURRENT LIABILITIES			
Trade creditors	*10*	**(51,012)**	(45,537)
Other creditors, accruals and deposits received		**(341,790)**	(363,044)
Provisions		**(1,050)**	(2,037)
Due to directors		**(485)**	(5,069)
Due to non-controlling shareholders		**(22,391)**	(28,051)
Interest-bearing bank and other borrowings		**(976,323)**	(827,680)
Finance lease payable		**(18)**	(18)
Deferred income		**(35,328)**	(22,461)
Tax payable		**(248,556)**	(244,486)
Total current liabilities		**(1,676,953)**	(1,538,383)
NET CURRENT ASSETS		**66,989**	275,489
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,584,749**	4,767,889
NON-CURRENT LIABILITIES			
Accruals and deposits received		**(56,735)**	(59,539)
Interest-bearing bank and other borrowings		**(308,576)**	(330,227)
Finance lease payable		**(25)**	(43)
Deferred income		**(142,646)**	(168,013)
Deferred tax liabilities		**(243,289)**	(249,133)
Provisions		**(3,412)**	(3,261)
Total non-current liabilities		**(754,683)**	(810,216)
Net assets		**3,830,066**	3,957,673
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**125,709**	125,509
Reserves		**3,744,101**	3,831,949
		3,869,810	3,957,458
Non-controlling interests		**(39,744)**	215
Total equity		**3,830,066**	3,957,673

NOTES
31 March 2019

1.1 BASIS OF PREPARATION

The consolidated 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. They have been prepared under the historical cost convention, except for certain leasehold land and buildings, investment properties, derivative financial instrument, and certain financial assets which have been measured at fair value. 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 period between the acquisition of assets and their realisation. 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 consolidated financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the consolidated financial statements.

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement*, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the consolidated statement of financial position including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

		HKAS 39 measurement					HKFRS 9 measurement	
	Notes	Category	Amount *HK$'000*	Re-classification *HK$'000*	Re-measurement *HK$'000*	ECL *HK$'000*	Amount *HK$'000*	Category
Financial assets								
Due from an associate		L&R[1]	81,960	–	–	–	81,960	AC[2]
Available-for-sale investments	(i)	AFS[3]	295,959	(295,959)	–	–	–	N/A
Equity investments designated at fair value through other comprehensive income	(i), (ii)	N/A	–	295,959	(9,655)	–	286,304	FVOCI[4] (equity)
Financial assets at fair value through profit or loss		FVPL[5]	112,482	–	–	–	112,482	FVPL
Financial assets included in debtors, deposits and prepayments		L&R	824,117	–	–	(37,777)	786,340	AC
Derivative financial instrument		FVPL	139	–	–	–	139	FVPL
Due from directors		L&R	6,661	–	–	–	6,661	AC
Due from non-controlling shareholders		L&R	207	–	–	–	207	AC
Structured deposits		L&R	124,264	–	–	–	124,264	AC
Restricted cash		L&R	602	–	–	–	602	AC
Pledged time deposits		L&R	44,169	–	–	–	44,169	AC
Cash and cash equivalents		L&R	348,950	–	–	–	348,950	AC
			1,839,510	–	(9,655)	(37,777)	1,792,078	
Financial liabilities								
Trade creditors		AC	45,537	–	–	–	45,537	AC
Financial liabilities included in other creditors, accruals and deposits received	(iii)	AC	193,772	–	–	–	193,772	AC
Due to directors		AC	5,069	–	–	–	5,069	AC
Due to non-controlling shareholders		AC	28,051	–	–	–	28,051	AC
Interest-bearing bank and other borrowings		AC	1,157,907	–	–	–	1,157,907	AC
Finance lease payable		AC	61	–	–	–	61	AC
			1,430,397	–	–	–	1,430,397	

[1] L&R: Loans and receivables

[2] AC: Financial assets or financial liabilities at amortised cost

[3] AFS: Available-for-sale investments

[4] FVOCI: Financial assets at fair value through other comprehensive income

[5] FVPL: Financial assets at fair value through profit or loss

Notes:

(i) The Group has elected the option to irrevocably designate its previous available-for-sale investments as equity investments designated at fair value through other comprehensive income.

(ii) Upon re-classifying an unlisted equity investment stated at cost from available-for-sale investments to equity investments designated at fair value through other comprehensive income, the Group re-measured this unlisted equity investment at fair value and recognised the corresponding fair value loss of HK$9,655,000 as an adjustment to the opening balance of the fair value reserve under HKFRS 9 as at 1 April 2018.

(iii) The gross carrying amount of the financial liabilities included in other creditors, accruals and deposits received under the column "HKAS 39 measurement – Amount" represents the amount after adjustments for the adoption of HKFRS 15, and included contract liabilities. Further details of the adjustments for the adoption of HKFRS 15 are included below.

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowance under HKFRS 9.

	Impairment allowances under HKAS 39 at 31 March 2018	**Re-measurement**	**ECL allowances under HKFRS 9 at 1 April 2018**
	HK$'000	***HK$'000***	***HK$'000***
Financial assets included in debtors, deposits and prepayments	30,447	37,777	68,224

Impact on reserves and retained profits

The impact of transition to HKFRS 9 on reserves and retained profits is as follows:

	HK$'000
Fair value reserve under HKFRS 9 (available-for-sale investment revaluation reserve under HKAS 39)	
Balance as at 31 March 2018 under HKAS 39	**65,026**
Re-measurement of equity investments designated at fair value through other comprehensive income previously classified as available-for-sale investments measured at cost under HKAS 39	**(9,655)**
Balance as at 1 April 2018 under HKFRS 9	**55,371**
Retained profits	
Balance as at 31 March 2018 under HKAS 39	**2,205,306**
Recognition of ECLs for financial assets included in debtors, deposits and prepayments	**(37,777)**
Balance as at 1 April 2018 under HKFRS 9	**2,167,529**

HKFRS 15 ***Revenue From Contract With Customers***

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for 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. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at that date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

No adjustment to the opening balance of retained profits of the Group as at 1 April 2018 is required for the cumulative effect of the initial application of HKFRS 15. The comparative information was not restated and continues to be reported under HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item (including its components) was affected as at 1 April 2018 as a result of the adoption of HKFRS 15:

	Note	Increase/ (decrease) *HK$'000*
Liabilities		
Receipts in advance included in other creditors, accruals and deposits received	*(i)*	**(19,692)**
Contract liabilities included in other creditors, accruals and deposits received	*(i)*	**19,692**
Net impact on other creditors, accruals and deposits received		**–**

The adoption of HKFRS 15 has had no impact on the Group's profit or loss and other comprehensive income for the year or on the Group's operating, investing and financing cash flows for the year. Set out below are the amounts by which each consolidated statement of financial position line item (including its components) was affected as at 31 March 2019 as a result of the adoption of HKFRS 15. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated statement of financial position as at 31 March 2019:

		Amounts prepared under		
	Note	HKFRS 15 *HK$'000*	Previous HKFRS *HK$'000*	Increase/ (decrease) *HK$'000*
Liabilities				
Receipts in advance included in other creditors, accruals and deposits received	*(i)*	–	17,319	(17,319)
Contract liabilities included in other creditors, accruals and deposits received	*(i)*	17,319	–	17,319
Net impact on other creditors, accruals and deposits received				–

Note:

(i) Consideration received from customers in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as receipts in advance included in other creditors, accruals and deposits received. Under HKFRS 15, the amount is classified as contract liabilities which is included in other creditors, accruals and deposits received.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$19,692,000 from receipts in advance to contract liabilities as at 1 April 2018 in relation to the consideration received from customers in advance as at 1 April 2018.

As at 31 March 2019, under HKFRS 15, HK$17,319,000 was reclassified from receipts in advance to contract liabilities in relation to the consideration received from customers in advance.

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 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 residential, commercial and industrial properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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 or at agreed prices.

Year ended 31 March 2019

	Restaurant, food and hotel *HK$'000*	Property investment and development *HK$'000*	Total *HK$'000*
Segment revenue			
Revenue from external customers	855,723	114,487	970,210
Intersegment revenue	1,406	7,574	8,980
	857,129	122,061	979,190
Reconciliation:			
Elimination of intersegment revenue			(8,980)
Total revenue			970,210
Segment results	93,795	293,770	387,565
Reconciliation:			
Bank interest income			1,816
Unallocated other income and gains, net			38,480
Corporate and unallocated expenses			(32,144)
Finance costs			(53,345)
Profit before tax			342,372
Other segment information			
Changes in fair value of investment properties, net	–	(9,079)	(9,079)
Gain on disposal of investment properties	–	8,697	8,697
Share of profits and losses of associates	–	256,623	256,623
Impairment of goodwill	8,721	–	8,721
Impairment of trade debtors, net	3,244	(83)	3,161
Impairment of other debtors, net			
– segment	–	4,072	4,072
– unallocated			1,531
			5,603
Depreciation			
– segment	44,209	6,915	51,124
– unallocated			1,107
			52,231

Year ended 31 March 2018

	Restaurant, food and hotel *HK$'000*	Property investment and development *HK$'000*	Total *HK$'000*
Segment revenue			
Revenue from external customers	813,085	119,535	932,620
Intersegment revenue	1,866	6,414	8,280
	814,951	125,949	940,900
Reconciliation:			
Elimination of intersegment revenue			(8,280)
Total revenue			932,620
Segment results	98,809	453,576	552,385
Reconciliation:			
Bank interest income			2,911
Unallocated other income and gains, net			27,939
Corporate and unallocated expenses			(50,460)
Finance costs			(48,696)
Profit before tax			484,079
Other segment information			
Changes in fair value of investment properties, net	–	128,034	128,034
Change in fair value of an investment property classified as held for sale	–	592	592
Gain on disposal of investment properties	–	730	730
Share of profits and losses of associates	–	231,767	231,767
Gain on deregistration of subsidiaries	1,143	2,458	3,601
Loss on disposal of subsidiaries	–	14,122	14,122
Impairment of goodwill	–	31,390	31,390
Impairment of trade debtors, net	549	–	549
Amortisation of prepaid land lease payments	429	–	429
Depreciation			
– segment	41,374	4,472	45,846
– unallocated			1,057
			46,903

Geographical Information

(a) *Revenue from external customers*

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**404,406**	390,814
Mainland China	**565,804**	541,806
	970,210	932,620

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

(b) *Non-current assets*

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**397,287**	284,894
Mainland China	**3,605,723**	3,449,842
	4,003,010	3,734,736

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

No revenue from any single external customer accounted for 10% or more of the Group's total revenue for the years ended 31 March 2019 and 31 March 2018.

3. REVENUE

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
		(under HKAS 18)
Revenue from contracts with customers/Revenue under HKAS 18		
Income from restaurant, food and hotel businesses	**855,723**	813,085
Proceeds from sale of properties, property management service income and commission income	**25,723**	36,829
Revenue from other sources		
Gross rental income	**88,764**	82,706
	970,210	932,620

4. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest in respect of:		
Bank loans, overdrafts and other loans	**56,059**	51,917
Less: Interest capitalised	**(2,714)**	(3,221)
	53,345	48,696

5. PROFIT BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
Depreciation	**52,231**	46,903
Amortisation of prepaid land lease payments	**507**	429
Changes in fair value of investment properties, net	**9,079**	(128,034)
Change in fair value of an investment property classified as held for sale	**–**	(592)
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss		
– held for trading	**(3,474)**	(15,548)
– designated as such upon initial recognition	**(878)**	(1,724)
Derivative instruments		
– transactions not qualifying as hedges	**(3)**	107
Bank interest income	**(1,816)**	(2,911)
Investment interest income	**(5,779)**	(4,753)
Other interest income	**(33,294)**	(25,381)
Dividend income from equity investments designated at fair value through other comprehensive income/ available-for-sale investments	**(12,073)**	(10,779)
Dividend income from financial assets at fair value through profit or loss	**(1,364)**	(2,206)
Gain on disposal of investment properties	**(8,697)**	(730)
Loss/(gain) on disposal of items of property, plant and equipment, net	**(117)**	77
Gain on deregistration of subsidiaries	**–**	(3,601)
Impairment of goodwill	**8,721**	31,390
Loss on disposal of subsidiaries	**–**	14,122
Unwinding of discount on receivables	**(11,643)**	(2,565)
Impairment of debtors, deposits and prepayments, net	**8,764**	549

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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.

	2019	2018
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**1,158**	2,529
Current – Mainland China		
Corporate Income Tax	**53,976**	130,989
Land Appreciation Tax	**–**	167
Overprovision in prior years	**(9,577)**	(7,826)
Deferred	**(3,905)**	26,818
Total tax charge for the year	**41,652**	152,677

7. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Proposed final – HK3 cents (2018: HK3 cents) per ordinary share	**37,713**	37,653
Proposed special – Nil (2018: HK2 cents) per ordinary share	**–**	25,102
	37,713	62,755

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 amounts 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 1,256,654,659 (2018: 1,254,363,152) in issue during the year.

The calculation of the diluted earnings per share amounts 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:

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	277,958	317,017

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,256,654,659**	1,254,363,152
Effect of dilution – weighted average number of ordinary shares:		
Share options	**749,055**	2,928,205
	1,257,403,714	1,257,291,357

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the total balance is an amount of approximately HK$23,571,000 (2018: HK$38,103,000) representing the trade debtors of the Group.

	2019	2018
	HK$'000	*HK$'000*
Trade debtors	**46,868**	68,550
Impairment	**(23,297)**	(30,447)
	23,571	38,103

An ageing analysis of such trade debtors as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Current to 30 days	**15,649**	11,153
31 to 60 days	**4,038**	3,037
61 to 90 days	**1,939**	948
Over 90 days	**1,945**	22,965
	23,571	38,103

For hotel, restaurant and food businesses, the Group's trading terms with its customers for the current year are mainly on cash or credit card settlements, or payment in advance is required. For property sales, credit terms vary in accordance with the terms of the sale and purchase agreements. The Group seeks to maintain strict control over its outstanding debtor balances. Overdue balances are reviewed regularly by senior management.

10. TRADE CREDITORS

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

	2019	2018
	HK$'000	*HK$'000*
Current to 30 days	**30,495**	34,256
31 to 60 days	**8,057**	5,883
61 to 90 days	**7,367**	2,253
Over 90 days	**5,093**	3,145
	51,012	45,537

The trade creditors are non-interest-bearing and are normally repayable within the normal operating cycle or in accordance with the terms of respective agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 March 2019, the Group's turnover was HK$970,210,000 (2018: HK$932,620,000), increased by 4% compared to last year. The Group's profit attributable to shareholders was HK$277,958,000 (2018: HK$317,017,000), reduced by 12% from last year. Excluding property revaluation gain and related taxes of the Group and attributable to associates of HK$294,057,000, and the loss on sale of Hunan property business and related taxes and expenses in last year and the exchange difference of the related receivable at year end of HK$51,436,000, operating profit attributable to shareholders was HK$35,333,000 (2018: HK$70,301,000), decreased by 50% from last year. The increase in turnover was due to satisfactory growth from rental income and the restaurant and food businesses which more than offset reduction in revenue from hotel business and property sales. Decrease in operating profit attributable to shareholders was mainly due to the booking of the large property sales revenue and profit by the Group's 50% owned Dongguan Home Town project last year.

PROPERTY

Turnover for property segment for the year ended 31 March 2019 was HK$114,487,000 (2018: HK$119,535,000), decreased by 4% from last year. Segment profit was HK$293,770,000 (2018: HK$453,576,000), decreased by 35% from last year. Excluding the property revaluation gain and the loss on sale of Hunan property business and related taxes and expenses in last year, and the exchange difference of the related receivable at year end, segment operating profit was HK$55,054,000 (2018: HK$114,156,000), decreased by 52% from last year. The slight decrease in turnover was mainly due to the offset of the current year's increase in rental income by the property sales of the remaining Hunan Grand Lake City residential units before the disposal of the Hunan property project last year. The decrease in segment profit was mainly due to the booking of the large property sales revenue and profit by the Group's 50% owned Dongguan Home Town project last year.

The Group's 50% owned Dongguan Home Town project was fully completed. The east tower of six storeys and two levels of basement with a total floor area of 109,000 sq.m. home furniture and building materials centre was entirely opened for business. The west tower and north tower with a total area of 164,000 sq.m. of community dining and shopping mall were also opened for business in December 2018. The overall rent-out rate for the east, west and north towers was 65%. During the year, our associate South China International Purchasing Exchange Centre Limited recorded property sales income of HK$16,759,000 from the remaining units of the 41,611 sq.m. total saleable area, significantly decreased by HK$431,443,000 from last year.

For other investment properties, rental income for the year ended 31 March 2019 was HK$88,764,000 (2018: HK$82,706,000), an increase of HK$6,058,000 or 7% from last year. This was mainly attributable to the continuing growth in the rental income of the investment properties in both Hong Kong and the Mainland. During the year, there were various newly acquired residential units and commercial shops being rented out in Hong Kong, which has generated an additional rental income of approximately HK$3,445,000. Also, the investment properties in the Mainland, mainly Shenzhen have recorded an increase in rental income of approximately HK$2,613,000 from last year. The Group is currently undergoing a reorganization of the tenant mix of the first floor of the Carrianna Square shopping mall, which is expected to complete in the third quarter of 2019. The reorganization will bring much higher rental income to the property.

On 26 October 2018, the Group entered into a pre-sale agreement with Vanke Group's affiliate Guangzhou Wanche Property Company Limited（廣州市萬澈房地產有限公司）to purchase a 13 storeys commercial building being constructed at the central district of the Guangzhou South high speed train station ("Guangzhou South Station Property") in Panyu, Guangzhou. The building comprises the ground floor lobby, all office units from 3rd to 13th floors and 75 car parking spaces in the basement level. The total gross floor area of the office units is 9,203 sq.m. The purchase consideration is approximately HK$266,220,000. The Group has paid 60% of the consideration, with the balance to be settled before handover of the building upon completion. Construction of the Guangzhou South Station Property will be completed in the fourth quarter of 2020. After completion, it will become one of the high grade commercial buildings at the Guangzhou South Station and will bring good rental income to the Group.

On 28 March 2018, the Group entered into an agreement to subscribe for 50% equity interest in Grand Creation Development Limited ("Grand Creation"). The principal business of Grand Creation is the property re-development project at Haitan Street. The project is situated at 223-225A Haitan Street, Sham Shui Po, with a site area of 4,729 sq.ft., buildable gross floor area of 42,500 sq.ft., and saleable floor area of approximately 34,400 sq.ft. As at 31 May 2019, Grand Creation has successfully acquired more than 90% of the property ownership, and it is expected all the units will be acquired and vacated in July 2019. Preparation for the demolition works has begun. Construction works will commence in the second half of 2019 and it is expected to complete in mid-2022. The total commitment of the Group to the project is approximately HK$170,000,000. The Group has incurred approximately HK$113,534,000 in the project as at 31 March 2019.

On 24 May 2019, the Group further expanded its property development business in Hong Kong by entering into an agreement to subscribe for 50% equity interest in Mega Success Limited ("Mega Success"). The principal business of Mega Success is the property re-development project at Castle Peak Road. The project is situated at 300-306 Castle Peak Road, Sham Shui Po with a site area of 4,709 sq.ft., buildable gross floor area of 42,400 sq.ft., and saleable floor area of approximately 34,300 sq.ft. As at today, Mega Success has successfully acquired more than 85% of the property ownership of the Phase 1 development, and it is expected all the remaining units will be acquired by the fourth quarter of 2019. Site investigation, hoarding and demolition works are estimated to commence in the second quarter of 2020, and construction works to complete by mid-2023. The total commitment of the Group to the project is approximately HK$200,000,000. The Group has incurred approximately HK$139,272,000 in the project as of today.

RESTAURANT, FOOD AND HOTEL

Turnover of restaurant, food and hotel segment for the year ended 31 March 2019 was HK$855,723,000 (2018: HK$813,085,000), increased by 5% from last year. Segment profit was HK$93,795,000 (2018: HK$98,809,000), decreased by 5% from last year. Restaurant and food businesses continued to record growth in sales revenue during the year, while hotel business sales revenue decreased slightly as compared to last year. For operating results, the food business continued to have satisfactory growth, but the restaurant and hotel businesses recorded decreased operating results which offset the profit growth of the food business.

Restaurant turnover for the year was HK$424,155,000 (2018: HK$403,569,000), an increase of HK$20,586,000 or 5% from last year. Both Carrianna restaurant Group and Delicious Group recorded increase in sales revenue during the year. In addition, the "ZZhang" Korean food restaurant and "V. THAi" Thai food restaurant, which were newly opened in Causeway Bay in September 2017 recorded growth in revenue and contributed an increase of HK$6,166,000 in revenue over last year.

There was an increase in sales revenue of Carrianna restaurant Group of 6% over last year, which was mainly resulted from the Carrianna restaurant in Hong Kong and the newly opened Carrianna restaurant in Dongguan. Operating results decreased due to the additional pre-operating expenses in opening new shops. In addition, in November 2018, the Group acquired 60% interest in 3 "Chao Mei Li"（潮梅里）branded Chao Zhou cuisine restaurants as a trial attempt to enter the small Chao Zhou cuisine restaurant business. At present, Carrianna restaurant Group operates 9 "Carrianna" Chao Zhou cuisine restaurants, 1 "ShunYi"（「順意」）Shunde cuisine restaurant and 3 "Chao Mei Li"（「潮梅里」）small Chau Zhou cuisine restaurants. The Group plans to open 1 more "ShunYi"（「順意」）Shunde cuisine restaurant at 2019 year end and Carrianna restaurant business will sustain a steady growth.

The Hong Kong Delicious Group opened 3 new restaurants and closed down 3 loss making restaurants upon lease expiry during the year. As at 31 March 2019, Delicious Group operated 22 restaurants in Hong Kong, which included 18 Hong Kong style ("Cha Chaan Teng"(茶餐廳)) restaurants under the trade names "Delicious"(味皇), "Gustation"(嚐味) and "Gusto"(樂天廚房), and 4 northern Chinese style noodle shops, branded "King Noodle"(麵皇). Delicious Group recorded a slight turnover growth of 2% from last year. Due to increased competition in the Hong Kong mass market catering sector, some of the shops recorded decrease in revenue from last year. In the coming year, Delicious Group will continue to control costs, reduce shop losses, increase overall profit and restrict new openings to 2 to 3 shops.

Food business turnover for the year was HK$380,223,000 (2018: HK$354,518,000), increased by HK$25,705,000 or 7% from last year. The growth in food business turnover mainly came from Carrianna mooncake sales, which was 11% higher than last year. Hainan, Shenzhen and Kunming markets all recorded satisfactory turnover and profit growth. The construction of the new Hainan food factory was largely completed and has commenced operation. The factory will increase the production of mooncakes, and besides, will make bread, packaged Hainan-style food and Chinese-style dry meat products, which will be a new contribution to the growth of the Group's food business.

Profit Smart Group's turnover had a slight decrease of 1% from last year due to the close-down of 3 loss making shops. Its operating results also decreased from last year. In the coming year, management will try to improve sales by introducing new products in the retails shops. At the same time, management may consider to close down 1 to 2 loss making shops in the coming year. On the other hand, the factory wholesale business recorded satisfactory growth in both revenue and profit.

Turnover of hotel business for the year was HK$51,345,000 (2018: HK$54,998,000), decreased by 7% from last year. The operating loss of the two hotels also increased from last year. The decrease was mainly due to the unsatisfactory operating results from the food and beverage division of both Foshan Carrianna Hotel and Carrianna Yiyang Hotel, despite the satisfactory room rental business. Management will work hard to improve the overall results of the hotels through tighter cost control and rendering of better services.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 March 2019, the Group's cash and cash equivalents amounted to HK$126,259,000 (2018: HK$348,950,000), which were denominated in Hong Kong dollars, Renminbi and United States dollars of HK$60,424,000, HK$65,743,000 and HK$92,000 respectively. The Group's free cash and bank balances, structured deposits, and derivative financial instrument were HK$127,117,000 (2018: HK$473,353,000).

The Group's total borrowings amounted to HK$1,284,942,000 (2018: HK$1,157,968,000) comprised interest-bearing bank and other borrowings and finance lease payable. All interest-bearing bank and other borrowings bear interest at floating rates. Netting off cash deposits pledged for borrowings, the Group's net total borrowings were HK$1,239,530,000 (2018: HK$1,113,799,000). Net total borrowings less free cash and bank balances, structured deposits and derivative financial instrument were HK$1,112,413,000 (2018: HK$640,446,000).

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, restricted cash and pledged time deposits as a percentage of the Group's total equity, was approximately 29% (2018: 16%).

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 acquisitions

On 26 October 2018, the Company entered into a pre-sale agreement as purchaser with Guangzhou Wanche Property Company Limited（廣州市萬澈房地產有限公司）as Vendor, to purchase a property, being the lobby on the ground level, all office units from 3rd to 13th floor and 75 car parking spaces in basement level 1 to level 3 of the Building (which comprises 13 storeys above the ground) to be constructed on the Land, being land number 4 on the northeast corner of the intersection between Shixing Road South and Shuangchong Road at the southeast of the Guangzhounan (Guangzhou South) Railway Station Core District, located at Shibi Village, Zhongcun Town, Panyu District, Guangzhou, PRC（中國廣州市番禺區鍾村鎮石壁村廣州南站核心區東南部石興大道南與雙涌路交界處東北角4號地塊）. The gross floor area of the office units is 9,203 sq. m. and the consideration for the acquisition is RMB235,593,000 (equivalent to approximately HKD266,220,000), payable by instalments (Please see Company's announcement dated 26 October 2018).

On 24 May 2019, Goldfield Properties Limited ("Goldfield") (an indirect wholly-owned subsidiary of the Company), Fine Star Holdings Limited ("Fine Star") and Mega Success Limited ("Mega Success") entered into a shareholders agreement, pursuant to which (a) Goldfield will subscribe for 100 shares, being 50% of the total issued share capital, of Mega Success and (b) Goldfield and Fine Star agree to manage and operate the property development project of Mega Success at Castle Peak Road, Kowloon, Hong Kong in accordance with the terms of the agreement. It is expected that the total capital commitments of Goldfield towards Mega Success for the property development project will be approximately HK$200,000,000 (Please see Company's announcement dated 24 May 2019).

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$6,144,000 (2018: HK$13,675,000).

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$1,943,288,000 (2018: HK$1,970,549,000) 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 most of the Group's monetary assets, liabilities and transactions as at 31 March 2019 and for the year ended principally denominated in Hong Kong dollars and Renminbi, respectively. Majority of the sales, purchases and expenditure incurred by the operating units of the Group during the year were denominated in the units' functional currencies and as a result, the Group does not anticipate significant transactional currency exposures, except for the outstanding consideration receivable in relation to the disposal of Hunan Carrianna Group of approximately RMB466,360,000 (equivalent to HK$544,335,000) as at the reporting date. The Group has not used any derivative to hedge its exposure to foreign currency risk.

EMPLOYEE AND REMUNERATION POLICY

The Group's staff consists of approximately 1,100 employees in Hong Kong and approximately 1,100 employees outside Hong Kong (Mainland China). 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 (2018: final dividend of HK3 cents and special dividend of HK2 cents) per ordinary share for the year ended 31 March 2019. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on or before 11 October 2019.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Monday, 23 September 2019 to Friday, 27 September 2019 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 20 September 2019.

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, 26 August 2019 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 2019 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, 21 August 2019 to Monday, 26 August 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 20 August 2019.

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 Group's financial statements for the year ended 31 March 2019.

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 2019 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 2019.

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 the 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 2019.

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 2019.

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 (https://www.hkex.com.hk), respectively. The 2019 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, 28 June 2019

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. Ma Hung Ming, John (Vice-chairman), Mr. Leung Pak Yan, Mr. Ng Yan Kwong and Mr. Ng Sze Ping as executive Directors; and Mr. Lo Ming Chi, Charles, Mr. Lo Man Kit, Sam and Mr. Wong See King as independent non-executive Directors.