



CARNIVAL GROUP
INTERNATIONAL

**Carnival Group International
Holdings Limited**

Stock Code : 00996

INTERIM REPORT
2016



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

King Pak Fu (*Chairman and Chief Executive Officer*)
Meng Cai
Gong Xiao Cheng

Independent Non-Executive Directors

Chan Wai Cheung Admiral
Lie Chi Wing
Hu Gin Ing

AUDIT COMMITTEE

Chan Wai Cheung Admiral (*Chairman*)
Lie Chi Wing
Hu Gin Ing

REMUNERATION COMMITTEE

Chan Wai Cheung Admiral (*Chairman*)
Lie Chi Wing
Hu Gin Ing

NOMINATION COMMITTEE

Chan Wai Cheung Admiral (*Chairman*)
Hu Gin Ing
Gong Xiao Cheng

JOINT COMPANY SECRETARIES

Chan Yuen Ying Stella
Li Jing

AUTHORISED REPRESENTATIVES

King Pak Fu
Chan Yuen Ying Stella
Li Jing (*alternate*)

LEGAL ADVISORS

Minter Ellison
Sidley Austin

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2003 & 2005, 20/F
AIA Central
1 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

China Minsheng Banking Corp. Ltd.
Industrial Bank Co., Ltd.
Ping An Bank Co., Ltd.
The Bank of East Asia Limited

STOCK CODE

996

WEBSITE

www.0996.com.hk

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

The board of directors (the “Board” or the “Directors”) of Carnival Group International Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred as the “Group”) for the six months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015. The unaudited interim financial report has not been audited but has been reviewed by the Company’s audit committee (the “Audit Committee”).

	Notes	Unaudited	
		Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
Revenue	4	520,770	504,200
Cost of sales		(224,325)	(235,564)
Gross profit		296,445	268,636
Other income	5	21,184	3,647
Selling and marketing expenses		(260,007)	(15,516)
Administrative expenses		(201,231)	(104,652)
Fair value change on financial liabilities at fair value through profit or loss		1,377	–
Finance costs	6	(26,355)	(76,804)
Share of loss of an associate		(1,389)	(1,845)
(Loss)/profit before tax		(169,976)	73,466
Income tax credit	7	15,693	9,859
(Loss)/profit for the period	8	(154,283)	83,325
Other comprehensive (expense)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating of foreign operations		(154,438)	43,477
Share of exchange difference of an associate		(1,879)	728
Other comprehensive (expense)/income for the period, net of income tax		(156,317)	44,205
Total comprehensive (expense)/income for the period		(310,600)	127,530

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Note	Unaudited	
		2016	2015
		HK\$'000	HK\$'000
(Loss)/profit for the period attributable to:			
Owners of the Company		(156,406)	100,485
Non-controlling interests		2,123	(17,160)
		(154,283)	83,325
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(270,864)	129,562
Non-controlling interests		(39,736)	(2,032)
		(310,600)	127,530
(Loss)/earnings per share			
– Basic and diluted (HK cents per share)	10	(1.048)	0.727



Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	6,515,613	5,976,349
Investment properties	12	4,327,156	4,420,271
Interests in an associate		83,555	86,824
Long-term rental deposits		20,584	21,045
Other intangible assets		212,118	206,931
Goodwill		870,169	870,169
Deferred tax assets	19	–	444
		12,029,195	11,582,033
Current assets			
Inventories	13	4,124,131	4,294,048
Trade receivables	14	91,305	85,296
Prepayments, deposits and other receivables		3,517,355	3,230,480
Financial assets at fair value through profit or loss	15	1,230,110	739,238
Pledge bank deposits		2,323,667	2,371,305
Cash and cash equivalents		305,238	717,989
		11,591,806	11,438,356
Total assets		23,621,001	23,020,389
Current liabilities			
Trade payables	16	1,415,792	1,756,995
Deposits from customers		1,725,522	1,489,697
Accrued liabilities and other payables		637,676	563,858
Amounts due to non-controlling interests		103,222	60,076
Amounts due to related companies		10,390	16,890
Obligation under finance lease		328	323
Current tax liabilities		34,760	39,868
Borrowings – current portions	18	4,479,687	4,217,140
Provisions		87,473	89,433
		8,494,850	8,234,280
Net current assets		3,096,956	3,204,076
Total assets less current liabilities		15,126,151	14,786,109

Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Capital and reserves			
Share capital	17	3,121,476	2,976,476
Share premium and reserves		2,428,518	2,215,652
Equity attributable to owners of the Company		5,549,994	5,192,128
Non-controlling interests		1,854,432	1,894,168
Total equity		7,404,426	7,086,296
Non-current liabilities			
Deferred income		74,900	80,786
Long-term payable		86,403	89,533
Borrowings	18	3,579,404	3,507,061
Obligation under finance lease		515	681
Deferred tax liabilities	19	1,479,834	1,529,191
Convertible bonds		2,500,669	2,492,561
		7,721,725	7,699,813
		15,126,151	14,786,109



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Convertible bonds equity reserve	Share options reserve	Translation reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
At 1 January 2015 (Audited)	2,755,777	4,010,669	9,404	90,116	27,487	125,514	(2,427,568)	4,591,399	2,022,304	6,613,703
Profit/(loss) for the period	-	-	-	-	-	-	100,485	100,485	(17,160)	83,325
Exchange differences on translating of foreign operations	-	-	-	-	-	29,077	-	29,077	15,128	44,205
Total comprehensive income/(expense) for the period	-	-	-	-	-	29,077	100,485	129,562	(2,032)	127,530
Recognition of equity-settled share-based payments	-	-	-	-	42,211	-	-	42,211	-	42,211
Share options lapsed during the period	-	-	-	-	(3,995)	-	-	(3,995)	-	(3,995)
Issue of share by way of placing	72,000	453,600	-	-	-	-	-	525,600	-	525,600
Transaction costs attributable to issue of shares	-	(7,575)	-	-	-	-	-	(7,575)	-	(7,575)
At 30 June 2015 (Unaudited)	2,827,777	4,456,694	9,404	90,116	65,703	154,591	(2,327,083)	5,277,202	2,020,272	7,297,474
At 1 January 2016 (Audited)	2,976,476	4,573,491	9,404	35,970	66,013	(162,111)	(2,307,115)	5,192,128	1,894,168	7,086,296
(Loss)/profit for the period	-	-	-	-	-	-	(156,406)	(156,406)	2,123	(154,283)
Exchange difference on translating of foreign operations	-	-	-	-	-	(114,458)	-	(114,458)	(41,859)	(156,317)
Total comprehensive expense for the period	-	-	-	-	-	(114,458)	(156,406)	(270,864)	(39,736)	(310,600)
Recognition of equity-settled share-based payments	-	-	-	-	5,177	-	-	5,177	-	5,177
Share options lapsed during the period	-	-	-	-	(50,919)	-	-	(50,919)	-	(50,919)
Issue of shares by way of placing	145,000	543,750	-	-	-	-	-	688,750	-	688,750
Transaction costs attributable to issue of shares	-	(14,278)	-	-	-	-	-	(14,278)	-	(14,278)
At 30 June 2016 (Unaudited)	3,121,476	5,102,963	9,404	35,970	20,271	(276,569)	(2,463,521)	5,549,994	1,854,432	7,404,426

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Net cash used in operating activities	(835,664)	(789,968)
Net cash used in investing activities	(283,063)	(1,142,386)
Net cash generated from financing activities	712,285	986,940
Net decrease in cash and cash equivalents	(406,442)	(945,414)
Cash and cash equivalents at 1 January	717,989	1,310,561
Effects of foreign exchange rate changes	(6,309)	5,696
Cash and cash equivalents at 30 June	305,238	370,843



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

1. GENERAL INFORMATION

Carnival Group International Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company’s principal place of business in Hong Kong is situated at Units 2003 & 2005, 20/F, AIA Central, 1 Connaught Road Central, Hong Kong.

The Company and its subsidiaries (collectively referred to as “the Group”) are principally engaged in theme based leisure and consumption business, focusing on the design, development and operation of integrated large-scale tourist complex projects in key cities in and outside the People’s Republic of China (the “PRC”) that comprise of theme parks, hotels, shopping and leisure facilities as well as other theme based consumption such as food and beverages, edutainment and touring carnivals.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

In current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Interpretations issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

4. SEGMENT INFORMATION

The management has determined the operating segments based on the reports reviewed by the Directors of the Company, being the chief operating decision maker (the "CODM") that are used to assess performance and allocate resources. The management assesses the performance of reporting segments as below:

- | | | | |
|-------|-------------------------------------|---|--|
| (i) | Property development and investment | – | Developing residential and commercial properties in PRC for sales and leasing; |
| (ii) | Catering business | – | Operating restaurants in different provinces in PRC and Hong Kong; |
| (iii) | Trading and investment business | – | Investing on securities and financial instruments; and |
| (iv) | Others | – | Providing retail-related consultancy and management services and operating kids edutainment centre and touring carnival. |

Following the changes of reporting segment from three to four during the period, the comparative segment information have been reclassified.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2016 (Unaudited)

	Property development and investment segment HK\$'000	Catering business segment HK\$'000	Trading and investment business segment HK\$'000	Other segments HK\$'000	Total HK\$'000
REVENUE					
External sales	234,151	260,554	1,901	24,164	520,770
RESULTS					
Segment results	21,461	(94,400)	(11,322)	(25,626)	(109,887)
Finance costs					(26,355)
Unallocated incomes					65,718
Unallocated expenses					(99,452)
Loss before tax					(169,976)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

4. SEGMENT INFORMATION (Continued)

Segment revenues and results (continued)

For the six months ended 30 June 2015 (Unaudited)

	Property development and investment segment HK\$'000	Trading and investment business segment HK\$'000	Other segments HK\$'000	Total HK\$'000
REVENUE				
External sales	248,691	254,796	713	504,200
RESULTS				
Segment results	(37,872)	254,036	(1,660)	214,504
Finance costs				(76,804)
Unallocated incomes				2,694
Unallocated expenses				(66,928)
Profit before tax				73,466

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current interim period (six months ended 30 June 2015: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of central administration costs including directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of performance assessment and resources allocation.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

SEGMENT ASSETS

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Property development and investment segment	18,326,866	17,896,098
Catering business segment	1,414,383	1,547,913
Trading and investment business segment	1,252,654	739,273
Other segments	232,932	208,052
Total segment assets	21,226,835	20,391,336
Unallocated corporate assets	2,394,166	2,629,053
Consolidated assets	23,621,001	23,020,389

Note: All assets are allocated to operating segments other than certain bank balances and deposits and other unallocated assets.

SEGMENT LIABILITIES

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Property development and investment segment	8,406,569	8,941,817
Catering business segment	1,231,010	1,324,303
Trading and investment business segment	68,786	102,134
Other segments	58,877	27,721
Total segment liabilities	9,765,242	10,395,975
Unallocated corporate liabilities	6,451,333	5,538,118
Consolidated liabilities	16,216,575	15,934,093

Note: All liabilities are allocated to operating segments other than certain borrowings, deferred tax liabilities, obligation under finance lease, convertible bonds and other unallocated liabilities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

5. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Interest income on bank and other deposits	18,762	3,142
Gain on disposal of property, plant and equipment	–	484
Others	2,422	21
	21,184	3,647

6. FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Interest on bank and other borrowings:		
– wholly repayable within five years	306,891	367,565
Interest on obligation under finance lease	17	22
Effective interest expenses on		
– senior bonds	73,218	51,206
– bonds	975	–
– convertible bonds	98,166	12,180
Total finance costs	479,267	430,973
Less: amounts capitalised (Note)	(452,912)	(354,169)
	26,355	76,804

Note: Certain finance costs had been capitalised to property development projects in the PRC included in construction-in-progress of property, plant and equipment, investment properties and properties under development for sale.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

7. INCOME TAX CREDIT

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Current tax:		
Enterprise Income tax ("EIT")	(31)	(35)
Deferred tax:	15,724	9,894
Income tax credit	15,693	9,859

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit arising in or derived from Hong Kong for both interim periods. No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries had no assessable profits arising in Hong Kong for both interim periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

PRC Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures. No provision for LAT has been made for both interim periods.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

8. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the period has been arrived at after charging/(crediting):

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Net foreign exchange differences	24,179	(14,480)
Loss/(gain) on disposal of property, plant and equipment	957	(484)
Rental income from investment properties	(16,277)	–
Less:		
direct operating expenses incurred for investment properties that generated rental income during the period	7,025	–
direct operating expenses incurred for investment properties that did not generated rental income during the period	68	–
	(9,184)	–
Cost of properties for sales included in cost of sales as expense:		
– cash expenses item	102,008	241,913
– non-cash expenses item	37,043	(6,979)
	139,051	234,934
Cost of inventories recognised as an expense	85,274	630
Total cost of sales	224,325	235,564
Rental expenses in respect of rented premises under operating leases	64,877	3,288
Employee benefits expenses (including directors' emoluments)		
– salaries and other benefits	152,692	40,768
– contributions to retirement benefit schemes	7,560	1,597
– equity settled share-based payment (Note (i))	(45,742)	38,216
Total employee benefits expenses	114,510	80,581
Less: amounts capitalised (Note (ii))	(7,669)	(11,590)
	106,841	68,991
Depreciation of property, plant and equipment	54,156	4,439
Less: amount capitalised (Note (ii))	(188)	(231)
	53,968	4,208

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

8. (LOSS)/PROFIT FOR THE PERIOD *(Continued)*

Notes:

- (i) On 16 March 2015, 40,000,000 share options were granted to employees of the Company under the Company's share option scheme adopted on 31 May 2013. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest on 17 March 2017, and then exercisable until 16 March 2020. The exercise price is HK\$1.37.

On 8 June 2015, 137,788,840 share options were granted to an executive director of the Company under the Company's share option scheme adopted on 31 May 2013. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest on 8 June 2015, and then exercisable until 30 May 2023. The exercise price is HK\$1.596. These share options were lapsed during the period.

On 6 April 2016, 30,000,000 share options were granted to an employee of the Company under the Company's share option scheme adopted on 31 May 2013. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest on 6 April 2018, and then exercisable until 5 April 2021. The exercise price is HK\$1.078.

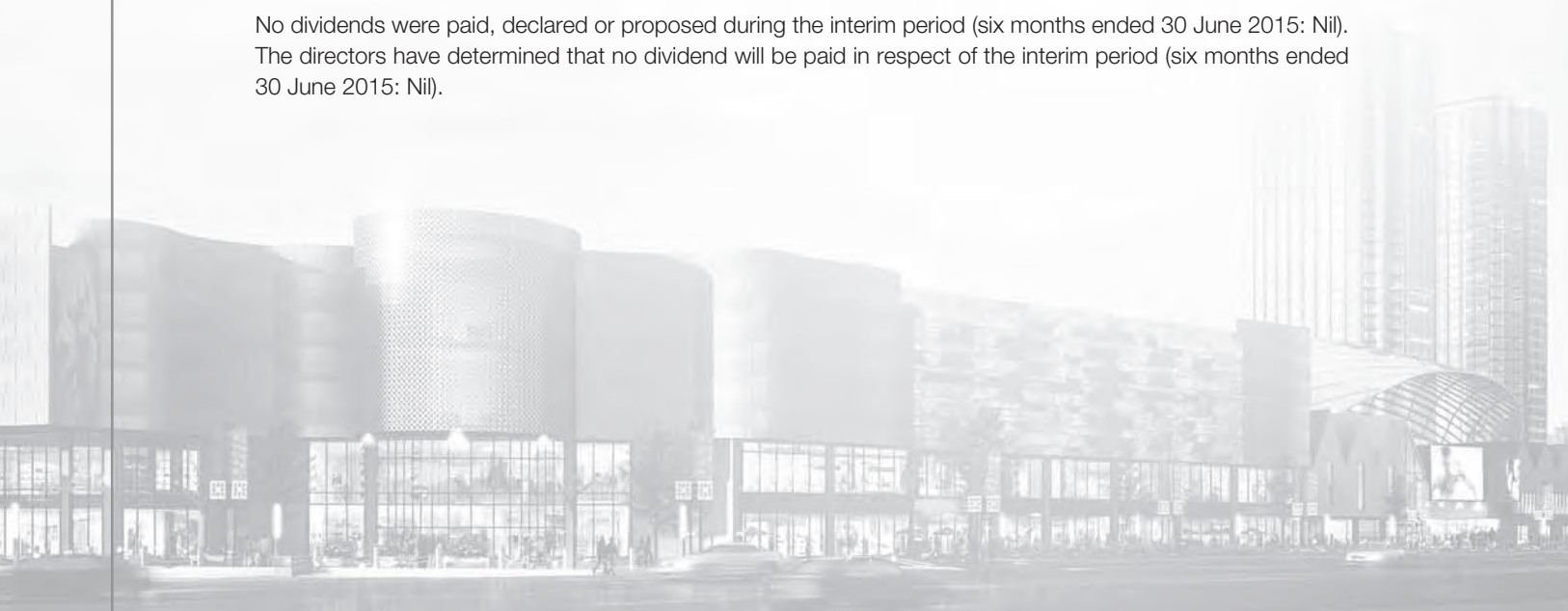
On 10 May 2016, 50,000,000 share options were granted to an executive director of the Company under the Company's share option scheme adopted on 31 May 2013. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest on 10 May 2018, and then exercisable until 9 May 2021. The exercise price is HK\$1.022.

On 7 June 2016, 40,000,000 share options were granted to an employee of the Company under the Company's share option scheme adopted on 31 May 2013. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest on 7 June 2018, and then exercisable until 6 June 2021. The exercise price is HK\$1.06.

- (ii) Certain employee benefits expenses and depreciation of property, plant and equipment had been capitalised to property development projects in the PRC.

9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2015: Nil). The directors have determined that no dividend will be paid in respect of the interim period (six months ended 30 June 2015: Nil).



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following data:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
(Loss)/earnings		
(Loss)/earnings for the purposes of basic and diluted earnings per share:		
(Loss)/profit for the period attributable to owners of the Company	(156,406)	100,485
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	14,922,213,633	13,816,674,101

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

(Loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. Convertible bonds of the Company are not dilutive as the exercise price of the convertible bonds exceeds the average market price of ordinary shares during the six months ended 30 June 2016 (six months ended 30 June 2015: Convertible bonds of the Company are not dilutive as conversion of the Company's convertible bonds would increase the earnings per share attributable to the owners of the Company). Share options of the Company are not dilutive as no contingently issuable shares would be issuable as at 30 June 2016 and 2015.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

11. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Carrying value at 31 December 2015 (Audited) and 1 January 2016	5,976,349
Additions	736,491
Written off	(9,518)
Disposals	(1,014)
Depreciation	(54,156)
Exchange adjustments	(132,539)
Carrying value at 30 June 2016 (Unaudited)	6,515,613

At 30 June 2016, vehicle amounting to approximately HK\$986,000 (31 December 2015: approximately HK\$1,150,000) is held under finance lease.

At 30 June 2016, certain of the Group's property, plant and equipment with carrying value of approximately HK\$6,197,703,000 (31 December 2015: approximately HK\$5,632,673,000) have been pledged to secure the Group's borrowings.

12. INVESTMENT PROPERTIES

	HK\$'000
FAIR VALUE	
At 31 December 2015 (Audited) and 1 January 2016	4,420,271
Additions	3,041
Exchange adjustments	(96,156)
At 30 June 2016 (Unaudited)	4,327,156

At 30 June 2016, the Directors considered the carrying amount of the Group's investment properties carried at revalued amounts and estimated that the carrying amounts do not differ significantly from that which would be determined using fair values at the reporting date. Consequently, no fair value gain or loss has been recognised in the current interim period.

At 30 June 2016, certain of the Group's investment properties with a carrying amount of approximately HK\$4,327,156,000 (31 December 2015: approximately HK\$4,420,271,000) have been pledged to secure the Group's borrowings.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

13. INVENTORIES

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Properties under development for sale	728,888	674,065
Completed properties for sale	3,385,338	3,600,924
	4,114,226	4,274,989
Food and beverages, and other operating items for catering and related service operations	7,758	16,181
Finished goods	2,147	2,878
	4,124,131	4,294,048

The Group's properties for sale with a carrying amount of approximately HK\$4,114,226,000 as at 30 June 2016 (31 December 2015: approximately HK\$4,274,989,000) have been pledged to secure the Group's borrowings.

The properties for sale are situated in the PRC.

14. TRADE RECEIVABLES

Trade receivables arising from sales of properties which are due for settlement in accordance with the terms of the related sale and purchase agreement.

Trade receivables arising from catering business are mainly due from credit card companies and corporate customers, which are normally settled in the following months.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at the end of the reporting period:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
0 – 30 days	28,456	24,686
31 – 60 days	2,052	1,211
61 – 90 days	1,428	5,163
91 – 180 days	2,788	5,854
Over 180 days	56,581	48,382
	91,305	85,296

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Financial assets		
Equity securities listed in Hong Kong (Note (i))	378,541	409,238
Equity linked note (Note (ii))	361,000	330,000
Unlisted investment funds (Note (iii))	490,569	–
	1,230,110	739,238

Notes:

- (i) The fair value of equity securities are determined based on the quoted market prices at the end of the reporting period.
- (ii) The fair value of the equity linked note is determined with reference to the quoted price of the underlying listed equity securities in Hong Kong at the end of the reporting period.
- (iii) The fair value of the investment funds are based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling cost.

As at 30 June 2016, the Group had pledged equity securities listed in Hong Kong with carrying amount of approximately HK\$337,228,000 (31 December 2015: approximately HK\$364,778,000) to secure the Group's borrowings.

16. TRADE PAYABLES

Trade payables comprise amounts outstanding for construction costs, suppliers and ongoing costs.

The following is an aged analysis of trade payables at the end of the reporting period:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
0 – 30 days	42,521	62,355
31 – 60 days	24,364	18,789
61 – 90 days	8,022	20,297
Over 90 days	1,340,885	1,655,554
	1,415,792	1,756,995

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

17. SHARE CAPITAL

	Ordinary shares of HK\$0.2 each	Amount HK\$'000
Authorised:		
At 1 January 2016 and 30 June 2016	25,000,000,000	5,000,000
Issued and fully paid:		
At 1 January 2016	14,882,378,468	2,976,476
Issue of shares by way of placing (Note)	725,000,000	145,000
At 30 June 2016	15,607,378,468	3,121,476

Note:

Issue of shares by way of placing

On 21 June 2016, the Company allotted and issued 725,000,000 ordinary shares of HK\$0.2 each in the capital of the Company by way of placing at a placing price of HK\$0.95 per share. The Company raised approximately HK\$674,472,000 (net of expenses).

18. BORROWINGS

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Bank borrowings, secured (Note (i))	2,254,617	2,304,497
Other borrowings, secured (Notes (i) and (ii))	3,823,946	4,397,320
Senior bonds (Note (iii))	1,928,603	1,010,090
Bonds (Note (iii))	51,925	12,294
	8,059,091	7,724,201
Carrying amounts:		
Current portions	4,479,687	4,217,140
Non-current portions	3,579,404	3,507,061
	8,059,091	7,724,201

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

18. BORROWINGS (Continued)

Notes:

- (i) As at 30 June 2016, bank and other borrowings of approximately HK\$6,014,063,000 (31 December 2015: approximately HK\$6,601,817,000) are denominated in Renminbi and carried at fixed interest rates of 1.62% to 13% (31 December 2015: 1.62% to 13%) per annum.
- (ii) As at 30 June 2016, other borrowings of HK\$64,500,000 (31 December 2015: HK\$100,000,000) are denominated in Hong Kong Dollar ("HK\$") and carried at floating rate of HSBC prime rate plus 5% per annum.
- (iii) As at 30 June 2016, senior bonds and bonds of approximately HK\$117,467,000, HK\$455,816,000 and HK\$1,407,245,000 (31 December 2015: approximately HK\$599,306,000, HK\$423,078,000 and nil) are denominated in Renminbi, HK\$ and United State Dollar respectively and carried at fixed interest rates of 6% to 11.5% (31 December 2015: 6% to 11.5%).

The fund raised were used to finance the Group's properties development projects, investment projects and meet short-term expenditure needs.

19. DEFERRED TAXATION

The following are the major deferred tax balances recognised and the movements thereon during the current interim period:

Deferred tax (asset)/liabilities:	Convertible bonds HK\$'000	Revaluation of properties HK\$'000	Deductible temporary differences arising from LAT provisions HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 31 December 2015 (Audited) and 1 January 2016	5,273	1,534,904	(10,986)	(444)	1,528,747
(Credited)/charged to profit or loss	(3,609)	(12,556)	-	441	(15,724)
Exchange adjustments	-	(33,433)	241	3	(33,189)
At 30 June 2016 (Unaudited)	1,664	1,488,915	(10,745)	-	1,479,834

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

20. ACQUISITION OF A SUBSIDIARY

Acquisition of Nice Race Management Limited (“Nice Race”) and its subsidiaries (the “Nice Race Group”)

On 4 August 2015, the Group completed the acquisition of 99.99% equity interests in Nice Race. Goodwill arising on the acquisition was approximately HK\$870,169,000. The Nice Race Group is principally engaged in the operation of high-end restaurant chain under the brand of “Golden Jaguar (金錢豹)”.

	HK\$'000
Consideration transferred	
Cash paid	12,670
Convertible bonds	240,740
Total	253,410

Assets and liabilities recognised at the date of acquisition are as follows:

	Fair Value HK\$'000
Property, plant and equipment	219,720
Long-term rental deposits	21,974
Other intangible assets	206,931
Deferred tax assets	463
Inventories	15,741
Trade receivables	16,844
Prepayment, deposits and other receivables	64,724
Cash and bank balances	26,338
Trade payables	(198,763)
Accrued liabilities and other payables	(652,004)
Bank borrowings	(37,392)
Tax payable	(27,114)
Deferred income	(88,012)
Provisions	(92,092)
Long-term payables	(94,117)
Net liabilities	(616,759)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

20. ACQUISITION OF A SUBSIDIARY (Continued)

Acquisition of Nice Race Management Limited (“Nice Race”) and its subsidiaries (the “Nice Race Group”) (Continued)

HK\$'000

Goodwill arising on acquisition:

Consideration transferred	253,410
Less: net liabilities acquired	(616,759)
	<hr/>
Goodwill arising on acquisition	870,169
	<hr/>

Goodwill arose in the acquisition of the Nice Race Group because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the Nice Race Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

HK\$'000

Net cash inflow on acquisition of the Nice Race Group:

Cash consideration paid	12,670
Less: cash and bank balances acquired	(26,338)
	<hr/>
	13,668
	<hr/>



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

21. OPERATING LEASES

The Group as lessor

At the end of the reporting period, the Group had following commitments for the future minimum lease income under non-cancellable operating leases. At 31 December 2015, the Group did not have any commitments for the future minimum lease income. Lease commitments become effective base on fulfillment of certain capacity for the investment properties.

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Within one year	1,430	–
In the second to fifth years inclusive	37,116	–
Over five years	75,803	–
	114,349	–

The Group leases its investment properties under operating lease. The leases run for an initial period of 3 to 15 years in combination of fixed rentals and contingent rentals. Certain of these leases include contingent rentals which are determined based on percentages of sales when incurred and do not contain any term of minimum lease payment.

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Within one year	141,797	142,731
In the second to fifth years inclusive	515,805	541,882
Over five years	442,236	568,116
	1,099,838	1,252,729

Operating lease payments represent rentals payable by the Group for certain offices premises and retail shops. Leases are negotiated for periods arranging from 3 to 20 years (31 December 2015: 3 to 20 years) with fixed rentals.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

22. CAPITAL COMMITMENTS

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Capital expenditure		
– contracted but not provided for	2,207,288	2,342,523
– capital injection of subsidiaries in PRC	286,180	345,948
	2,493,468	2,688,471

The above commitments include mainly the construction related costs on development of the Group's property, plant and equipment, investment properties and properties for sales in the PRC.

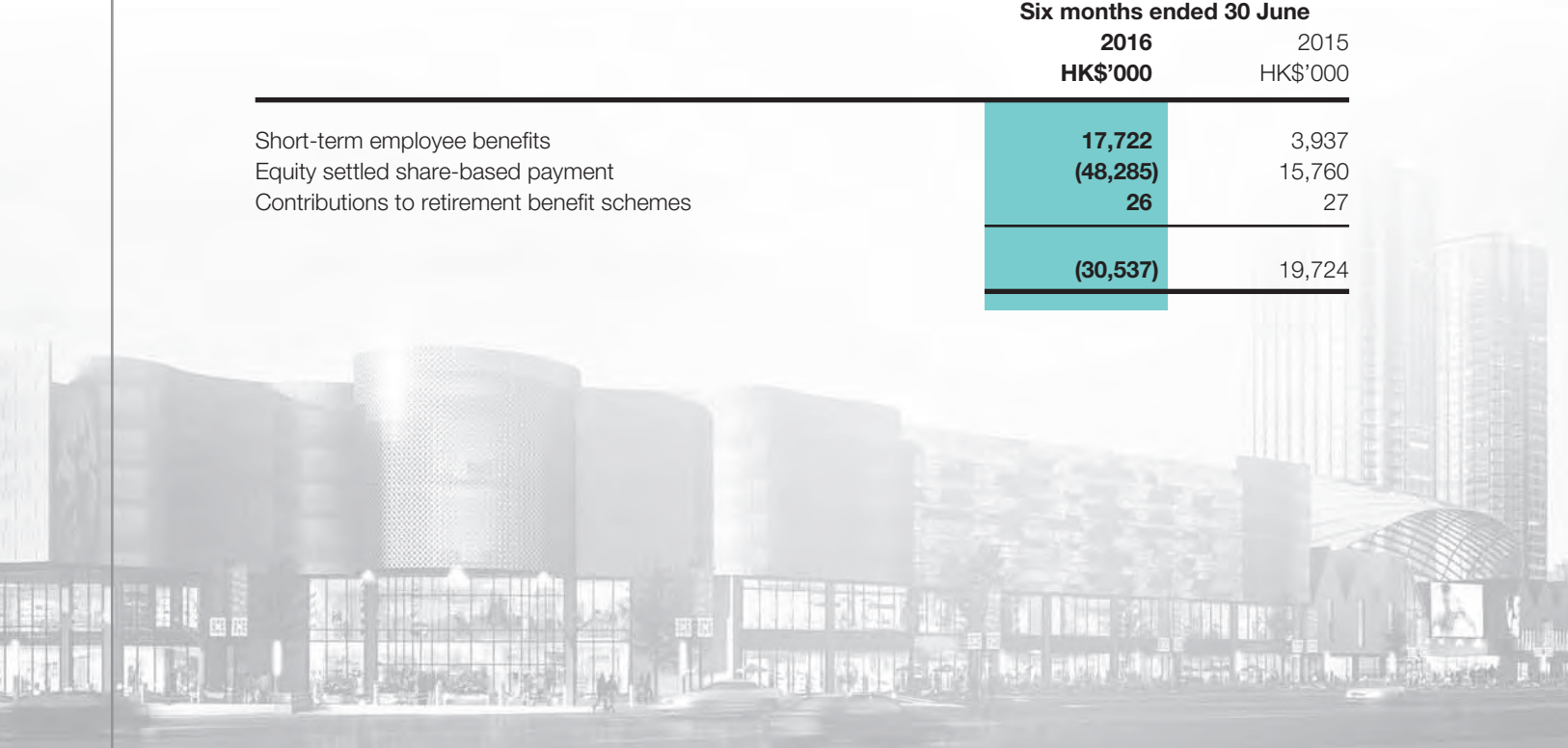
23. CONTINGENT LIABILITIES

At the end of the current interim period, the Group has no material contingent liabilities.

24. RELATED PARTY TRANSACTIONS

Compensation to key management personnel of the Group

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Short-term employee benefits	17,722	3,937
Equity settled share-based payment	(48,285)	15,760
Contributions to retirement benefit schemes	26	27
	(30,537)	19,724



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

25. EVENT AFTER INTERIM PERIOD

On 29 June 2016, the Company and a wholly-owned subsidiary of Haitong International Securities Group Limited entered into a subscription agreement pursuant to which Haitong International Securities Group Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 440,000,000 subscription shares at the subscription price of HK\$0.88 per subscription share. The Company issued 440,000,000 shares to Haitong International Securities Group Limited on 7 July 2016.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current interim period's presentation.



Review and Outlook

CORPORATE OVERVIEW

The Group is principally engaged in the theme-based leisure and consumption business, focusing on the design, development and operation of integrated large-scale tourist complex projects in key cities in and outside the PRC that comprise of theme parks, hotels, shopping and leisure facilities, as well as other theme-based consumption such as food and beverages, edutainment and touring carnivals.

BUSINESS REVIEW

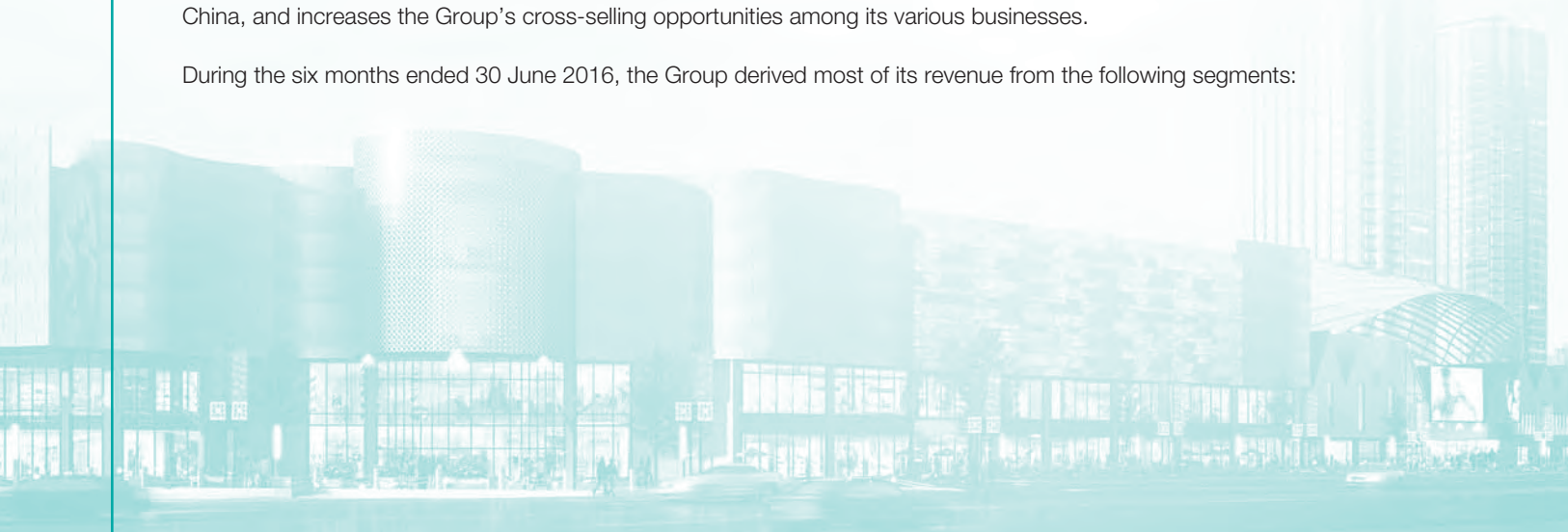
The Group's flagship project, Rio Carnival (Qingdao) is located in the Phoenix Island Tourist Resort Zone in Huangdao District, Qingdao city, Shandong province in the PRC and occupies an aggregate site area of approximately 350,000 square metres ("sq.m.") with a total gross floor areas ("GFA") of approximately 800,000 sq.m.. The Group believes that Rio Carnival (Qingdao) will be one of the first large-scale integrated commercial, residential and tourism complexes of its kind in China. It will include indoor and outdoor underwater ocean exploration theme parks, an upscale family-oriented hotel and a luxury hotel, an international premium brand outlet shopping mall, themed-street restaurant dining, a conference centre, a performance square for performances, concerts, sports matches and parades, and a world-class entertainment complex featuring the largest Lego education experience centre in China, one of the newest and largest DMAX cinema complexes in China (Jackie Chan Cinema), an indoor ice skating centre and a large sea-view ferris wheel. It is our aim for Rio Carnival (Qingdao) to become one of the China's premier tourist destinations.

The project commenced operations in May 2015 and is expected to be opened in phases. As part of its business model, the Group also develops and sells high-end coastal residential properties adjacent to its theme park, outlet mall and hotels in Rio Carnival (Qingdao). The residential properties occupied an aggregate site area of approximately 126,000 sq.m. with a total GFA of approximately 350,000 sq.m..

Since the acquisition of Nice Race Management Limited ("Nice Race") in mid 2015, the Group expanded into catering business and engaged in the operation of a diversified modern restaurant chain under the brand "Golden Jaguar (金錢豹)". Nice Race is currently revamping and improving the business operations of the Golden Jaguar restaurants.

As at 30 June 2016, Nice Race operated 20 restaurants across 12 tier-1 and tier-2 cities in 11 provinces in the PRC. With the reputable brand of Golden Jaguar in the PRC, its nationwide network of restaurants and its experienced management team, the Group believes that there is growth potential in the catering sector, and the acquisition of Golden Jaguar restaurant chain complements our strategy, improves the Group's branding and network coverage in China, and increases the Group's cross-selling opportunities among its various businesses.

During the six months ended 30 June 2016, the Group derived most of its revenue from the following segments:



Review and Outlook

Property Development and Investment

Revenue from the Group's property development and investment was approximately HK\$234.2 million for the six months ended 30 June 2016, compared to approximately HK\$248.7 million for the six months ended 30 June 2015. For the six months ended 30 June 2016, the revenue was mostly derived from the sale of residential units of the completed properties in Qingdao and Chengdu in the PRC.

Catering Business

Revenue from catering business was approximately HK\$260.6 million for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil). The revenue was derived from the operation of restaurants providing buffet, banquet, exquisite dining and related service by Golden Jaguar which was acquired in 2015.

Trading and Investment business

The Group invested in Hong Kong's listed securities and financial instruments as short-term and medium-term investments. For the six months ended 30 June 2016, the Group recorded net realised gains and unrealised gains on investments of approximately HK\$1.9 million (six months ended 30 June 2015: approximately HK\$254.8 million).

FINANCIAL REVIEW

Financial Results

For the six months ended 30 June 2016, the Group recorded loss for the period of approximately HK\$154.3 million as compared to the profit of approximately HK\$83.3 million for the six months ended 30 June 2015. The loss was mainly due to the increase in selling and marketing expenses of approximately HK\$244.5 million and the increase in administrative expenses of approximately HK\$96.6 million. The increase in selling and marketing and administrative expenses was mainly arising from the acquisition of Nice Race which was offset by (i) the increase in gross profit of approximately HK\$27.8 million; (ii) the increase in other income of approximately HK\$17.5 million; (iii) the decrease in finance costs of approximately HK\$50.4 million; and (iv) the increase in income tax credit of approximately HK\$5.8 million.

Capital Structure, Liquidity and Financial Resources

As at 30 June 2016, the authorised share capital of the Company was HK\$5,000 million divided into 25,000,000,000 shares of HK\$0.2 each and the issued share capital of the Company was approximately HK\$3,121.5 million divided into 15,607,378,468 shares of HK\$0.2 each.

As at 30 June 2016, the current assets and current liabilities of the Group were approximately HK\$11,591.8 million (31 December 2015: approximately HK\$11,438.4 million) and approximately HK\$8,494.9 million (31 December 2015: approximately HK\$8,234.3 million), respectively. The liquidity ratio, which is calculated as current assets over current liabilities, was approximately 1.36 times as at 30 June 2016, as compared to that of approximately 1.39 times as at 31 December 2015.

Review and Outlook

As at 30 June 2016, the Group's total assets and total liabilities amounted to approximately HK\$23,621.0 million (31 December 2015: approximately HK\$23,020.4 million) and approximately HK\$16,216.6 million (31 December 2015: approximately HK\$15,934.1 million), respectively. The debt ratio, which is calculated based on total liabilities over total assets, was approximately 0.69 times as at 30 June 2016, as compared to that of approximately 0.69 times as at 31 December 2015.

The cash and bank deposits (including pledge bank deposits) as at 30 June 2016 was approximately HK\$2,628.9 million (31 December 2015: approximately HK\$3,089.3 million). The decrease was mainly due to project investments and investments in financial assets during the six months period ended 30 June 2016.

As at 30 June 2016, the net debt to equity ratio of the Group, expressed as a percentage of borrowings and long-term debts (including obligation under finance lease and convertible bonds) net of cash and bank deposits (including pledge bank deposits) over total equity, was approximately 107.1% (31 December 2015: approximately 100.6%). The increase in net debt to equity ratio was mainly due to the issuance of new borrowings proportionately more than equity placement proceeds during the six months ended 30 June 2016.

On 15 March 2016, the Company entered into a subscription agreement, pursuant to which the Company issued 8% listed senior bonds on 22 March 2016 in a principal amount of US\$180,000,000 ("2016 Senior Bonds"). The 2016 Senior Bonds will become due on 22 March 2019. The 2016 Senior Bonds was permitted for listing and dealing on 23 March 2016. The 2016 Senior Bonds bear interest at a rate of 8% per annum, payable semi-annually in arrears. The 2016 Senior Bonds are guaranteed by certain non-PRC subsidiaries of the Company and impose certain covenants on the Group, including maintenance of certain financial ratios.

On 13 June 2016, the Company and Elite Mile Investments Limited ("Elite Mile") entered into the placing agreement with Emperor Securities Limited, ABCI Securities Company Limited and AMTD Asset Management Limited who acted as the placing agents. The placing agents agreed to procure purchasers of not less than six independent professional, institutional and/or individual investors who and their ultimate beneficial owners are or will be third parties independent of the Company and its connected persons, to purchase up to 725,000,000 existing shares from Elite Mile at a price of HK\$0.95 per share. On the same day, the Company and Elite Mile entered into a subscription agreement, pursuant to which Elite Mile agreed to subscribe for such number of new ordinary shares at a subscription price which is equivalent to the placing price of HK\$0.95 per share. The closing price per share on 13 June 2016 was HK\$1.06. The Company issued 725,000,000 ordinary shares to Elite Mile on 21 June 2016 and raised a net proceeds of approximately HK\$674.5 million.

Certain of the Group's PRC subsidiaries entered into financing agreements including guarantees or security agreements with various PRC banks and financial institutions. These loans have original terms ranging from 12 months to 36 months and secured by pledge bank deposits of the Group.

As of 30 June 2016, the Group's PRC subsidiaries have total external borrowings of approximately HK\$6,014.1 million of which approximately HK\$3,759.4 million are secured by land-use rights, properties and personal guarantee provided by the Company's Chairman and Chief Executive Officer, Mr. King Pak Fu.

The principal amount outstanding under these loans in the PRC generally bear interest at fixed rates calculated by reference to the relevant bank's benchmark interest rate for such loans. Interest payments are payable on either monthly or quarterly basis and must be made on each payment date as provided in the particular loan agreement.

Review and Outlook

FOREIGN EXCHANGE EXPOSURE

Substantially all of the Group's sales and operating costs are denominated in the functional currency of each individual group entity i.e. Renminbi and Hong Kong dollar. As at 30 June 2016, except for the borrowings of principal amount of RMB100 million by the Company are denominated in Renminbi and the borrowing of principal amount of US\$465 million by the Company are denominated in United States Dollar, other borrowings or share placements denominated in the functional currency of each individual group entity. Accordingly, the Directors consider that the currency risk is low to moderate. The Group currently does not have a formal currency hedging policy in relation to currency risk. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging the currency risk should the need arise.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2016, the Group's certain land-use rights, properties, bank deposits and equity securities listed in Hong Kong of approximately HK\$17,300.0 million (31 December 2015: approximately HK\$17,064.0 million) were pledged to banks and other financial institutions to secure certain loan facilities granted to the Group.

EMPLOYEE INFORMATION

As at 30 June 2016, the Group had 2,159 employees (30 June 2015: 356 employees). The employees of the Group are remunerated in accordance with their work experience, performance and prevailing industry practices. The remuneration policy and package of the Group are periodically reviewed by the management. For the six months ended 30 June 2016, the total staff costs of the Group were approximately HK\$114.5 million (six months ended 30 June 2015: approximately HK\$80.6 million), representing an increase of approximately 42.1% over the corresponding period of 2015. The increase in staff cost was mainly due to the acquisition of Nice Race in the second half of 2015.

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Salaries and other benefits	152,692	40,768
Contributions to retirement benefit schemes	7,560	1,597
Equity settled share-based payment	(45,742)	38,216
Total Employee benefits expenses	114,510	80,581

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to Listing Rules, are set out below:

Name of Directors	Capacity	Long position/ Short position	Ordinary shares (no. of shares)	Derivative shares (no. of shares)	Total number of shares held	Approximate percentage of the issued share capital of the Company	Notes
Mr. King Pak Fu ("Mr. King")	Interest of controlled corporations	Long position	10,630,478,614	-	10,630,478,614	68.11	1
	Interest of controlled corporations	Short position	-	150,000,000	150,000,000	0.96	2
Mr. Meng Cai ("Mr. Meng")	Beneficial owner	Long position	-	50,000,000	50,000,000	0.32	3

Notes:

- (i) 6,188,026,998 ordinary shares are held through Better Joint Venture Limited ("Better Joint"), a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. King; (ii) 1,295,038,846 ordinary shares are held through Glory Merit International Holdings Limited ("Glory Merit"), a company incorporated in the British Virgin Islands with limited liability which is beneficially owned as to 99% by Mr. King; (iii) 2,031,482,970 ordinary shares are held through Elite Mile Investments Limited ("Elite Mile"), a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. King; (iv) 1,115,929,800 shares are held through Sino Wealthy Limited ("Sino Wealthy"), a company which is wholly-owned by Bremwood Holdings Limited ("Bremwood Holdings"), which is in turn wholly-owned by Gauteng Focus Limited ("Gauteng Focus"), which is in turn wholly-owned by Rentian Technology Holdings Limited ("Rentian Technology"), a company which is held as to 50.42% by Mystery Idea Limited ("Mystery Idea"), a company wholly-owned by Mr. King.
- These 150,000,000 derivative shares are held through Sino Wealthy.
- These 50,000,000 derivative shares are derived from the interest in 50,000,000 share options granted by the Company to Mr. Meng exercisable into 50,000,000 ordinary shares of the Company.

Save as disclosed above, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2016.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that other than the interests of the Directors and the chief executives, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Name of Shareholders	Capacity	Long position/ Short position	Ordinary shares (no. of shares)	Derivative shares (no. of shares)	Total number of shares held	Approximate percentage of the issued share capital of the Company	Notes
Better Joint	Beneficial owner	Long position	6,188,026,998	-	6,188,026,998	39.65	1
Glory Merit	Beneficial owner	Long position	1,295,038,846	-	1,295,038,846	8.30	2
Elite Mile	Beneficial owner	Long position	2,031,482,970	-	2,031,482,970	13.02	3
Sino Wealthy	Beneficial owner	Long position	1,115,929,800	-	1,115,929,800	7.15	4
		Short position	-	150,000,000	150,000,000	0.96	4

Notes:

1. Better Joint is the legal and beneficial owner of 6,188,026,998 ordinary shares. Better Joint is wholly and beneficially owned by Mr. King. By virtue of the SFO, Mr. King is deemed to be interested in those shares held by Better Joint.
2. Glory Merit is the legal and beneficial owner of 1,295,038,846 ordinary shares of the Company. Glory Merit is beneficially owned as to 99% by Mr. King. By virtue of the SFO, Mr. King is deemed to be interested in those shares held by Glory Merit.
3. Elite Mile is the legal and beneficial owner of 2,031,482,970 ordinary shares of the Company. Elite Mile is wholly and beneficially owned by Mr. King. By virtue of the SFO, Mr. King is deemed to be interested in those shares held by Elite Mile.
4. Sino Wealthy is the legal and beneficial owner of 1,115,929,800 ordinary shares and 150,000,000 derivative shares of the Company. Sino Wealthy is wholly-owned by Bremwood Holdings, which is in turn wholly-owned by Gauteng Focus, which is in turn wholly-owned by Rentian Technology, a company which is held as to 50.42% by Mystery Idea, which in turn is wholly-owned by Mr. King. By virtue of the SFO, Mr. King is deemed to be interested in those shares held by Sino Wealthy.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2016.

Other Information

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") at the annual general meeting of the Company held on 31 May 2013. Pursuant to the Share Option Scheme, the Board may at its discretion offer options to any eligible participants including, but not limited to, any person being an employee, executive directors, or non-executive directors (including independent non-executive directors) of the Group or any invested entity and any supplier, adviser or consultant to any area of business or business development of any member of the Group or any invested entity.

Details of movement of the share options during the six months ended 30 June 2016 under the Share Option Scheme are as follows:

Name or category of participant	Number of share options				Outstanding as at 30 June 2016	Exercise price (HK\$)	Date of Grant	Exercisable Period
	Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period				
Director/Former Director								
Mr. Meng Cai	-	50,000,000	-	-	50,000,000	1.022	10 May 2016	10 May 2018 to 9 May 2021
Mr. Leung Wing Cheong Eric (resigned on 26 May 2016)	129,138,840	-	-	(129,138,840)	-	0.63	26 May 2014	26 May 2016 to 30 May 2023
	137,788,840	-	-	(137,788,840)	-	1.596	8 June 2015	8 June 2015 to 30 May 2023
Employees								
	98,500,000	-	-	(7,000,000)	91,500,000	1.264	29 September 2014	1 October 2016 to 30 September 2019
	40,000,000	-	-	-	40,000,000	1.37	16 March 2015	17 March 2017 to 16 March 2020
	-	30,000,000	-	-	30,000,000	1.078	6 April 2016	6 April 2018 to 5 April 2021
	-	40,000,000	-	-	40,000,000	1.06	7 June 2016	7 June 2018 to 6 June 2021
Total	405,427,680	120,000,000	-	(273,927,680)	251,500,000			

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 14 April 2016, a subsidiary of the Company repurchased an aggregate principal amount of RMB400,000,000 of the RMB500,000,000 11.5% Senior Bonds due 2016 issued by the Company (stock code: 85707) on the Stock Exchange. The aggregate price paid for the repurchase (excluding expenses) was RMB400,000,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance practices and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

In the opinion of the Directors, during the six months ended 30 June 2016, the Company was in compliance with all code provisions set out in the CG Code except for the deviation of code provision A.2.1 of the CG Code that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Leung Wing Cheong Eric, the former Chief Executive Officer of the Company on 26 May 2016, the Company appointed Mr. King Pak Fu, the Chairman of the Board and an executive Director as the Chief Executive Officer of the Company with effect from 26 May 2016. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

CHANGES OF INFORMATION IN RESPECT OF DIRECTOR

Below are the change in Director's information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

Mr. Chan Wai Cheung Admiral, an independent non-executive Director, resigned as an independent non-executive director of Jia Meng Holdings Limited (stock code: 8101), a company listed on the Growth Enterprise Market of the Stock Exchange on 23 May 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2016.

Other Information

AUDIT COMMITTEE

The audit Committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors, namely Mr. Chan Wai Cheung Admiral (as chairman), Mr. Lie Chi Wing and Ms. Hu Gin Ing.

The primary duties of the Audit Committee are to review and supervise the financial reporting system and to review the risk management and internal control systems of the Group.

The unaudited interim report of the Group for the six months ended 30 June 2016 have been reviewed by the Audit Committee.

By Order of the Board
Carnival Group International Holdings Limited
King Pak Fu
Chairman and Chief Executive Officer

Hong Kong, 26 August 2016

