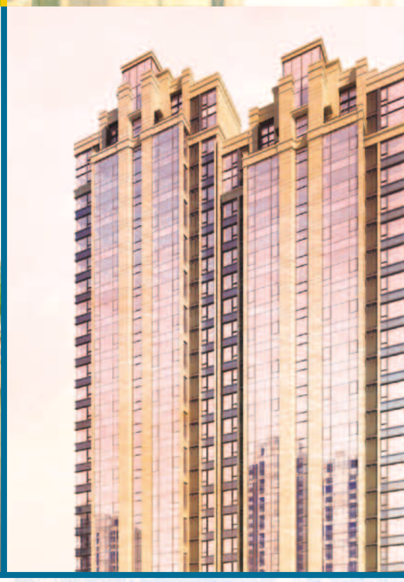
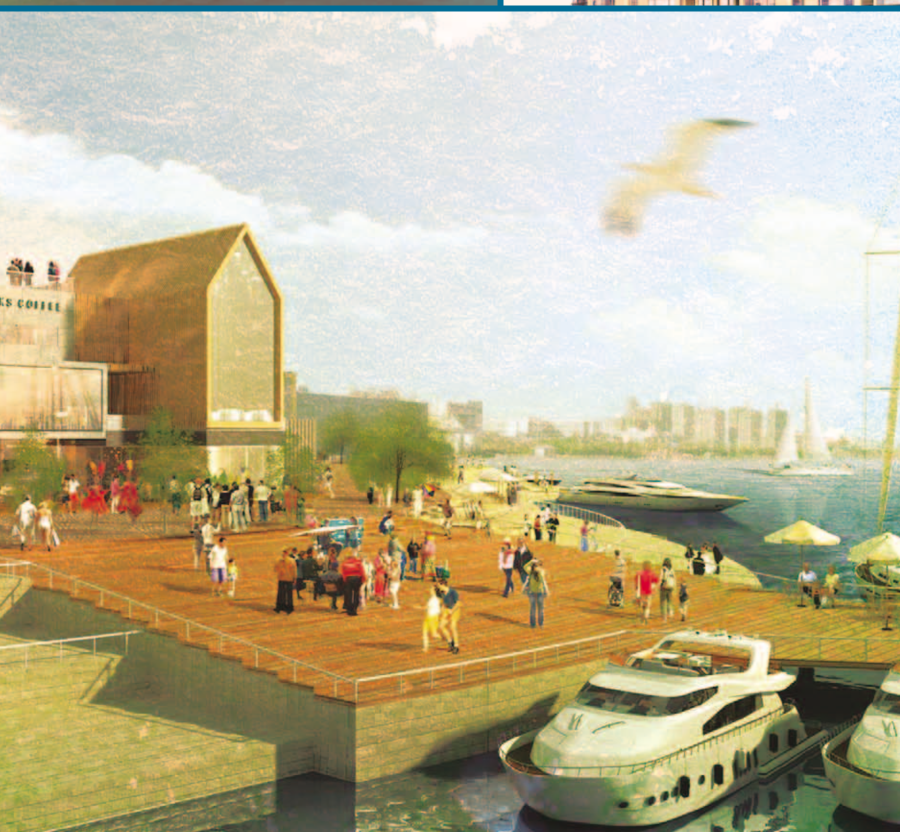
Interim Report 2012





CARNIVAL GROUP
INTERNATIONAL

Carnival Group International Holdings Limited

Stock Code : 00996

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhou Cheng Rong *(Chairman)*
Mr. Xu Yi
Mr. Wu Hong Guang
Mr. Dai Peng
Mr. Gong Xiao Cheng
Mr. Hon Ming Sang

Independent Non-Executive Directors

Mr. Chan Wai Yip Freeman
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

AUDIT COMMITTEE

Mr. Chan Wai Yip Freeman *(Chairman)*
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

REMUNERATION COMMITTEE

Mr. Chan Wai Yip Freeman *(Chairman)*
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

NOMINATION COMMITTEE

Mr. Chan Wai Yip Freeman *(Chairman)*
Mr. Ng Ka Chung Simon
Mr. Hon Ming Sang

COMPANY SECRETARY

Mr. Hon Ming Sang

LEGAL ADVISOR

Minter Ellison

AUDITORS

HLB Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 4402-03, 44/F., COSCO Tower
183 Queen's Road Central
Hong Kong

REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

CONTACTS

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The board of directors (the "Board" or the "Directors") of Carnival Group International Holdings Limited (formerly known as Oriental Ginza 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 2012 together with the comparative figures for the corresponding period in 2011. The unaudited interim financial report has not been audited but has been reviewed by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Notes	**Unaudited Six months ended 30 June 2012 HK$'000**	2011 HK$'000 (restated)
Continuing operations			
Revenue	3	**(7,361)**	39,544
Other income and net gains	4	**8,395**	2,334
Gain on disposal of subsidiaries	5(a)	**205,062**	—
Operating lease rentals		**(14,189)**	(27,972)
Loss on fair value change of investment properties		**—**	(998)
Employee benefits expense		**(18,066)**	(7,810)
Depreciation of property, plant and equipment		**(2,545)**	(3,194)
Loss on early redemption of promissory notes		**(173,688)**	—
Finance costs	6	**(115,029)**	(17)
Other operating expenses		**(40,286)**	(7,991)
Loss before tax		**(157,707)**	(6,104)
Income tax	7	**353**	116
Loss for the period from continuing operations	8	**(157,354)**	(5,988)
Discontinued operations			
Loss for the period from discontinued operations	5(b)	**—**	(424)
Loss for the period		**(157,354)**	(6,412)
Other comprehensive income/(expense)			
Reclassification adjustment for translation reserve released upon disposal of subsidiaries		**(120,326)**	—
Exchange differences arising on translation of foreign operations		**103,513**	5,978
Total comprehensive expense for the period		**(174,167)**	(434)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2012

	Notes	Unaudited Six months ended 30 June **2012** **HK$'000**	 2011 HK$'000 (restated)
Loss for the period attributable to owners of the Company			
— from continuing operations		**(145,453)**	(5,988)
— from discontinued operations		**—**	(216)
		(145,453)	(6,204)
Loss for the period attributable to non-controlling interests			
— from continuing operations		**(11,901)**	—
— from discontinued operations		**—**	(208)
		(11,901)	(208)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(167,898)**	(817)
Non-controlling interests		**(6,269)**	383
		(174,167)	(434)
Loss per share			
From continuing and discontinued operations			
Basic and diluted (HK$ per share)	10	**(0.033)**	(0.006)
From continuing operations			
Basic and diluted (HK$ per share)	10	**(0.033)**	(0.005)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	**30 June 2012 HK$'000 (Unaudited)**	31 December 2011 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**2,466,719**	2,162,764
Investment properties	12	**2,773,643**	3,070,573
Goodwill		**521,002**	521,002
Prepayments on construction contracts		**368,867**	366,927
		6,130,231	6,121,266
Current assets			
Properties for sales	13	**4,504,255**	4,378,669
Trade receivables	14	**—**	32,250
Prepayments, deposits and other receivables		**274,936**	352,692
Held for trading investments	15	**67,875**	85,504
Bank balances and deposits		**1,938,253**	1,285,999
		6,785,319	6,135,114
Assets classified as held for sale		**—**	573,161
		6,785,319	6,708,275
Total assets		**12,915,550**	12,829,541
Current liabilities			
Trade payables	16	**72,450**	36,590
Deposits from sale of properties		**1,629,283**	1,617,059
Accrued liabilities and other payables		**408,069**	493,654
Amounts due to related companies		**7,913**	—
Amounts due to non-controlling interests		**51,653**	51,382
Taxation payable		**—**	23,708
		2,169,368	2,222,393
Liabilities associated with assets classified as held for sale		**—**	210,207
		2,169,368	2,432,600
Net current assets		**4,615,951**	4,275,675
Total assets less current liabilities		**10,746,182**	10,396,941

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2012

	Notes	**30 June 2012 HK$'000 (Unaudited)**	31 December 2011 HK$'000 (Audited)
Capital and reserves			
Share capital	17	**879,224**	879,224
Share premium and reserves		**2,338,160**	2,506,058
Equity attributable to owners of the Company		**3,217,384**	3,385,282
Non-controlling interests		**2,463,076**	2,461,831
Total equity		**5,680,460**	5,847,113
Non-current liabilities			
Borrowings	18	**2,114,841**	880,626
Deferred tax liabilities	19	**1,912,864**	2,012,715
Amounts due to non-controlling interests		**122,955**	122,309
Convertible notes		**751,918**	694,067
Promissory notes	20	**163,144**	840,111
		5,065,722	4,549,828
		10,746,182	10,396,941

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Translation reserve HK$'000	PRC statutory reserves HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2011 (audited)	219,109	1,887,839	9,404	–	18,709	25,005	(722,197)	1,437,869	–	1,437,869
Loss for the period	–	–	–	–	–	–	(6,204)	(6,204)	(208)	(6,412)
Exchange differences arising on translation of foreign operations	–	–	–	–	5,387	–	–	5,387	591	5,978
Total comprehensive (expense)/ income for the period ended 30 June 2011	–	–	–	–	5,387	–	(6,204)	(817)	383	(434)
Non-controlling interests arising on business combination	–	–	–	–	–	–	–	–	(1,028)	(1,028)
Transfer from retained profits	–	–	–	–	–	91	(91)	–	–	–
At 30 June 2011 (unaudited)	219,109	1,887,839	9,404	–	24,096	25,096	(728,492)	1,437,052	(645)	1,436,407
At 1 January 2012 (audited)	879,224	2,556,627	9,404	675,874	30,892	30,497	(797,236)	3,385,282	2,461,831	5,847,113
Loss for the period	–	–	–	–	–	–	(145,453)	(145,453)	(11,901)	(157,354)
Reclassification adjustment for translation reserve released upon disposal of subsidiaries	–	–	–	–	(120,326)	–	–	(120,326)	–	(120,326)
Exchange differences arising on translation of foreign operations	–	–	–	–	97,881	–	–	97,881	5,632	103,513
Total comprehensive expense for the period ended 30 June 2012	–	–	–	–	(22,445)	–	(145,453)	(167,898)	(6,269)	(174,167)
Disposal of subsidiaries	–	–	–	–	–	(30,497)	30,497	–	7,514	7,514
At 30 June 2012 (unaudited)	**879,224**	**2,556,627**	**9,404**	**675,874**	**8,447**	**–**	**(912,192)**	**3,217,384**	**2,463,076**	**5,680,460**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Note	Unaudited Six months ended 30 June 2012 HK$'000	 2011 HK$'000
Net cash used in operating activities		**(94,688)**	(171,853)
Net cash from investing activities:			
Interest received		**7,322**	850
Additions to property, plant and equipment		**(328,699)**	(5,505)
Additions to land use rights		**—**	(12,848)
Additions to investment properties		**(185,720)**	—
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed)	5(a)	**828,860**	600,000
Acquisition of subsidiaries (net of cash and cash equivalents acquired)		**—**	(366,232)
Proceeds from disposal of investment properties		**—**	1,735
		321,763	218,000
Net cash from financing activities:			
Interest paid		**—**	(892)
Advance from related companies		**7,917**	—
Redemption of promissory notes		**(907,833)**	—
New other borrowings raised		**1,229,559**	21,034
Repayment of other borrowings		**—**	(1,188)
		329,643	18,954
Net increase in cash and cash equivalents		**556,718**	65,101
Cash and cash equivalents at 1 January		**1,286,446**	579,543
Effects of foreign exchange rate changes		**95,089**	(4,186)
Cash and cash equivalents at 30 June, represented by		**1,938,253**	640,458
Bank balances and deposits		**1,938,253**	640,458

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. Basis of Preparation

The 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 ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. 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 revalued amounts or 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 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

Application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

Under the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group's investment properties are situated in the People's Republic of China (the "PRC"). For the purpose of application of the amendments to HKAS 12, the Directors reviewed the Group's investment properties portfolios as at 30 June 2012 and concluded that the Group's investment properties situated in the PRC amounting to approximately HK$2,773,643,000 as at 30 June 2012 (31 December 2011: HK$3,070,573,000) are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Accordingly, the adoption of amendments to HKAS 12 has no impact on the deferred tax liabilities in respect of these properties.

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

3. Segment Information

Management has determined the operating segments based on the reports reviewed by the Directors that are used to assess performance and allocate resources. The Group is principally engaged in property development and investment business, trading and investment business and retail-related consultancy and management services business.

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments for the interim period under review:

For the six months ended 30 June 2012

Continuing operations	**Property development and investment business** HK$'000	**Trading and investment business** HK$'000	**Retail-related consultancy and management services business** HK$'000	**Total** HK$'000
SEGMENT REVENUE				
External sales	4,452	(18,335)	10,516	(3,367)
Investment income and net loss	–	(3,994)	–	(3,994)
	4,452	(22,329)	10,516	(7,361)
SEGMENT RESULTS	(28,066)	(22,373)	(4,214)	(54,653)
Finance costs				(115,029)
Unallocated income				730
Gain on disposal of subsidiaries				205,062
Unallocated corporate expenses				(20,129)
Loss on early redemption of promissory notes				(173,688)
Loss before tax				(157,707)

For the six months ended 30 June 2011

Continuing operations	Property development and investment business HK$'000	Trading and investment business HK$'000	Retail-related consultancy and management services business HK$'000	Total HK$'000 (restated)
SEGMENT REVENUE				
External sales	8,764	710	30,070	39,544
SEGMENT RESULTS	2,433	88	1,024	3,545
Finance costs				(17)
Unallocated income				809
Unallocated corporate expenses				(10,441)
Loss before tax				(6,104)

3. Segment Information *(Continued)*

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 2011: HK$ Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Separate profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs including directors' emoluments, finance costs, gain on disposal of subsidiaries and loss on early redemption of promissory notes. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and reconciliation to total assets are as follows:

SEGMENT ASSETS

Continuing operations	**30 June 2012 HK$'000 (Unaudited)**	31 December 2011 HK$'000 (Audited)
Property development and investment business	**12,818,310**	11,930,229
Trading and investment business	**68,308**	86,674
Retail-related consultancy and management services business	**896**	109,569
Total segment assets	**12,887,514**	12,126,472
Assets relating to discontinued operations	**—**	573,161
Unallocated head office and corporate assets	**28,036**	129,908
Consolidated assets	**12,915,550**	12,829,541

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

4. Other Income and Net Gains

Continuing operations	**Unaudited Six months ended 30 June 2012 HK$'000**	2011 HK$'000 (restated)
Interest on bank deposits	**7,322**	845
Sundry income	**1,073**	1,489
	8,395	2,334

5. Disposal of Subsidiaries and Discontinued Operations

(a) Disposal of Subsidiaries

(i) On 6 January 2012, the Company entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire equity interest in Virtue Link Investments Limited and related shareholder's loan for a cash consideration of HK$380,000,000. Virtue Link Investments Limited and its subsidiaries (namely, Wide Merit Limited, China-HK Holdings Investment Limited, 長三角徐州石油科技有限公司 and 鹽城賽孚石油化工有限公司)(hereinafter collectively referred as "Virtue Link Group") were principally engaged in gasoline and diesel operations in the PRC. The disposal constituted a discloseable transaction on the part of the Company under the Listing Rules. The disposal was completed on 8 February 2012. This transaction has resulted in the recognition of a gain of approximately HK$9,470,000 in profit or loss during the current interim period.

(ii) On 8 March 2012, the Company entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire equity interest in Sundynasty International Limited for a cash consideration of HK$4,000,000. Sundynasty International Limited and its subsidiaries (namely, Timecastle International Limited, Master Empire Development Limited, 東方銀座商業(北京)有限公司, 北京華文韜廣告有限公司, 北京東方銀座商業投資顧問有限公司 and 北京東方銀座商業管理有限公司)(hereinafter collectively referred as "Sundynasty Group") were principally engaged in the provision of retail-related consultancy and management services in the PRC. The disposal constituted a discloseable transaction on the part of the Company under the Listing Rules. The disposal was completed on 5 June 2012. This transaction has resulted in the recognition of a gain of approximately HK$129,627,000 in profit or loss during the current interim period.

(iii) On 21 March 2012, Daylight Express Group Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire equity interest in Angel Fay Limited and related shareholder's loan for a cash consideration of HK$220,000,000. Angel Fay Limited and its subsidiary (namely, 重慶太平洋屋業發展有限公司) (hereinafter collectively referred as "Angel Fay Group") were principally engaged in property investment in the PRC. The disposal constituted a discloseable transaction on the part of the Company under the Listing Rules. The disposal was completed on 23 April 2012. This transaction has resulted in the recognition of a gain of approximately HK$29,936,000 in profit or loss during the current interim period.

(iv) On 27 April 2012, 深圳市深恆貿易有限公司, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire equity interest in 瀋陽市建興源投資管理有限公司 for a cash consideration of HK$230,000,000. The disposal constituted a discloseable transaction on the part of the Company under the Listing Rules. The disposal was completed on 22 June 2012. This transaction has resulted in the recognition of a gain of approximately HK$36,029,000 in profit or loss during the current interim period.

5. Disposal of Subsidiaries and Discontinued Operations *(Continued)*

(a) Disposal of Subsidiaries *(Continued)*

The net assets/(liabilities) of the subsidiaries at the respective dates of disposal were as follows:

	Virtue Link Group at 8 February 2012 HK$'000 (Unaudited)	Sundynasty Group at 5 June 2012 HK$'000 (Unaudited)	Angel Fay Group at 23 April 2012 HK$'000 (Unaudited)	瀋陽市建興源投資管理有限公司 at 22 June 2012 HK$'000 (Unaudited)	Total HK$'000
Net (liabilities)/assets disposed of	(15,822)	(26,369)	156,296	204,372	318,477
Non-controlling interests	7,514	–	–	–	7,514
Reclassification adjustment for translation reserve released upon disposal of subsidiaries	62	(99,258)	(10,729)	(10,401)	(120,326)
Sale loans	378,776	–	44,497	–	423,273
Gain on disposal	9,470	129,627	29,936	36,029	205,062
Total consideration	380,000	4,000	220,000	230,000	834,000
Satisfied by:					
Cash consideration received	380,000	4,000	220,000	230,000	834,000
Net cash inflow arising on disposal:					
Total cash consideration received	380,000	4,000	220,000	230,000	834,000
Less: bank balances and deposits disposed of	(447)	(1,645)	(1,796)	(1,252)	(5,140)
	379,553	2,355	218,204	228,748	828,860

(b) Discontinued Operations

On 6 January 2012, the Company entered into a sale and purchase agreement with an independent third party to dispose of Virtue Link Group. Virtue Link Group carried out all of the Group's gasoline and diesel operations, which have been classified as discontinued operations. The assets and liabilities attributable to the gasoline and diesel operations have been classified as a disposal group held for sale and were presented separately in the consolidated statement of financial position as at 31 December 2011.

5. Disposal of Subsidiaries and Discontinued Operations *(Continued)*

(b) Discontinued Operations *(Continued)*

The Group re-presented the results of discontinued operations for prior period in accordance with HKFRSs. An analysis of the results and cash flows of the discontinued operations included in the condensed consolidated statement of comprehensive income is as follows:

	Unaudited	
	From 1 January 2012 to 8 February 2012 HK$'000	From 28 April 2011 to 30 June 2011 HK$'000
Loss of gasoline and diesel operations for the period	**–**	(424)
Gain on disposal of gasoline and diesel operations (Note 5(a))	**9,470**	—
	9,470	(424)

The results of gasoline and diesel operations for current and prior interim periods are as follows:

	Unaudited	
	From 1 January 2012 to 8 February 2012 HK$'000	From 28 April 2011 to 30 June 2011 HK$'000
Revenue	**–**	14,051
Change in inventories of work in progress and finished goods	**–**	(10,922)
Other income and net gains	**–**	1,272
Amortisation of prepaid land lease	**–**	(159)
Depreciation of property, plant and equipment	**–**	(379)
Employee benefits expenses	**–**	(1,396)
Finance costs	**–**	(875)
Other operating expenses	**–**	(1,997)
Income tax expense	**–**	(19)
Loss for the period from discontinued operations	**–**	(424)
Loss for the current and prior periods from discontinued operations including the following:		
Amortisation on prepaid land lease	**–**	(159)
Depreciation of property, plant and equipment	**–**	(379)

5. Disposal of Subsidiaries and Discontinued Operations *(Continued)*

(b) Discontinued Operations *(Continued)*

	Unaudited From 1 January 2012 to 8 February 2012 HK$'000	From 28 April 2011 to 30 June 2011 HK$'000
Net cash outflows by operating activities	–	(2,340)
Net cash outflows by investing activities	–	(17,918)
Net cash flows from financing activities	–	19,187
Net cash outflows	–	(1,071)

6. Finance Costs

	Unaudited Six months ended 30 June 2012	2011
Continuing operations	**HK$'000**	HK$'000 (restated)
Interest on:		
Convertible notes	**57,851**	-
Promissory notes (Note 20)	**57,178**	-
Others	**-**	17
	115,029	17

7. Income Tax

	Unaudited Six months ended 30 June 2012	2011
Continuing operations	**HK$'000**	HK$'000 (restated)
Current tax:		
PRC Enterprise Income Tax ("EIT")	**55**	855
Deferred tax (Note 19)	**(408)**	(971)
Tax credit for the period relating to continuing operations	**(353)**	(116)

The provision for the PRC EIT is calculated based on the statutory income tax rate of 25% (six months ended 30 June 2011: 25%) on the assessable profit of each of the PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations in the PRC.

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2011: 16.5%) of estimated assessable profit for six months ended 30 June 2012. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profits arising in Hong Kong for both interim periods.

8. Loss for the Period

Loss for the period from continuing operations has been arrived at after charging:

	Unaudited	
	Six months ended 30 June	
	2012	2011
Continuing operations	**HK$'000**	HK$'000
		(restated)
Employee benefits expense		
— Salaries and other benefits	**19,178**	7,690
Less: amount capitalised (Note)	**(1,722)**	—
	17,456	7,690
— Contributions to retirement benefit schemes	**610**	120
Total employee benefits expense	**18,066**	7,810
Operating lease rentals in respect of premises		
— Minimum lease payments	**14,189**	27,972
Depreciation of property, plant and equipment	**2,576**	3,194
Less: amount capitalised (Note)	**(31)**	—
	2,545	3,194

Note: Certain cost included in salaries and other benefits and depreciation of property, plant and equipment had been capitalised to property development projects.

9. Dividends

No dividends were paid, declared or proposed during the interim period. The Directors have determined that no dividend will be paid in respect of the interim period.

10. Loss Per Share

From continuing and discontinued operations

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

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Loss for the purpose of calculating basic and diluted loss per share		
Loss for the period	**(145,453)**	(6,204)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**4,396,120,965**	1,095,542,931

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations is based on the following data:

Loss is calculated as follows:	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Loss for the period attributable to owners of the Company	**(145,453)**	(6,204)
Less: loss for the period from discontinued operations	**—**	216
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	**(145,453)**	(5,988)

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

From discontinued operations

Basic and diluted loss per share for the discontinued operations for the six months ended 30 June 2012 is HK$ Nil per share (30 June 2011: HK$0.005), based on the loss for the period from the discontinued operations of approximately HK$ Nil (30 June 2011: HK$216,000) and the denominators used are the same as those detailed above for both basic and diluted loss per share.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in a decrease in loss per share from continuing operations.

11. Property, Plant and Equipment

	HK$'000
Carrying value at 1 January 2012 (Audited)	2,162,764
Additions	328,699
Derecognised on disposal of subsidiaries	(22,317)
Depreciation	(2,576)
Exchange adjustments	149
Carrying value at 30 June 2012 (Unaudited)	**2,466,719**

12. Investment Properties

	Completed investment properties HK$'000	**Investment properties under construction** HK$'000	**Total** HK$'000
FAIR VALUE			
At 1 January 2012 (Audited)	495,964	2,574,609	3,070,573
Additions	—	185,720	185,720
Derecognised on disposal of subsidiaries	(497,908)	—	(497,908)
Exchange adjustments	1,944	13,314	15,258
At 30 June 2012 (Unaudited)	**—**	**2,773,643**	**2,773,643**

At 30 June 2012, 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 gains or loss has been recognised in the current interim period.

At 30 June 2012, certain of the Group's investment properties under construction with carrying value of approximately HK$2,773,643,000 (31 December 2011: HK$2,574,609,000) have been pledged to secure the Group's bank and other borrowings.

13. Properties for Sales

	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
Properties under development for sales	**4,504,255**	4,378,669

The Group's properties under development for sales with a carrying amount of approximately HK$4,504,255,000 as at 30 June 2012 (31 December 2011: 4,378,669,000) have been pledged to secure bank and other borrowings.

The properties for sales are situated in the PRC.

14. Trade Receivables

Trade receivables comprise (i) receivables arising from sales of properties which are due for settlement in accordance with the terms of the related sale and purchase agreements; (ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants; and (iii) receivables arising from provision of services which are due for settlement in accordance with the terms of the related service agreements and due within 60-180 days from the date of billing.

The following is an ageing analysis of trade receivables (net of allowance for doubtful debts):

	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
0 - 30 days	**–**	4,483
31 - 60 days	**–**	—
61 - 90 days	**–**	22
Over 90 days	**–**	27,745
	–	32,250

15. Held for Trading Investments

	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
Equity securities listed in Hong Kong	**67,875**	85,504

The fair value of all equity securities are determined based on the quoted market bid prices at the end of the reporting period.

16. Trade Payables

The following is an ageing analysis of trade payables presented based on the invoice date:

	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
0 - 30 days	**72,205**	35,154
31 - 60 days	**245**	—
61 - 90 days	**—**	—
Over 90 days	**—**	1,436
	72,450	36,590

17. Share Capital

	Ordinary shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.20 each at 31 December 2011 and 30 June 2012	15,000,000,000	3,000,000
Issued and fully paid:		
Ordinary shares of HK$0.20 each at 31 December 2011 and 30 June 2012	4,396,120,965	879,224

18. Borrowings

During the current interim period, the Group obtained new borrowings amounting to approximately HK$1,229,559,000. The borrowings are denominated in Renminbi and carry interest at the prevailing interest rate of the People's Bank of China or 13% per annum. The proceeds were used to finance the Group to repay certain bank borrowings and meet short-term expenditures need.

19. Deferred Taxation

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

Deferred tax liabilities:	**Convertible notes HK$'000**	**Undistributed profits of subsidiaries HK$'000**	**Revaluation of properties HK$'000**	**Total HK$'000**
At 1 January 2012 (Audited)	132,979	66,590	1,813,146	2,012,715
Disposals of subsidiaries	—	(20,233)	(82,547)	(102,780)
Credited to profit or loss	—	(408)	—	(408)
Exchange adjustments	—	—	3,337	3,337
At 30 June 2012 (Unaudited)	**132,979**	**45,949**	**1,733,936**	**1,912,864**

20. Promissory Notes

	HK$'000
Carrying amount of promissory notes at 1 January 2012 (Audited)	840,111
Early redemption	(734,145)
Imputed interest charged (Note 6)	57,178
Carrying amount of promissory notes at 30 June 2012 (Unaudited)	**163,144**

21. Operating Leases

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 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
Within one year	**6,518**	49,479
In the second to fifth years inclusive	**14,784**	97,109
Over five years	**49,920**	165,235
	71,222	311,823

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
Within one year	**—**	66,636
In the second to fifth years inclusive	**—**	163,129
Over five years	**—**	81,345
	—	311,110

22. Capital Commitments

	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
Capital expenditure in respect of property, plant and equipment, investment properties and properties for sales		
— Contracted but not provided for	**2,182,148**	2,472,135

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

23. Contingent Liabilities

As at 30 June 2012, 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	
	2012	2011
	HK$'000	HK$'000 (restated)
Short-term employee benefits	**3,353**	3,525
Post-employment benefits	**25**	18
	3,378	3,543

25. Event After Interim Period

On 13 July 2012, Easy Linkage Development Limited ("Easy Linkage"), a direct wholly-owned subsidiary of the Company, Mr. King Pak Fu, a substantial shareholder of the Company, Glory Merit International Holdings Limited ("Glory Merit"), and Sino Ever Investment Limited ("Target Company"), entered into a shares subscription agreement with the aggregate consideration of HK$400,000,780 . The consideration will be satisfied by cash of HK$780 and issuance of the convertible notes of HK$400,000,000. The Target Company and its subsidiaries are principally engaged in the property development in Chengdu, the PRC. For further details of the transaction, please refer to the announcement of the Company dated 13 July 2012 and the circular of the Company dated 17 August 2012.

This transaction constitutes a connected transaction of the Company under the Listing Rules and are subject to the approval of the independent shareholders of the Company at the special general meeting to be held on 5 September 2012. This transaction also constitutes a major transaction of the Company under the Listing Rules and has not been completed as of the date of approval of these condensed consolidated financial statements.

26. Comparative Figures

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

REVIEW AND OUTLOOK

Business Review

In the first half of 2012, external factors including the eurozone sovereign debt crisis and the continuing slowdown in the global economy were still lingering and resulted in a relatively strong wait-and-see market sentiment. Market conditions still remained challenging under the control measures of the PRC Government despite the moves of The People's Bank of China to relax monetary policies by lowering the reserve requirement ratio twice and cutting deposits and lending interest rates. The Directors believe that the property market trend is positive for the long term, in view of the strong economic fundamentals and rapid urbanisation of the PRC.

Property Investment

The Group's investment property portfolio comprising portions of Taipingyang Plaza (太平洋廣場) ("Taipingyang Plaza") on Shangqingsi Road (上清寺路) in Yuzhong District (渝中區), Chongqing, the PRC and a number of properties located in Shenyang of Liaoning Province, the PRC, covers a total gross area of approximately 60,200m^2, with approximately 13,300m^2 or 22% of the total gross area being retail space, approximately 39,900m^2 or 66% of the total gross area being office space, approximately 1,700m^2 or 3% of the total gross area being residential units and approximately 5,300m^2 or 9% of the total gross area being car park spaces. Rental income for the six months ended 30 June 2012 was approximately HK$4.5 million.

Taipingyang Plaza (太平洋廣場) consists of an office tower and a residential tower built over a 2-storey commercial podium and a 2-level basement car parks. The whole office tower and portions of the residential tower together with portions of the commercial podium and the whole 2-level basement car parks belong to our Group. The complex has a total gross area of approximately 28,900m^2 (offices: approximately 23,200m^2, residential units: approximately 400m^2 and car park spaces: approximately 5,300m^2).

Properties in Shenyang of Liaoning Province, the PRC, with gross area of approximately 31,300m^2 comprise six retail shops which have a gross area of approximately 13,300m^2, seven office units which have a gross area of approximately 16,700m^2, and four residential units which have a gross area of approximately 1,300m^2.

Properties under Development for Sale

The Group's properties under development portfolio, holding three parcels of land (the "Land"), with land use rights, comprising the properties under development which are located in Huangdao District (黃島區), Qingdao (青島市), Shandong Province (山東省), at the west of Jiangshan South Road (江山南路) and south of Binhai Road (濱海路), near the central business district of the Huangdao Economic and Technological Development Zone of Shandong Province (黃島經濟技術開發區), opposite to the China University of Petroleum (中國石油大學), and north of the Tangdao Bay (唐島灣). The properties under development of the Land having a total site area of approximately 348,900m^2. The Group intends to develop residential units, shopping arcades, hotels and recreational facilities with an aggregate gross floor area of approximately 765,800m^2 on the Land. In 2012, the Group will continue to focus on the development of the properties.

Retail-related Consultancy and Management Services

The Group offers comprehensive retail-related consultancy and management services to its clients, encompassing different service areas including development and planning consultancy services for shopping malls, advertising and promotion consultancy services, operation of retail premises and store management services.

Total revenue from the Group's retail-related consultancy and management services sector was approximately HK$10.5 million for the first six months of 2012, representing a decrease of approximately HK$19.5 million or 65% as compared to the figures of the corresponding period in 2011. The main reason was decrease in the number of contracts.

Trading and Investment Business

Trading and investment business includes the trading of securities and investment income from securities investment and investment holding. During the six months ended 30 June 2012, net loss from trading in securities was approximately HK$22.4 million. The negative revenue was mainly due to the recognition of realised loss on disposal of listed securities during the current interim period.

Research and Development, Manufacturing and Sale of High Clean Unleaded Gasoline and Diesel

The Group has established the research and development service for its proprietary formula and technology for its high clean unleaded gasoline and diesel products and has a total of two production bases in Xuzhou City and Yancheng City, Jiangsu Province, the PRC respectively. The products of the Wide Merit Group are to be sold to the clients including the gasoline wholesalers through land and water transportation. The target clients are mainly based in Jiangsu and Zhejiang Provinces.

On 6 January 2012, the Company entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire equity interest in Virtue Link Investments Limited, related shareholder's loan and its subsidiaries for a cash consideration of HK$380,000,000. The disposal was completed on 8 February 2012 and the Group ceased to carry on any gasoline business in the PRC.

Financial Review

For the six months ended 30 June 2012, the loss attributable to owners of the Company was approximately HK$145.5 million, representing an increase of approximately 2,245% as compared to the loss of approximately HK$6.2 million for the six months ended 30 June 2011. The substantial increase in net loss was mainly due to the decrease in the revenue from trading of securities, the loss on early redemption of promissory notes and increase in imputed finance costs.

As at 30 June 2012, the authorised share capital of the Company was HK$3,000.0 million divided into 15,000,000,000 shares of HK$0.2 each and the issued share capital of the Company was approximately HK$879.2 million divided into 4,396,120,965 shares of HK$0.2 each.

As at 30 June 2012, the current assets and current liabilities of the Group were approximately HK$6,785.3 million (31 December 2011: HK$6,708.3 million) and approximately HK$2,169.4 million (31 December 2011: HK$2,432.6 million) respectively. The liquidity ratio, which is calculated as current assets over current liabilities, was approximately 3.1 times as at 30 June 2012, as compared to that of approximately 2.8 times as at 31 December 2011, which was similar to that of previous year.

The Group's total assets and total liabilities amounted to approximately HK$12,915.6 million (31 December 2011: HK$12,829.5 million) and approximately HK$7,235.1 million (31 December 2011: HK$6,982.4 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was approximately 0.56 times as at 30 June 2012, as compared to that approximately of 0.54 times as at 31 December 2011, which was similar to that of previous year.

The cash and cash equivalents as at 30 June 2012 was approximately HK$1,938.3 million (31 December 2011: HK$1,286.0 million). The increase was mainly attributable to proceeds from the cash consideration received from disposal of subsidiaries together with the sale loans and the new borrowings raised during the current interim period ended 30 June 2012.

As at 30 June 2012, the gearing ratio of the Group, expressed as a percentage of bank and other borrowings and long-term debts (including convertible notes and promissory notes) over total equity, was approximately 53.3% (31 December 2011: 41.3%). The increase in gearing ratio was mainly due to the borrowings raised by the Group's subsidiaries.

The Group will have sufficient financial resources to fund its operations.

Prospects

In December 2011, the Group acquired a large property development project in Qingdao, Shandong Province. The project is located at an excellent location, at the west coast of Qingdao, with fresh and clean living environment, high consuming ability of the coastal living cluster and the convenient transport system. The Group intends to develop a high-quality mixed-use tourism complex including embraces outstanding five-star luxury hotels, premium outlet mall and international coastal residential community. It is expected to be the largest international coastal city resort of the north of Yangtze River in Qingdao, one of the largest commercial complex project in the PRC and one of the large-sale project supplied by Qingdao City and Shandong Province.

Our five-star luxury hotel establishments will be offering various accommodation options and diversified hotel facilities. The premium outlet mall, covering 130,583m^2 of floor area, will be the first one-stop premium outlet mall in Greater China, providing a dynamic place for shopping, leisure, recreation, entertainment and gourmet food and it is leading by experienced retail professional from Taiwan. The coastal residential community, covers a land area of 126,040m^2 with a floor area of 350,059m^2 and it is offering more than 1,400 households surrounded by Tangdao bayside with the first-class living ambiance with a wide range of high-end properties.

On 13 July 2012, the Group has entered into a conditional shares subscription agreement to invest in a property development project in Chengdu (subject to the shareholders' approval on 5 September 2012). The project is located at an excellent location, at the south-eastern part of Tianfu New District of Chengdu in which Sichuan Provincial Government has in principal agreed to develop the Tianfu new District. According to the professional services firm specialising in real estate services, Chengdu Hi-tech District will accelerate the construction within Tianfu New District with an investment of RMB65 billion. In the view of the existing and planned development of the Tianfu New District and the business opportunity associated therewith, the Directors believe that the future demand for high-end residential and commercial space will continue to be robust.

In view of the high Gross Domestic Product and tourism growth in Qingdao, the Directors expect that the project in Qingdao will have a strong cash inflow in the future and strengthen the Group's financial position. Also, by the expansion of business and the reallocation of resources, the management believes that the property development business will deliver attractive returns to the Company and the Company's shareholders.

Foreign Exchange Exposure

Substantially all of the Group's sales and operating costs are denominated in the functional currency of the Group entity making the sales or incurring the costs. Accordingly, the Directors consider that the currency risk is not significant. 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 2012, the Group had no material contingent liabilities.

Charges on the Group's Assets

As at 30 June 2012, the Group's certain properties of approximately HK$9,737.2 million (31 December 2011: HK$9,083.9 million) were charged to secure bank and other borrowings.

Employee Information

As at 30 June 2012, the Group had a total of 136 employees (30 June 2011: 147 employees). The employees of the Group are remunerated in accordance with their working experience and performance and their salaries and benefits are kept at market level. For the six months ended 30 June 2012, the total staff costs of the Group were approximately HK$19.8 million (six months ended 30 June 2011: HK$9.2 million), representing an increase of approximately 154% over the corresponding period of 2011.

	Unaudited Six months ended 30 June	
	2012	2011
Continuing and discontinued operations	**HK$'000**	HK$'000
Salaries	**15,652**	8,251
Contributions to retirement benefit schemes	**610**	65
Other benefits	**3,526**	890
	19,788	9,206

Directors' and Chief Executive's Interests in Securities

As at 30 June 2012, none of the Directors, chief executive and their associates, had any interests or short positions in any shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2012, 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 executive, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Name	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
Central Huijin Investment Ltd.	Interest of controlled corporation	Long position	–	4,190,751,445	4,190,751,445	95.33%	1
China Construction Bank Corporation	Interest of controlled corporation	Long position	40,000,000	5,743,424,854	5,783,424,854	131.56%	1
CCB International Group Holdings Limited	Interest of controlled corporation	Long position	40,000,000	5,743,424,854	5,783,424,854	131.56%	1
CCB Financial Holdings Limited	Interest of controlled corporation	Long position	40,000,000	5,743,424,854	5,783,424,854	131.56%	1
CCB International (Holdings) Limited	Interest of controlled corporation	Long position	20,000,000	5,743,424,854	5,763,424,854	131.10%	1
	Beneficial owner	Long position	20,000,000	–	20,000,000	0.46%	
CCB International Asset Management Limited	Interest of controlled corporation	Long position	20,000,000	5,433,179,189	5,453,179,189	124.04%	1
	Nominee for another person	Long position	20,000,000	–	20,000,000	0.46%	
	Beneficial owner	Long position	–	310,245,665	310,245,665	7.06%	
Sino Thrive Investments Limited	Nominee for another person	Long position	–	1,127,167,630	1,127,167,630	25.64%	1
	Person having a security interest in shares	Long position	–	4,190,751,445	4,190,751,445	95.33%	
QD Enterprise Investments	Interest of controlled corporation	Long position	–	135,260,114	135,260,114	3.08%	1
	Person having a security interest in shares	Long position	–	4,190,751,445	4,190,751,445	95.33%	
Mr. King Pak Fu	Interest of controlled corporation	Long position	1,286,488,439	144,508,670	1,430,997,109	32.55%	2
	Interest of controlled corporation	Short position	–	4,190,751,445	4,190,751,445	95.33%	
Better Joint Venture Limited	Beneficial owner	Long position	1,286,488,439	144,508,670	1,430,997,109	32.55%	2
	Beneficial owner	Short position	–	4,190,751,445	4,190,751,445	95.33%	

Note 1: China Construction Bank Corporation ("CC Bank") was beneficially 57.13%-owned by Central Huijin Investment Ltd. ("Central Huijin"). By virtue of the SFO, Central Huijin was deemed to be interested in those shares which CC Bank was interested.

CCB International Group Holdings Limited ("CCB-IGH") was wholly and beneficially owned by CC Bank. By virtue of the SFO, CC Bank was deemed to be interested in those shares which CCB-IGH was interested.

CCB Financial Holdings Limited ("CCB-FH") was wholly and beneficially owned by CCB-IGH. By virtue of the SFO, CCB-IGH was deemed to be interested in those shares which CCB-FH was interested.

CCB International (Holdings) Limited ("CCB-IH") was wholly and beneficially owned by CCB-FH. By virtue of the SFO, CCB-FH was deemed to be interested in those shares which CCB-IH was interested.

CCB International Asset Management Limited ("CCB_IAM") was wholly and beneficially owned by CCB-IH. By virtue of the SFO, CCB-IH was deemed to be interested in those shares which CCB-IAM was interested.

Sino Thrive Investments Limited ("Sino Thrive") was wholly and beneficially owned by CCB_IAM. By virtue of the SFO, CCB_IAM was deemed to be interested in those shares which Sino Thrive was interested.

QD Enterprise Investments ("QD-E") was wholly and beneficially owned by CCB_IAM. By virtue of the SFO, QD-E was deemed to be interested in those shares which CCB-IAM was interested.

QD-E and QD Enterprise L.P. are general partners of each other.

Note 2: These included the interest in 4,190,751,445 derivative shares which are derived from the security interest of the convertible notes issued to Better Joint Venture Limited. Better Joint Venture Limited ("BJV") beneficially owned 1,286,488,439 shares and HK$1,500,000,000 convertible notes convertible into 4,335,260,115 shares. BJV is wholly and beneficially owned by Mr. King Pak Fu ("Mr. King"). By virtue of the SFO, Mr. King was deemed to be interested in those shares held by BJV.

Save as disclosed above, as at 30 June 2012, the Company has not been notified of any substantial shareholder who had any other relevant interests to be disclosed pursuant to Part XV of SFO.

Share Option Scheme

No share options to subscribe for shares in the Company has been granted to and held by participants under the share option scheme of the Company during the six months ended 30 June 2012.

Purchase, Sale or Redemption of Listed Securities

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 2012.

Corporate Governance Practices

The Company has all along committed to fulfilling its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the six months ended 30 June 2012.

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Former CG Code") contained in Appendix 14 to the Listing Rules, which came into effect on 1 January 2005 and was recently revised and renamed as Corporate Governance Code and Corporate Governance Report (the "New CG Code") with effect from 1 April 2012, as its own code of corporate governance practices.

During the six months ended 30 June 2012, the Company was in compliance with all the code provisions under the Former CG Code except for the deviations from code provisions A.2.1 and A.4.1 which are explained as follows:—

- Under the code provision A.2.1, the responsibilities between the chairman and chief executive officer (the "CEO") should be segregated. During the six months ended 30 June 2012, the Company did not have an officer with the title of CEO. The CEO's duties have been undertaken by the members of the Board. To rectify the deviation, the Company is in process of identifying a suitable candidate as its CEO and will issue a further announcement in due course.

- Under the code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. Although Mr. Wang John Peter Ben ("Mr. Wang"), who resigned as a non-executive director on 1 March 2012, was not appointed for a specific term, Mr. Wang was subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the bye-laws of the Company (the "Bye-Laws") and the Former CG Code during his term in office. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the Former CG Code.

During the period from 1 April 2012 to 30 June 2012, the Company was also in compliance with all the code provisions under the New CG Code except for the deviations from code provisions A.6.7 and D.1.4 which are explained as follows:—

- Under the code provision A.6.7 of the New CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris, being independent non-executive Directors, did not attend the annual general meeting and special general meeting of the Company, both held on 16 May 2012, due to their engagement in their own official business. However, they have actively participated in the Board and committees' meetings to understand the affairs of the Company.

- Under the code provision D.1.4, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris. However, the Directors shall be subject to retirement by rotation with the Bye-Laws. In addition, the Directors have followed the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors actively comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Former CG Code and the New CG Code during the six months ended 30 June 2012.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules 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 2012.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Wai Yip Freeman (as chairman), Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris.

The unaudited interim results of the Group for the six months ended 30 June 2012 have been reviewed by the Audit Committee.

On behalf of the Board
Carnival Group International Holdings Limited
Zhou Cheng Rong
Chairman

Hong Kong, 24 August 2012