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CARNIVAL GROUP
INTERNATIONAL

Carnival Group International Holdings Limited

嘉年華國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00996)

MEMORANDUM OF UNDERSTANDING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board announces that on 5 October 2015 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the non-legally binding MOU with the Primary Shareholder in relation to the Possible Acquisition.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement(s) in respect of the Possible Acquisition will be made by the Company as and when appropriate.

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The Board announces that on 5 October 2015 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the non-legally binding MOU with the Primary Shareholder in relation to the Possible Acquisition. The principal terms of the MOU are set forth below:

MEMORANDUM OF UNDERSTANDING

Date

5 October 2015 (after trading hours)

Parties

Party A: the Purchaser

Party B: the Primary Shareholder representing the Vendors

Party C: the Target Company

As at the date of this announcement, the Primary Shareholder is a shareholder of the Target Company holding 56.61% of the entire issued share capital of the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Primary Shareholder and the Vendors is third party independent of the Company and the connected persons of the Company.

Assets to be acquired

Pursuant to the MOU, it is proposed that the Purchaser will acquire the entire issued share capital of the Target Company from the Vendors.

Consideration

It is proposed that the maximum consideration for the Possible Acquisition will be HK\$150,000,000, which was determined based on the audited 2014/2015 normalized EBITA of the Target Company. The consideration shall be subject to downward adjustment if the rate of royalty fee payment of the new licence agreement between the Target Company and the Franchisor shall be more than 5%.

Consultancy

The Primary Shareholder shall maintain a consultancy role with the Target Company for 24 months from Completion. During this tenure, the Primary Shareholder shall assist the Purchaser and the Target Company to:

- (1) negotiate with the Franchisor on the new licence agreement between the Franchisor and the Target Company for the best terms possible;
- (2) provide strategic advice to the Target Company and the Purchaser on the management and operations of the Target Company's business including shops opening and geographical expansion; and
- (3) hire and mentor the chief executive officer of the Target Company.

Conditions precedent

Completion of the Possible Acquisition is conditional upon the fulfillment of the following conditions precedent:

- a. Satisfactory of the Purchaser on the financial, legal, tax and operations due diligence of the Target Company.
- b. Successful retention of the current management of the Target Company and its underlying food and beverage business.
- c. the signing of the license agreement between the Franchisor and the Target Company for a minimum of 7 years on terms acceptable to the Purchaser having regards to the international trade norms of the industry concerned.
- d. the Primary Shareholder shall have, prior to the entry into of the sale and purchase documentation of the Possible Acquisition, subscribed for 13.33% of the existing issued share capital of the Target Company.

Other conditions

The Primary Shareholder shall hold an interest in 13.33% of the issued share capital of the Target Company (the "Remaining Shares") at Completion. The Purchaser undertakes to acquire the Remaining Shares for HK\$20,000,000 within 2 years after Completion in the following manner:

- (i) 50% of the Remaining Shares at HK\$10,000,000 at the end of the twelfth month after Completion; and
- (ii) remaining 50% of the Remaining Shares for HK\$10,000,000 at the end of the twenty-fourth month after Completion.

REASONS FOR THE POSSIBLE ACQUISITION

The Company is an investment holding company. The Group is 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 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 theme parks.

The Target Company is the operator of a chain the prestige food and beverage restaurant and pasticceria and delicatessens in Hong Kong. Upon completion of the Possible Acquisition, the Group can expand its food and beverages business in Hong Kong.

The Directors consider that the Possible Acquisition, if materialized, will bring synergistic benefits to the Company and will enhance its food and beverage business in Hong Kong and Macau. As such the Directors consider that the terms of the MOU are in the interests of the Company and the Shareholders as a whole.

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Further announcement(s) in respect of the Possible Acquisition will be made by the Company as and when appropriate.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Carnival Group International Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Possible Acquisition of 86.67% of the entire issued share capital of the Target Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Franchisor”	the franchisor which franchised its prestige food and beverage business in Hong Kong and Macau to the Target Company, including pasticcerie, delicatessens and coffeehouses
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non legally binding memorandum of understanding entered into between the Purchaser, the Primary Shareholder and the Target Company on 5 October 2015 in respect of the Possible Acquisition
“Possible Acquisition”	the Possible Acquisition of the entire issued share capital of the Target Company which is principally engaged in food and beverage business in Hong Kong and Macau as contemplated under the MOU
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Primary Shareholder”	an individual who is the primary shareholder of the Target Company
“Purchaser”	Nice Race Management Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the share capital of the Company which have a par value of HK\$0.20 each

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a company incorporated in Hong Kong which is principally engaged in food and beverage business in Hong Kong
“Vendors”	all the existing shareholders of the Target Company
“%”	per cent

By order of the Board
Carnival Group International Holdings Limited
King Pak Fu
Chairman

Hong Kong, 5 October 2015

The Board, as at the date of this announcement, comprises Mr. King Pak Fu (Chairman), Mr. Leung Wing Cheong Eric (Chief Executive Officer) and Mr. Gong Xiao Cheng as executive Directors, and Mr. Chan Wai Cheung Admiral, Mr. Lie Chi Wing and Ms. Hu Gin Ing as independent non-executive Directors.