

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board (the “Board”) of directors (the “Directors”) of Carnival Group International Holdings Limited (the “Company”) announces 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”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Unaudited	
		Six months ended 30 June	
		2016	2015
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	520,770	504,200
Cost of sales		(224,325)	(235,564)
Gross profit		296,445	268,636

		Unaudited	
		Six months ended 30 June	
		2016	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income	4	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	5	(26,355)	(76,804)
Share of loss of an associate		(1,389)	(1,845)
		<hr/>	<hr/>
(Loss)/profit before tax		(169,976)	73,466
Income tax credit	6	15,693	9,859
		<hr/>	<hr/>
(Loss)/profit for the period	7	(154,283)	83,325
		<hr/>	<hr/>
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
		<hr/>	<hr/>
Other comprehensive (expense)/income for the period, net of income tax		(156,317)	44,205
		<hr/>	<hr/>
Total comprehensive (expense)/income for the period		(310,600)	127,530
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/profit for the period attributable to:			
Owners of the Company		(156,406)	100,485
Non-controlling interests		2,123	(17,160)
		<hr/>	<hr/>
		(154,283)	83,325
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(270,864)	129,562
Non-controlling interests		(39,736)	(2,032)
		<hr/>	<hr/>
		(310,600)	127,530
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/earnings per share			
– Basic and diluted (HK cents per share)	9	(1.048)	0.727
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>Notes</i>	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		6,515,613	5,976,349
Investment properties		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		–	444
		12,029,195	11,582,033
Current assets			
Inventories		4,124,131	4,294,048
Trade receivables	10	91,305	85,296
Prepayments, deposits and other receivables		3,517,355	3,230,480
Financial assets at fair value through profit or loss		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	11	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		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

		30 June 2016	31 December 2015
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Capital and reserves			
Share capital	12	3,121,476	2,976,476
Share premium and reserves		2,428,518	2,215,652
		<hr/>	<hr/>
Equity attributable to owners of the Company		5,549,994	5,192,128
Non-controlling interests		1,854,432	1,894,168
		<hr/>	<hr/>
Total equity		7,404,426	7,086,296
		<hr/>	<hr/>
Non-current liabilities			
Deferred income		74,900	80,786
Long-term payable		86,403	89,533
Borrowings		3,579,404	3,507,061
Obligation under finance lease		515	681
Deferred tax liabilities		1,479,834	1,529,191
Convertible bonds		2,500,669	2,492,561
		<hr/>	<hr/>
		7,721,725	7,699,813
		<hr/>	<hr/>
		15,126,151	14,786,109
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. 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”).

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 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 Amortization
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.

3. 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 People’s Republic of China (“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 <i>HK\$’000</i>	Catering business segment <i>HK\$’000</i>	Trading and investment business segment <i>HK\$’000</i>	Other segments <i>HK\$’000</i>	Total <i>HK\$’000</i>
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)

For the six months ended 30 June 2015 (Unaudited)

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

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.

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

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
	<hr/>	<hr/>
Total segment assets	21,226,835	20,391,336
Unallocated corporate assets	2,394,166	2,629,053
	<hr/>	<hr/>
Consolidated assets	23,621,001	23,020,389
	<hr/> <hr/>	<hr/> <hr/>

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
	<hr/>	<hr/>
Total segment liabilities	9,765,242	10,395,975
Unallocated corporate liabilities	6,451,333	5,538,118
	<hr/>	<hr/>
Consolidated liabilities	16,216,575	15,934,093
	<hr/> <hr/>	<hr/> <hr/>

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.

4. 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
	<u>21,184</u>	<u>3,647</u>

5. 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
	<u>479,267</u>	<u>430,973</u>
Total finance costs	479,267	430,973
Less: amounts capitalised (<i>Note</i>)	(452,912)	(354,169)
	<u>26,355</u>	<u>76,804</u>

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.

6. 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
	<hr/>	<hr/>
Income tax credit	15,693	9,859
	<hr/> <hr/>	<hr/> <hr/>

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.

7. (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
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net foreign exchange differences	<u>24,179</u>	<u>(14,480)</u>
Loss/(gain) on disposal of property, plant and equipment	<u>957</u>	<u>(484)</u>
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	<u>68</u>	<u>–</u>
	<u>(9,184)</u>	<u>–</u>
Cost of properties for sales included in cost of sales as expense:		
– cash expenses item	102,008	241,913
– non-cash expenses item	<u>37,043</u>	<u>(6,979)</u>
	139,051	234,934
Cost of inventories recognised as an expense	<u>85,274</u>	<u>630</u>
Total cost of sales	<u>224,325</u>	<u>235,564</u>
Rental expenses in respect of rented premises under operating leases	<u>64,877</u>	<u>3,288</u>
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 (<i>Note i</i>)	<u>(45,742)</u>	<u>38,216</u>
Total employee benefits expenses	114,510	80,581
Less: amounts capitalised (<i>Note ii</i>)	<u>(7,669)</u>	<u>(11,590)</u>
	<u>106,841</u>	<u>68,991</u>
Depreciation of property, plant and equipment	54,156	4,439
Less: amount capitalised (<i>Note ii</i>)	<u>(188)</u>	<u>(231)</u>
	<u>53,968</u>	<u>4,208</u>

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 option 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 option 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 option 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 option 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 option 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.

8. 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).

9. (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
	<i>HK\$'000</i>	<i>HK\$'000</i>
(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	<u><u>(156,406)</u></u>	<u><u>100,485</u></u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	<u><u>14,922,213,633</u></u>	<u><u>13,816,674,101</u></u>

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.

10. 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
	<u>91,305</u>	<u>85,296</u>

11. 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
	<u>1,415,792</u>	<u>1,756,995</u>

12. SHARE CAPITAL

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

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).

13. 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)”.

	<i>HK\$'000</i>
Consideration transferred	
Cash paid	12,670
Convertible bonds	<u>240,740</u>
Total	<u>253,410</u>

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

	Fair Value <i>HK\$'000</i>
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)
	<hr/>
Net liabilities	<u><u>(616,759)</u></u>

Goodwill arising on acquisition:

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

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.

	<i>HK\$'000</i>
Net cash inflow on acquisition of the Nice Race Group:	
Cash consideration paid	12,670
Less: cash and bank balances acquired	(26,338)
	<hr/>
	<u><u>13,668</u></u>

14. 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.

15. 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:

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.

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.

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
	<hr/>	<hr/>
Total Employee benefits expenses	<u>114,510</u>	<u>80,581</u>

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.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

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.

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.

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

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