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)

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 AND (2) RESUMPTION OF TRADING

The board (the "Board") of directors (the "Directors") of Carnival Group International Holdings Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2020 together with comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Revenue	*3*	**104,204**	(475,701)
Cost of sales		**(627,638)**	(405,451)
Gross loss		**(523,434)**	(881,152)
Other income	*5*	**30,064**	124,255
Selling and marketing expenses		**(37,863)**	(63,229)
Administrative expenses		**(459,714)**	(444,965)
Fair value changes on financial assets at fair value through profit or loss		**(63,554)**	(132,061)
Fair value changes on investment properties		**(375,041)**	(314,875)
Gain on disposal of subsidiaries		**–**	296,393
Loss on disposal of investment properties		**(6,937)**	(34,982)
Impairment losses on property, plant and equipment		**(67,147)**	(593,548)
Impairment losses under expected credit loss model, net of reversal		**(1,283,802)**	(555,591)
Finance costs	*6*	**(1,082,698)**	(903,247)
Loss before tax		**(3,870,126)**	(3,503,002)
Income tax (expense)/credit	*7*	**(4,066)**	73,485
Loss for the year	*8*	**(3,874,192)**	(3,429,517)

	Note	2020	2019
		HK$'000	HK$'000
Other comprehensive income/(expense)			
Item that will not be reclassified to profit or loss:			
Fair value loss on financial assets at fair value through other comprehensive income		**(3,000)**	(25,000)
Items that may be reclassified subsequently to profit or loss:			
Release of investments revaluation reserve upon disposal of debt instruments measured at fair value through other comprehensive income		**–**	5,859
Exchange differences arising on translation of foreign operations		**349,308**	(252,561)
Other comprehensive income/(expense) for the year, net of income tax		**346,308**	(271,702)
Total comprehensive expense for the year		**(3,527,884)**	(3,701,219)
Loss for the year attributable to:			
Owners of the Company		**(2,848,218)**	(2,941,975)
Non-controlling interests		**(1,025,974)**	(487,542)
		(3,874,192)	(3,429,517)
Total comprehensive expense attributable to:			
Owners of the Company		**(2,531,673)**	(3,189,869)
Non-controlling interests		**(996,211)**	(511,350)
		(3,527,884)	(3,701,219)
			(Restated)
Loss per share	*10*		
– Basic *(HK dollar per share)*		**(3.01)**	(3.10)
– Diluted *(HK dollar per share)*		**(3.01)**	(3.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**5,373,858**	5,493,381
Investment properties		**5,027,695**	5,118,256
Other intangible assets		**–**	–
Financial assets at fair value through other comprehensive income		**68,000**	71,000
Note receivables		**82,697**	82,792
		10,552,250	10,765,429
Current assets			
Inventories		**4,067,974**	3,843,422
Trade receivables	*11*	**17,880**	12,876
Prepayments, deposits and other receivables		**2,633,988**	3,441,107
Financial assets at fair value through profit or loss		**188,993**	341,873
Restricted cash		**51,444**	–
Cash and cash equivalents		**57,782**	74,628
		7,018,061	7,713,906
Total assets		**17,570,311**	18,479,335
Current liabilities			
Trade payables	*12*	**1,906,172**	1,357,154
Contract liabilities		**241,263**	244,133
Deposits from customers		**9,700**	11,813
Accrued liabilities and other payables		**3,960,810**	2,089,221
Amounts due to non-controlling interests		**56,034**	55,223
Amounts due to related companies		**201,810**	161,584
Lease liabilities		**9,794**	4,707
Borrowings – current portions	*13*	**8,488,089**	4,106,601
Current tax liabilities		**530,729**	528,119
		15,404,401	8,558,555

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Net current liabilities		**(8,386,340)**	(844,649)
Total assets less current liabilities		**2,165,910**	9,920,780
Capital and reserves			
Share capital	*14*	**9,478**	236,952
Share premium and reserves		**852,785**	3,156,984
Equity attributable to owners of the Company		**862,263**	3,393,936
Non-controlling interests		**169,490**	1,165,701
Total equity		**1,031,753**	4,559,637
Non-current liabilities			
Deferred tax liabilities		**1,116,017**	1,044,463
Lease liabilities		**18,140**	–
Borrowings	*13*	**–**	4,316,680
		1,134,157	5,361,143
		2,165,910	9,920,780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Carnival Group International Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's principal place of business in Hong Kong is situated at Suites 1106-08, 11th Floor, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong.

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

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the Company's functional currency of Renminbi ("RMB"). The directors of the Company adopted HK$ as presentation currency. For the convenience of the financial statements users, the consolidated financial statements are presented in HK$, as the Company's shares are listed on the Stock Exchange.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, restricted cash, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

[1] Effective for annual periods beginning on or after 1 January 2023

[2] Effective for annual periods beginning on or after 1 January 2022

[3] Effective for annual periods beginning on or after a date to be determined

[4] Effective for annual periods beginning on or after 1 June 2020

[5] Effective for annual periods beginning on or after 1 January 2021

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application is not expected to have impact on the Group's financial position and performance as the Group does not intend to apply the practical expedient.

Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "Conceptual Framework") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 31 December 2020, the Group has several London Interbank Offered Rate ("LIBOR") bank loans which may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation.*

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2020, the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

3. REVENUE

An analysis of the Group's revenue for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
	HK$'000	*HK$'000*
Sale of properties	**40,130**	152,091
Operating lease income from leasing of investment properties	**69,402**	87,458
Advertising income	**34,968**	–
Restaurant operations of catering business	**–**	976
Realised and unrealised losses on financial assets at fair value through profit or loss	**(98,462)**	(794,487)
Dividend income from listed investments	**2**	60
Revenue from admission tickets	**5,474**	16,719
Hotel operations	**46,586**	53,920
Property management services	**6,104**	7,562
	104,204	(475,701)

	2020	2019
	HK$'000	*HK$'000*
Represented by:		
Revenue from contracts with customers:		
Recognised at a point in time:		
– Development and sales of properties	**40,130**	152,091
– Hotel food and beverage revenue	**15,811**	27,871
– Restaurant operations	**–**	976
– Sales of admission tickets	**5,474**	16,719
	61,415	197,657
Recognised over time:		
– Advertising income	**34,968**	–
– Property management services	**6,104**	7,562
– Hotel room income	**30,775**	26,049
	71,847	33,611
Revenue from other sources:		
– Operating lease income from leasing of investment properties	**69,402**	87,458
– Realised and unrealised losses on financial assets at fair value through profit or loss	**(98,462)**	(794,487)
– Dividend income from listed investments	**2**	60
	(29,058)	(706,969)
	104,204	(475,701)

4. SEGMENT INFORMATION

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

(i) Property development and investment – Developing residential and commercial properties in the PRC and Hong Kong for sales, leasing and other incidental use including advertising services;

(ii) Trading and investment business – Investing in securities and financial instruments;

(iii) Hotel operations – Hotel accommodation, food and banquet operations; and

(iv) Others – Providing retail-related consultancy, management services.

Segment revenues and results

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

For the year ended 31 December 2020

	Property development and investment segment *HK$'000*	Trading and investment business segment *HK$'000*	Hotel operations segment *HK$'000*	Others segment *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
REVENUE						
External sales	**144,500**	**(98,460)**	**46,586**	**11,578**	**–**	**104,204**
Inter-segment sales	**28,073**	**–**	**–**	**–**	**(28,073)**	**–**
	172,573	**(98,460)**	**46,586**	**11,578**	**(28,073)**	**104,204**
RESULTS						
Segment results	**(2,495,214)**	**(168,868)**	**6,531**	**(1,387)**	**–**	**(2,658,938)**
Finance costs						**(1,082,698)**
Unallocated income						**23,854**
Unallocated expenses						**(152,344)**
Loss before tax						**(3,870,126)**

For the year ended 31 December 2019

	Property development and investment segment *HK$'000*	Trading and investment business segment *HK$'000*	Hotel operations segment *HK$'000*	Others segment *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
REVENUE						
External sales	239,549	(794,427)	53,920	25,257	–	(475,701)
Inter-segment sales	10,368	–	–	5,773	(16,141)	–
	249,917	(794,427)	53,920	31,030	(16,141)	(475,701)
RESULTS						
Segment results	(1,289,947)	(800,781)	(14,699)	(50,662)	–	(2,156,089)
Finance costs						(903,247)
Unallocated income						37,473
Unallocated expenses						(481,139)
Loss before tax						(3,503,002)

Segment revenue reported above represents revenue generated from external customers. Inter-segment sales are charged at prevailing market rates during the years ended 31 December 2020 and 2019.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned by/(loss incurred 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.

Segment assets and liabilities

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

Segment assets

	2020	2019
	HK$'000	*HK$'000*
Property development and investment segment	**15,713,309**	16,233,477
Trading and investment business segment	**468,022**	626,435
Hotel operations segment	**831,341**	789,834
Others segment	**4,799**	21,739
Total segment assets	**17,017,471**	17,671,485
Unallocated corporate assets	**552,840**	807,850
Consolidated total assets	**17,570,311**	18,479,335

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

Segment liabilities

	2020	2019
	HK$'000	*HK$'000*
Property development and investment segment	**9,805,050**	7,104,363
Trading and investment business segment	**80,803**	60,438
Hotel operations segment	**34,481**	35,942
Others segment	**44,316**	44,645
Total segment liabilities	**9,964,650**	7,245,388
Unallocated corporate liabilities	**6,573,908**	6,674,310
Consolidated total liabilities	**16,538,558**	13,919,698

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

Geographical information

The Group operates in two principal geographical areas, namely Hong Kong and the PRC.

The Group's revenue from external customers by geographical location of the customers and information about its non-current assets other than financial instruments by geographical location of the assets are detailed below:

For the year ended 31 December 2020

	Revenue from external customers					
	Property development and investment segment *HK$'000*	**Trading and investment business segment** *HK$'000*	**Hotel operations segment** *HK$'000*	**Others segment** *HK$'000*	**Total** *HK$'000*	**Non-current assets** *HK$'000*
Hong Kong	**–**	**(98,460)**	**–**	**–**	**(98,460)**	**842**
PRC	**144,500**	**–**	**46,586**	**11,578**	**202,664**	**10,400,711**
	144,500	**(98,460)**	**46,586**	**11,578**	**104,204**	**10,401,553**

Note: Non-current assets excluded financial assets at fair value through other comprehensive income and note receivables.

For the year ended 31 December 2019

	Revenue from external customers					
	Property development and investment segment *HK$'000*	Trading and investment business segment *HK$'000*	Hotel operations segment *HK$'000*	Others segment *HK$'000*	Total *HK$'000*	Non-current assets *HK$'000*
Hong Kong	–	(794,427)	–	–	(794,427)	229,376
PRC	239,549	–	53,920	25,257	318,726	10,382,261
	239,549	(794,427)	53,920	25,257	(475,701)	10,611,637

Note: Non-current assets excluded financial assets at fair value through other comprehensive income and note receivables.

Information about major customers

During the year ended 31 December 2019, there was no revenue from transactions with a single external customer which amounted to 10% or more of the Group's total revenue.

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A[1]	**16,898**	N/A[2]
Customer B[1]	**16,898**	N/A[2]

[1] *Revenue from advertising income*

[2] *The corresponding revenue did not contribute to the total revenue of the Group*

5. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Interest income on bank and other deposits	**402**	497
Gain on modification of bonds	**–**	86,688
Net foreign exchange gains	**17,216**	29,382
Government grants *(Note)*	**817**	–
Others	**11,629**	7,688
	30,064	124,255

Note: During the current year, the Group recognised government grants of approximately HK$817,000 in respect of Covid-19-related subsidies, of which relates to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region.

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank and other borrowings:		
– wholly repayable within five years	**723,611**	500,884
Interest on lease liabilities	**778**	520
Effective interest expense on		
– senior bonds	**117,131**	118,903
– bonds	**303,488**	301,895
Total finance costs	**1,145,008**	922,202
Less: amounts capitalised *(Note)*	**(62,310)**	(18,955)
	1,082,698	903,247

The weighted average capitalisation rate on funds borrowed generally is 9.33% (2019: 8.5%) per annum.

Note: Certain finance costs had been capitalised to property development projects in the PRC which are included in properties under development for sale.

7. INCOME TAX EXPENSE/(CREDIT)

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
PRC Land Appreciation Tax ("LAT")	**1,406**	24,103
Enterprise Income Tax	**–**	17,897
Deferred tax	**2,660**	(115,485)
Income tax expense/(credit)	**4,066**	(73,485)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

8. LOSS FOR THE YEAR

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

	2020	2019
	HK$'000	*HK$'000*
Auditors' remuneration		
– audit services		
– current	**2,700**	2,700
– understated in prior year	**–**	1,000
– non-audit services	**350**	700
	3,050	4,400
Gross rental income from investment properties *(Note (i))*	**(69,402)**	(87,458)
Less:		
direct operating expenses incurred for investment properties that generated rental income during the year	**4,916**	4,140
direct operating expenses incurred for investment properties that did not generate rental income during the year	**1,645**	3,976
	(62,841)	(79,342)
Cost of properties and other inventories sold recognised as an expense	**73,449**	164,039
Write-down of properties held for sale *(Note (iii))*	**554,002**	230,796
Write-down of other inventories *(Note (iii))*	**187**	10,616
Expenses related to short-term leases	**577**	2,270

	2020	2019
	HK$'000	*HK$'000*
Employee benefits expense (including directors' emoluments)		
– salaries and other benefits	**70,876**	125,973
– contributions to retirement benefits schemes	**1,937**	5,616
	72,813	131,589
Less: amounts capitalised *(Note (ii))*	**(13,317)**	(23,216)
Total employee benefits expenses	**59,496**	108,373
Depreciation of property, plant and equipment	**149,695**	130,869
Less: amounts capitalised *(Note (ii))*	**–**	(62,925)
Total depreciation expenses	**149,695**	67,944
Loss on disposal of property, plant and equipment	**5,181**	11,935
Written-off on property, plant and equipment	**304**	8,722
Impairment losses on property, plant and equipment	**67,147**	593,548
Fair value changes on investment properties	**375,041**	314,875
Loss on disposal of investment properties	**6,937**	34,982
Impairment losses under expected credit loss model, net of reversal		
– note receivables	**4,516**	15,175
– deposits and other receivables	**880,237**	540,416
– financial guarantee contracts	**399,049**	–
	1,283,802	555,591
Loss on early redemption of bonds	**–**	36,323
Fair value changes on financial assets at fair value through profit or loss	**63,554**	132,061

Notes:

(i) Contingent rent of approximately HK$44,420,000 (2019: approximately HK$58,088,000) is included for the year ended 31 December 2020. The contingent rent is determined based on percentages of sales of the tenants generated in the rental premises.

(ii) Certain employee benefits expenses, contributions to retirement benefits schemes and depreciation of property, plant and equipment had been capitalised to certain property development projects in the PRC which are included in properties under development for sale.

The Group has ceased the capitalisation in late 2019 on certain projects due to the suspension of active development of these projects.

(iii) The amount has been recognised as cost of sales and included in the consolidated statement of profit or loss and other comprehensive income.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

10. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(2,848,218)**	(2,941,975)
		(Restated)
Number of shares		
Weighted average number of ordinary shares		
for the purposes of basic and diluted loss per share	**947,808,823**	949,282,318

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

The weighed average number of ordinary shares for the purposes of basic and diluted loss per share for year ended 31 December 2019 had been restated to retrospectively adjust for the share consolidation, capital reduction and share sub-division completed on 3 November 2020.

Diluted loss 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 no dilutive potential ordinary shares during the years ended 31 December 2020 and 2019.

11. TRADE RECEIVABLES

Trade receivables arising from sale of properties are due for settlement in accordance with the terms of the related sale and purchase agreement. Revenue from admission tickets are mainly in form of settlement in cash and credit card. Rental receivables from tenants are payable on presentation of invoices.

The following is an aged analysis of trade receivables (net of allowance for credit losses), presented based on agreement terms and invoice date, at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
0 – 60 days	**3,821**	12,876
61 – 90 days	**406**	–
91 – 120 days	**13,631**	–
121 – 180 days	**22**	–
	17,880	12,876

12. TRADE PAYABLES

Trade payables comprise amounts outstanding for construction costs, suppliers and on-going costs.

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

	2020	2019
	HK$'000	*HK$'000*
0 – 30 days	**70,400**	173,661
31 – 60 days	**–**	–
61 – 90 days	**–**	–
Over 90 days	**1,835,772**	1,183,493
	1,906,172	1,357,154

13. BORROWINGS

	2020	2019
	HK$'000	*HK$'000*
Bank borrowings, secured	**829,183**	970,737
Other borrowings, secured	**3,223,592**	3,053,699
Senior bonds	**1,560,409**	1,590,266
Bonds	**2,874,905**	2,808,579
	8,488,089	8,423,281
Carrying amounts repayable:		
On demand or within one year	**8,488,089**	4,106,601
More than one year but not exceeding two years	**–**	4,316,680
	8,488,089	8,423,281

14. SHARE CAPITAL

	Notes	Ordinary shares of HK$0.2 each	Ordinary shares of HK$0.01 each	Ordinary shares of HK$0.25 each	Amount *HK$'000*
Authorised:					
At 1 January 2019		50,000,000,000	–	–	10,000,000
Share sub-division	*(ii)*	(50,000,000,000)	1,000,000,000,000	–	–
At 31 December 2019 and 1 January 2020		–	1,000,000,000,000	–	10,000,000
Share consolidation	*(iii)*	–	(1,000,000,000,000)	40,000,000,000	–
Share sub-division	*(iii)*	–	1,000,000,000,000	(40,000,000,000)	–
At 31 December 2020		–	1,000,000,000,000	–	10,000,000
Issued and fully paid:					
At 1 January 2019		23,774,780,585	–	–	4,754,956
Capital reduction	*(ii)*	(23,774,780,585)	23,774,780,585	–	(4,517,208)
Ordinary shares repurchased and cancelled	*(i)*	–	(79,560,000)	–	(796)
At 31 December 2019 and 1 January 2020		–	23,695,220,585	–	236,952
Share consolidation	*(iii)*	–	(23,695,220,585)	947,808,823	–
Capital reduction	*(iii)*	–	947,808,823	(947,808,823)	(227,474)
At 31 December 2020		**–**	**947,808,823**	**–**	**9,478**

Notes:

(i) During the year ended 31 December 2019, the Company repurchased certain of its own shares on the Stock Exchange.

Month of repurchase	**Number of ordinary shares**	**Price per share**		**Aggregate consideration paid**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$'000*
January 2019*	54,820,000	0.137	0.111	6,781
February 2019*	24,740,000	0.125	0.117	2,948

* The above ordinary shares were cancelled upon repurchase in June 2019.

(ii) Capital reduction and share subdivision

Pursuant to a resolution passed in the special general meeting held on 27 February 2019, the shareholders of the Company approved (i) the capital reduction to reduce the par value of each issued share of the Company from HK$0.20 to HK$0.01 by cancelling the capital paid-up thereon to the extent of HK$0.19 on each of its issued shares (the "Capital Reduction") and (ii) the sub-division of the authorised but unissued shares of HK$0.20 each into 20 new shares of HK$0.01 each (the "Sub-Division"). The Capital Reduction and Sub-Division became effective on 28 February 2019 and the credit arising from the Capital Reduction of approximately HK$4,517,208,000 has been transferred to the contributed surplus account of the Company within the meaning of the Companies Act.

(iii) Capital Reorganisation

Pursuant to a resolution passed in the special general meeting held on 30 October 2020, the shareholders of the Company approved (i) the share consolidation by which every twenty five issued and unissued shares consolidated into one consolidated share (the "Consolidated Share") of HK$0.25 (the "Share Consolidation"); (ii) the par value of all issued Consolidated Shares reduced from HK$0.25 each to HK$0.01 each (the "Adjusted Shares") and the issued share capital of the Company reduced by HK$0.24 per Consolidated Share in issue (the "Capital Reduction 2020"); (iii) every unissued Consolidated Share in the share capital of the Company arising from the Share Consolidation sub-divided into twenty five Adjusted Shares with a par value of HK$0.01 each (the "Share Sub-division"); (iv) the entire amount standing to the credit of the share premium account of the Company as at the date of the resolution be reduced (the "Reduction of Share Premium Account", and together with the Share Consolidation, the Capital Reduction 2020 and the Share Sub-division, the "Capital Reorganisation") and (v) the credit arising from the Capital Reduction 2020 and the Reduction of Share Premium Account be credited to the contributed surplus account of the Company for use by the board of directors of the Company in any manner permitted by the Companies Act 1981 of Bermuda and the bye-laws of the Company including but not limited to offsetting against the balance of the accumulated losses of the Company up to the effective date of the Capital Reorganisation. The Share Consolidation, Capital Reduction 2020 and Share Sub-division became effective on 3 November 2020. The credit arising from the Capital Reduction 2020 amounted to approximately HK$227,474,000 and the Reduction of Share Premium Account amounted to approximately HK$7,280,105,000 standing to the credit of the share premium account of the Company have been transferred to the contributed surplus account of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE OVERVIEW

The Group is principally engaged in the theme-based leisure and consumption business, focusing on the design, development and operation of integrated largescale 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.

2020 REVIEW

MARKET REVIEW

In 2020, the global outbreak of the COVID-19 pandemic battered global economic growth, and the world's major developed economies experienced severe negative growth as a result of the continuing recurring outbreak of the COVID-19 pandemic and a rapid economic recession. Economic growth in emerging markets and developing countries also plunged. China's economy was also wrecked by the COVID-19 pandemic, with its gross domestic product (GDP) showing a negative growth of 6.8% in the first quarter and major economic indicators fell sharply. However, with rapid response and effective controls of COVID-19 pandemic since the second quarter, the resumption in work and production to normal accelerated, and the declines in consumption and investment continued to narrow. The economy's recovery continued. The governments at all levels bolstered their support for both fiscal and monetary policies, and the stimulus effect of macroeconomic policies was remarkable. During the pandemic, rapid development in the digital economy, smart economy, online network economy, and other new economic forms supported recovery in macroeconomic growth. Since the second quarter, China's economic growth has shifted from negative to positive, with positive growth of 2.3% for the full year, making it the only major economy in the world to achieve positive economic growth.

In 2020, the government insisted on the regulatory objectives of "houses are built to be inhabited, not for speculation" and "stabilising land prices, housing prices and expectations" for the real estate industry, and introduced the long-term regulatory mechanism of new management and control regulations featured by "Three Red Lines and Four Camps" (the "New Management and Control Regulations"). We believe that the New Management and Control Regulations will help guide the long-term, stable and healthy development of the real estate industry.

The domestic property market in the first quarter was basically frozen due to the impact from COVID-19 pandemic. Since the second quarter, with significant relief measures and effective controls of the domestic pandemic, the property markets in different regions have recovered gradually. In the second half of the year, with full economic recovery in the PRC, the general keynote of the austerity measures adopted for the real estate market remained unchanged. For the land market in the PRC, the amount of land transactions hit a record high, with more intensified divergence in market performance across cities. Market performed substantially well in first and second tier cities area. With the introduction of the "Three Red Lines" policy in the fourth quarter of the year 2020, which requires property developers to impose strict control over their debt ratios, land transactions became less overheated in general, despite the fact that competition for high quality land parcels remained fierce. Generally speaking, property transactions on the market remained flat as compared to year 2019, with stable transaction prices. Along with stable market environment and tightened financial regulations, property developers took a proactive role in responding to the changes in market conditions, securing the stable and healthy development of the real estate market.

The outbreak of the COVID-19 had brought unprecedented challenges and added uncertainties to the economy. The hotel in Qingdao was designated by the government as one of the quarantine hotels. The theme park in Qingdao was not allowed to operate from February 2020 to July 2020 due to the COVID-19 prevention and control imposed by the government, which affect the revenue of theme park. COVID-19 may also affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental revenue and occupancy rate of investment properties, allowance for expected credit losses ("ECL") on other receivables and financial guarantee contracts, fair value of investment properties and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

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 area ("GFA") of approximately 800,000 sq.m.. Thanks to the rapid development of Qingdao City's West Coast New Area, the Group believes that Rio Carnival (Qingdao) will benefit from the geoadvantage in the long run and be one of the first large-scale integrated commercial, residential and tourism complexes of its kind in China. It includes indoor and outdoor underwater ocean exploration theme parks, an up-scale star-rated hotel "Renaissance" and a luxury service apartment "Marriott Executive Apartment", 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 (琴島之眼). It is our aim for Rio Carnival (Qingdao) to become one of the premier tourist destinations in China.

The hotel and outlet have commenced operations and other facilities will be opened in phases. As part of its business model, the Group also develops and sells high-end coastal residential properties and luxurious villas adjacent to its theme park, outlet mall and hotels in Rio Carnival (Qingdao). The residential properties occupy an aggregate site area of approximately 126,000 sq.m. with a total GFA of approximately 350,000 sq.m..

Beijing Airport Fushi International Real Estate Investment Company Limited* (北京空港富視國際房地產投資有限公司), a 99.4% non wholly-owned subsidiary of the Company, obtained the housing pre-sale permit issued by the Municipal Housing and Urban-Rural Development Committee of Beijing on 13 November 2019, pursuant to which the Company can sell the residences located in the Tianzhu Section of Shunyi Central Villa District in Beijing (the "Yanglin Project"). The Yanglin Project consists of 7 floors, of which one of the floors is for commercial purpose, four floors are for residential purpose and two basements for clubhouse and garages with a total of 111 residential units with total area of 21,984 sq.m.. Shunyi Central Villa District is one of the main international living areas in Beijing, consisting Continental Plaza, Ole Town, and Shine Hills which forms a distinctive regional business district. The sale of the Yanglin Project has been started in late 2020.

During the year, the Directors have reviewed the business strategy of the Group and decided that the Group shall keep focusing on the integrated large-scale tourist complex project and property development. The Group will invest more resources in this segment when there are considerable opportunities.

During the year, the Group derived most of its revenue from the following segments:

Property Development and Investment

Revenue from the Group's property development and investment segments was approximately HK$144.5 million for the year ended 31 December 2020, compared to approximately HK$239.5 million for the year ended 31 December 2019. For the year ended 31 December 2020, the revenue was mostly derived from the sale of residential and commercial units of the remaining completed properties, rental income from leasing of investment properties and advertising income in Qingdao in the PRC. Within the reporting period, the PRC property market was facing downward pressure, the Group's property valuation suffered unavoidable impact and recorded a large impairment loss.

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 year ended 31 December 2020, net loss on investments of approximately HK$98.5 million, compared to a net loss of approximately HK$794.5 million for the year ended 31 December 2019. The loss is mainly due to fair value loss of the listed equity securities which had been suspended for trading during the year ended 31 December 2020.

As at 31 December 2020, the total value of the Group's securities investments was approximately HK$0.1 million, compared to HK$15.2 million as at 31 December 2019.

Hotel operations

The Group operates hotel business in the PRC. It includes hotel accommodation, food and banquet operations. For the year ended 31 December 2020, revenue from hotel operations segment was approximately HK$46.6 million, compared to HK$53.9 million for the year ended 31 December 2019.

FINANCIAL REVIEW

Financial Results

	2020	2019	Change in
	HK$'000	*HK$'000*	percentage
Revenue	**104,204**	(475,701)	121.9%
Gross loss	**(523,434)**	(881,152)	(40.6)%
Loss attributable to owners of the Company	**(2,848,218)**	(2,941,975)	(3.2)%

For the year ended 31 December 2020, the Group recorded a consolidated net loss of approximately HK$3,874.2 million as compared to the net loss of approximately HK$3,429.5 million for the year ended 31 December 2019. The loss is mainly due to (i) impairment losses on the properties of approximately HK$67.1 million; (ii) the loss arising from changes in the fair value of the Group's investment properties of approximately HK$375.0 million; (iii) impairment losses under ECL model of approximately HK$1,283.8 million; (iv) the loss arising from securities investment of approximately HK$98.5 million; (v) the fair value change on financial assets at fair value through profit or loss of approximately HK$63.6 million; and (vi) finance cost of approximately HK$1,082.7 million.

(i) Impairment loss on properties

The Group recognised an impairment loss on properties of approximately HK$67,147,000 (2019: HK$492,041,000) in respect of Rio Carnival, a residential/commercial development located in the West of Jianshan Road and South of Binhai Road, Huangdao District, Qingdao, Shandong Province, PRC. The Rio Carnival comprises a theme park, a convention centre, a hotel and ancillary facilities. The impairment loss on the theme park, convention centre and hotel ancillary facilities amounted to approximately HK$67,147,000 (2019: HK$46,496,000) while no impairment loss on the hotel (2019: HK$445,546,000).

The recoverable amount of Rio Carnival was valued by an independent professional valuer (the "Valuer"). The valuation of the hotel and ancillary facilities, convention centre and theme park of Rio Carnival was arrived at adopting the discounted cash flow approach under the basis of on-going concern with forecast of input values including revenues, taxes, costs of goods sold, operation costs, interest expenses, amortisation of fixed assets and management fees, provided by the then Management, assuming that the properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. For properties which are under construction, the Valuer has taken into account the costs that will be expected to complete the development. Such fair value loss was mainly due to the downward pressure of the PRC property market and the unfavorable market environment.

(ii) Fair value change on investment properties

A fair value loss on investment properties of approximately HK$375,041,000 (2019: HK$314,875,000) has been recognised for the year ended 31 December 2020. It comprised of (i) the fair value loss of the Shopping mall in Qingdao of approximately HK$410,137,000 (2019: HK$340,084,000); and (ii) fair value gain of the commercial premises in Chengdu of approximately HK$35,096,000 (2019: HK$25,209,000).

The fair value of the Group's investment properties at 31 December 2020 and 2019 have been arrived on the basis of a valuation which carried out by the Valuer. The Valuer had appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations conformed to International Valuation Standards.

The valuation of investment properties have been arrived at adopting direct comparison approach with reference to comparable transactions in the locality and assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained.

There has been no change from the valuation technique used in prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

(iii) Impairment losses under ECL model

The Group recorded impairment losses under ECL model of approximately HK$1,283,802,000 (2019: HK$555,591,000).

The Group had provided corporate guarantees to certain independent third parties which amounted to approximately HK$973,827,000. None of the transactions triggered any disclosure obligation pursuant to Chapters 13 or 14 of the Listing Rules. The credit impairment loss of the corporate guarantees as at 31 December 2020 was amounted to approximately HK$399,049,000.

The calculation of ECL for loans and receivables involves the assessment of default rate and recovery rate as well as forward-looking information that is reasonable and supportable at reporting date. For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party. The impairment losses under ECL model was performed by an independent professional valuer.

(iv) Loss from listed securities investment

The Group recorded a loss arising from securities investment of approximately HK$98,462,000 (2019: HK$794,487,000).

The listed securities are traded in an active market and their realised and unrealised gain/(loss) was determined based on the quoted market prices as at 31 December 2020 and valuation of the listed equity securities which had been suspended for trading.

(v) Fair value change on financial assets

The Group recorded an impairment loss on fair value change on financial assets at fair value through profit or loss of approximately HK$63,554,000 (2019: HK$132,061,000). The fair value change on financial assets is related to the investments in MSQ Fund SPC.

MSQ Fund SPC invests in, among others, a luxury residential condominium complex real estate project in West Georgia Street, Vancouver, British Columbia, Canada. The fair value of MSQ Fund SPC was determined with reference to the redemption price quoted by the fund administrator.

(vi) Finance cost

The Group recorded a finance cost of approximately HK$1,082,698,000 (2019: HK$903,247,000) during the year. The increase in finance cost is due to less amounts capitalised during the year.

Capital Structure, Liquidity and Financial Resources

As at 31 December 2020, the authorised share capital of the Company was HK$10,000.0 million divided into 1,000,000,000,000 shares of HK$0.01 each and the issued share capital of the Company was approximately HK$9,478,000 divided into 947,808,823 shares of HK$0.01 each.

On 17 September 2020, the Board proposed to implement the capital reorganisation (the "Capital Reorganisation") which comprises the following: (i) the share consolidation by which every twenty five (25) existing shares of HK$0.01 each in the capital of the Company issued and unissued will be consolidated into one (1) consolidated share of HK$0.25 ("Consolidated Share(s)") (the "Share Consolidation"); (ii) the capital reduction by which: (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (b) the par value of all the then issued Consolidated Shares be reduced from HK$0.25 each to HK$0.01 each by cancelling the paid-up capital of the Company to the extent of HK$0.24 on each of the then Consolidated Shares in issue (the "Capital Reduction"); (iii) the share subdivision of every unissued Consolidated Share of HK$0.25 each in the authorised share capital of the Company into twenty five (25) adjusted shares of HK$0.01 each; (iv) the reduction of share premium account, being the reduction of the entire amount standing to the credit of the share premium account of the Company (the "Reduction of Share Premium Account"); and (v) the credit arising from the Capital Reduction and the Reduction of Share Premium Account being credited to the contributed surplus account of the Company for use by the Directors in any manner permitted by the laws of Bermuda and the bye-laws of the Company including but not limited to offsetting against the balance of the accumulated losses of the Company up to the date on which the Capital Reorganisation becomes effective. As all of the conditions of the Capital Reorganisation have been fulfilled following the passing of the special resolution at the special general meeting of the Company held on 30 October 2020, the Capital Reorganisation became effective on 3 November 2020.

As at 31 December 2020, the current assets and current liabilities of the Group were approximately HK$7,018.1 million (2019: approximately HK$7,713.9 million) and approximately HK$15,404.4 million (2019: approximately HK$8,558.6 million) respectively. The liquidity ratio, which is calculated as current assets over current liabilities, was approximately 0.46 times as at 31 December 2020, as compared to that of approximately 0.90 times as at 31 December 2019. The decrease in liquidity ratio was mainly due to the written down of properties held for sale, impairment losses of deposits and other receivables under expected credit loss model and the reclassification of long-term borrowings to current liabilities. The Group recognised an allowance for ECL of HK$1,283.8 million for deposits and other receivables and financial guarantee under HKFRS 9.

As at 31 December 2020, the Group's total assets and total liabilities amounted to approximately HK$17,570.3 million (2019: approximately HK$18,479.3 million) and approximately HK$16,538.6 million (2019: approximately HK$13,919.7 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was approximately 0.94 times as at 31 December 2020, as compared to that of approximately 0.75 times as at 31 December 2019.

The cash and cash equivalents as at 31 December 2020 were approximately HK$57.8 million (2019: approximately HK$74.6 million). The decrease was mainly due to utilisation of cash and cash equivalents for general working capital and the reclassification to restricted cash.

As at 31 December 2020, the net debt to equity ratio of the Group, expressed as a percentage of borrowings and long-term debts net of cash and bank deposits over total equity, was approximately 817.1% (2019: approximately 183.1%). The increase in net debt to equity ratio was mainly due to utilisation of cash and bank deposits for general working capital.

EXPLANATION OF THE DIFFERENCES BETWEEN THE UNAUDITED ANNUAL RESULTS AND THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Company hereby sets forth the details and reasons for the differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Disclosure in the 2020 Audited Annual Results Announcement *HKD'000*	**Disclosure in the 2020 Unaudited Annual Results Announcement** *HKD'000*	**Difference** *HKD'000*	*Notes*
Revenue	104,204	104,251	(47)	
Cost of sales	(627,638)	(679,459)	51,821	*1*
Gross loss	(523,434)	(575,208)	51,774	
Other income	30,064	39,454	(9,390)	*2*
Selling and marketing expenses	(37,863)	(37,872)	9	
Administrative expenses	(459,714)	(700,767)	241,053	*3*
Fair value changes on financial assets at fair value through profit or loss	(63,554)	(53,025)	(10,529)	*4*
Fair value changes on investment properties	(375,041)	(375,041)	–	
Loss on disposal of investment properties	(6,937)	(6,937)	–	
Impairment losses on property, plant and equipment	(67,147)	(67,147)	–	
Impairment losses under expected credit loss model, net of reversal	(1,283,802)	(634,811)	(648,991)	*5*
Finance costs	(1,082,698)	(1,077,569)	(5,129)	*6*
Loss before tax	(3,870,126)	(3,488,923)	(381,203)	
Income tax expense	(4,066)	(33,254)	29,188	*7*
Loss for the year	(3,874,192)	(3,522,177)	(352,015)	

	Disclosure in the 2020 Audited Annual Results Announcement *HKD'000*	Disclosure in the 2020 Unaudited Annual Results Announcement *HKD'000*	Difference *HKD'000*	*Notes*
Other comprehensive income/(expense)				
Item that will not be reclassified to profit or loss:				
Fair value loss on financial assets at fair value through other comprehensive income	(3,000)	–	(3,000)	*8*
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	349,308	366,967	(17,659)	*9*
Other comprehensive income for the year, net of income tax	346,308	366,967	(20,659)	
Total comprehensive expense for the year	(3,527,884)	(3,155,210)	(372,674)	
Loss for the year attributable to:				
Owners of the Company	(2,848,218)	(2,604,804)	(243,414)	
Non-controlling interests	(1,025,974)	(917,373)	(108,601)	
	(3,874,192)	(3,522,177)	(352,015)	
Total comprehensive expense attributable to:				
Owners of the Company	(2,531,673)	(2,269,726)	(261,947)	
Non-controlling interests	(996,211)	(885,484)	(110,727)	
	(3,527,884)	(3,155,210)	(372,674)	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Disclosure in the 2020 Audited Annual Results Announcement	Disclosure in the 2020 Unaudited Annual Results Announcement	Difference	Notes
	HK$'000	*HKD'000*	*HKD'000*	
Non-current assets				
Property, plant and equipment	5,373,858	5,373,858	–	
Investment properties	5,027,695	5,027,695	–	
Other intangible assets	–	–	–	
Financial assets at fair value through other comprehensive income	68,000	71,000	(3,000)	*8*
Note receivables	82,697	86,074	(3,377)	*10*
	10,552,250	10,558,627	(6,377)	
Current assets				
Inventories	4,067,974	4,007,928	60,046	*8*
Trade receivables	17,880	17,880	–	
Prepayments, deposits and other receivables	2,633,988	2,704,638	(70,650)	*11*
Financial assets at fair value through profit or loss	188,993	189,040	(47)	
Restricted cash	51,444	–	51,444	*11*
Cash and cash equivalents	57,782	59,913	(2,131)	*12*
	7,018,061	6,979,399	38,662	
Total assets	17,570,311	17,538,026	32,285	

	Disclosure in the 2020 Audited Annual Results Announcement	Disclosure in the 2020 Unaudited Annual Results Announcement	Difference	
	HK$'000	*HKD'000*	*HKD'000*	*Notes*
Current liabilities				
Trade payables	1,906,172	1,905,828	344	*13*
Contract liabilities	241,263	241,263	–	
Deposits from customers	9,700	9,700	–	
Accrued liabilities and other payables	3,960,810	3,575,485	385,325	*14*
Amounts due to non-controlling interests	56,034	56,034	–	
Amounts due to related companies	201,810	192,184	9,626	*15*
Lease liabilities	9,794	9,794	–	
Borrowings – current portions	8,488,089	8,488,089	–	
Current tax liabilities	530,729	530,729	–	
	15,404,401	15,009,106	395,295	
Net current liabilities	(8,386,340)	(8,029,707)	(356,633)	
Total assets less current liabilities	2,165,910	2,528,920	(363,010)	
Capital and reserves				
Share capital	9,478	9,478	–	
Share premium and reserves	852,785	1,114,732	(261,947)	
Equity attributable to owners of the Company	862,263	1,124,210	(261,947)	
Non-controlling interests	169,490	280,217	(110,727)	
Total equity	1,031,753	1,404,427	(372,674)	
Non-current liabilities				
Deferred tax liabilities	1,116,017	1,106,353	9,664	*7*
Lease liabilities	18,140	18,140	–	
	1,134,157	1,124,493	9,664	
	2,165,910	2,528,920	(363,010)	

The adjustments above has been reflected in the annual report of the Group for the year ended 31 December 2020.

Notes:

1. Such differences are attributable to decrease in write-down of properties held for sale according to the latest valuation report obtained.

2. Such differences are attributable to the over-provision of other income.

3. Such differences are attributable to the over-provision of loss on written-off of deposits and other receivables.

4. Such differences are mainly attributable to the revision of the fair value.

5. Such differences are mainly attributable to the increase in provision of impairment losses under expected credit loss model according to the latest valuation report obtained.

6. Such differences are mainly attributable to the under-provision of finance costs of bank borrowings and other borrowings.

7. Such differences are mainly attributable to the over-provision of Land Appreciation Tax.

8. Such differences are mainly attributable to the changes in the fair value/impairment losses according to the latest valuation report obtained.

9. Being the exchange differences of the late adjustments described in note 1 to note 15.

10. Such differences are mainly attributable to the increase in provision of impairment losses under expected credit loss model according to the latest valuation report obtained.

11. Such differences are mainly attributable to (i) the increase in provision of impairment losses under expected credit loss model according to the latest valuation report obtained; and (ii) reclassification of restricted cash of approximately HK$51,444,000 from“Other receivables” to “Restricted cash”.

12. Being adjustment of bank reconciliation and reallocation of restricted cash described in note 11.

13 Such differences are attributable to the under-provision of trade payables.

14. Being such difference are mainly attributable to (i) under-provision of finance costs described in note 6; (ii) reclassification of “accrued liabilities and other payables” to “amounts due to related companies” described in note 15; and (iii) under-provision of financial guarantee liabilities.

15. Being reclassification of “accrued liabilities and other payables” to “amounts due to related companies”.

Significant events

(1) On 22 January 2020, a winding up petition was presented against the Company in respect of certain alleged indebtedness of approximately HK$10.6 million owed to Mr. Shen Hou Feng (the "Petition by Mr. Shen HF") in respect of a private immigration bonds issued by the Company. Certain individuals who are alleged creditors of the Company subsequently also served notices of intention to appear on the hearing of the Petition by Mr. Shen HF.

For further details, please refer to the announcements published by the Company on 23 January 2020, 14 February 2020, 6 March 2020, 11 March 2020, 27 March 2020, 6 April 2020, 4 June 2020, 16 June 2020, 29 June 2020, 10 July 2020, 21 July 2020, 22 July 2020, 29 September 2020, 11 December 2020, 8 February 2021 and 19 March 2021.

(2) On 27 July 2020, Pearl Generation Limited, an indirect wholly-owned subsidiary of the Company (the "Vendor"), Ms. Chan Suk Yee Deon (the "Purchaser") and Emperor Prestige Credit Limited (the "Mortgagee") entered into the sale and purchase agreement (the "Agreement"), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase four vessels registered with the Marine Department of the Government of Hong Kong pursuant to Section 10 of Merchant Shipping (Local Vessels) (Certificate and Licensing) Regulation with the Certificate of Ownership Numbers 139419, 702015, 702085 and 707946, together with all gear, machinery, equipment, furnishings and all other articles presently on or affixed to (the "Vessels") at an aggregate consideration of HK$20,000,000, subject to the terms and conditions of the Agreement (the "Disposal").

On 30 July 2020, as certain conditions precedent regarding the completion of the Disposal had not been fulfilled or waived by the agreed date as set out in the Agreement, the Disposal had lapsed and ceased to have any effect automatically. No party to the Agreement should have any claim against any other party and the rights and obligations of the parties thereunder should forthwith cease and terminate, except in respect of rights and obligation accrued prior to the lapse of the Agreement.

(3) On 3 August 2020, the Vendor, Hong Kong Fully Holdings Limited (the "New Purchaser") and the Mortgagee entered into the new sale and purchase agreement relating to the Disposal (the "New Disposal Agreement"), pursuant to which the Vendor agreed to sell and the New Purchaser agreed to purchase the Vessels at an aggregate consideration of HK$20,000,000, subject to the terms and conditions of the New Disposal Agreement. The Disposal was completed on 5 August 2020. The Company used the net proceeds from the Disposal to repay the outstanding loans of the Group.

(4) On 24 August 2020, the Company received the (2020) Lu 0211 Poshen No. 5 Civil Ruling from the People's Court of Huangdao District, Qingdao City, Shandong Province, China (the "People's Court") in relation to the application for bankruptcy reorganisation of Rio Carnival (Qingdao) Property Co., Ltd.* ("Rio Carnival (Qingdao)") by Longxin Construction Group Co., Ltd.* ("Longxin Construction") to the People's Court on 17 August 2020 on the grounds that Rio Carnival (Qingdao) was unable to pay off its debt (as defined below) and apparently lack of solvency (the "Application for Bankruptcy Reorganisation"). The Debts (as defined below) arose due to the contract disputes between Longxin Construction and Rio Carnival (Qingdao), and the People's Court has judged that Rio Carnival (Qingdao) should pay Longxin Construction the construction fee of RMB10,825,424.56 together with interests and other expenses (the "Debts"). However, Rio Carnival (Qingdao) still failed to pay the Debts in full. The People's Court ruled that Rio Carnival (Qingdao) met the acceptance conditions for bankruptcy reorganisation and accepted the Application for Bankruptcy Reorganisation with effect from 24 August 2020.

    On 27 August 2020, the People's Court issued a decision letter designating that the Shandong Branch of Grant Thornton Certified Public Accountants (Special General Partnership) as the manager of Rio Carnival (Qingdao) (the "Manager").

    On 1 December 2020, Rio Carnival (Qingdao) held its first creditors' meeting. The resolutions on "The Property Management Plan", "The Selection Plan Proposed by the Members of the Creditors' Committee" and "The Report on Proposing the Debtor to Continue Operation" were reviewed and put forward for creditors to vote in the meeting and the results were all passed.

(5) On 10 September 2020, the Company and a wholly-owned subsidiary of a state-owned enterprise under the State-owned Assets Supervision and Administration Commission of the State Council (the "Investor") entered into the memorandum of understanding dated 10 September 2020 in relation to the conditional subscription by the Investor of the subscription shares (the "Subscription Shares"), representing no more than 25% of the issued share capital of the Company pursuant to the subscription agreement, pursuant to which the Investor may subscribe for and the Company may allot and issue the Subscription Shares, subject to the completion of due diligence on the Company.

(6) On 16 February 2021, the Company received a letter before action from the legal representative of Credit Suisse AG ("Credit Suisse") claiming for a payment of approximately US$6.0 million being the Company's obligation under a corporate guarantee entered into between the Company (as the guarantor) and Credit Suisse (as the lender) dated 30 September 2016 (the "Corporate Guarantee"). The Corporate Guarantee was a security provided by the Company in connection with the loan agreement entered into between Blazing Heart Trading Limited (the "Borrower", a wholly owned subsidiary of the Company) and Credit Suisse for the financing of an aircraft (the "Loan Agreement"). As notified by Credit Suisse, as of 5 February 2021, the amount of outstanding indebtedness under Loan Agreement and/or the Corporate Guarantee approximately US$6.0 million.

    On 21 January 2019, a notice of enforcement was served upon the Borrower pursuant to the Loan Agreement notifying the Borrower that the payment thereunder had become due and payable. The Borrower had made partial repayment on 25 January 2019, 4 February 2019 and 3 November 2020.

    On 23 August 2019, a notice of repossession was served upon the Borrower notifying that Credit Suisse had taken possession of the aircraft under pledge and such aircraft was sold on 31 August 2020 with a net proceeds of approximately HK$190.3 million (equivalent to US$24.6 million) to satisfy part of the outstanding indebtedness.

    As notified by Credit Suisse, as of 5 February 2021, the amount of outstanding indebtedness under the Loan Agreement and/or the Corporate Guarantee is approximately US$6.0 million.

    In light of the above, the Company will make its best endeavors to negotiate with Credit Suisse with a view to obtaining a conditional grace period for repayment and to avoid immediate legal actions to be taken.

(7) On 1 March 2021, the Company was served with a Writ of Summons from the legal adviser of Jin Jiang Investment Limited (HCA196/2021). The amount of claim as shown in the plaintiff's Indorsement of Claim is HK$1,029,000,000.

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 31 December 2020, except for two borrowings are denominated in United States Dollar, other borrowings 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 on-going basis and will consider hedging the currency risk should the need arises.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 December 2020.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2020, the Group's certain property, plant and equipment, investment properties, properties held for sales and equity securities listed in Hong Kong were pledged to banks and other financial institutions to secure certain loan facilities granted to the Group.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

EMPLOYEE INFORMATION

As at 31 December 2020, the Group had 182 employees (2019: 326 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 year ended 31 December 2020, the total staff costs of the Group were approximately HK$72.8 million (2019: approximately HK$131.6 million), representing a decrease of approximately 44.7% over the corresponding period of 2019. The decrease in staff cost was mainly due to the decrease of employees.

DIVIDEND

The Board resolved not to recommend any dividend for the year ended 31 December 2020 (2019: Nil).

STATUS OF THE DEBT RESTRUCTURING PLAN

The Company's real estate business is mainly located in China and has been affected by the tightening government policy in the real estate industry in China over the past years and the outbreak of COVID-19, leading to a strained liquidity position of the Company. The Company has been actively engaging with its creditors in order to stabilise the current situation and in an effort to achieve a consensual restructuring. The Company has convened eight meetings with the institutional creditors to provide updates on its operational and financial status and future business plan, and to discuss its debt restructuring plan since April 2019. Major creditors have established a clear understanding of the Company's financial status and have indicated their willingness to work constructively with the Company. Certain creditors are considering to provide capital to support the Company in light of its current difficulties.

On 5 December 2019, the Company appointed the financial advisor to assist the Company in assessing its financial position and to advise the Company on formulating and implementing a debt restructuring plan for its USD-denominated Bonds.

On 14 January 2020, the Company, together with its financial adviser, convened the sixth meeting with its institutional creditors to provide (i) an update on the financial and operational conditions faced by the Company, and (ii) a preliminary restructuring framework for all of its debt obligations. Subsequently on 23 January 2020, a revised debt restructuring proposal was circulated to the institutional creditors based on the feedback received after the meeting.

On 19 May 2020, the Company convened the seventh meeting with its institutional creditors to provide (i) an update on the financial and operational conditions faced by the Company, and (ii) discuss the debt restructuring proposal.

On 3 September 2020, the Company convened the eighth meeting with its institutional creditors to provide (i) an update on the winding up petition received by the Company, (ii) Qingdao bankruptcy reorganisation plan and its impact on offshore debt repayment and (iii) circulate the revised debt restructuring proposal to the institutional creditors.

In addition, both directly and through its financial advisor, the Company has made efforts to contact holders of its Immigration Bonds to advise them of the Company's current situation. The Company will consider further feedback from the creditors, and will work with all relevant parties, in an effort to reach a consensual restructuring.

The outbreak of the COVID-19 and the outstanding indebtedness affected the financial position and operation of the Group to a certain extent and the Company believes that an expedited and consensual restructuring will best protect its creditors as it will (1) establish a long-term sustainable capital structure; (2) provide adequate runway for the Company's management to implement a turnaround of the business; and (3) unlock the value of its onshore construction projects for the benefit of all creditors. Any enforcement or other remedial actions, however, would significantly impair the value of the Company and recoveries to its creditors.

The restructuring process has been delayed due to the outbreak of COVID-19. The Company will continue working with its professional advisers to put forward the restructuring progress with an aim to achieve a consensual restructuring as early as practicable.

PROSPECTS

The year 2021 will be a year of opportunities as well as challenges for property developers. The full economic recovery after COVID-19 will energize the industry. Under the keynote of "properties being for residential dwellings instead of speculation" and "adoption of city-specific policies", the pace of market supply and demand in 2021 will gradually become more stable and demand will be more rational. In an increasingly more concentrated industry, property development shall be strategically deployed in a reasonable way and in line with the rotational development opportunities in different cities, and shall also be focused on regions with competitive advantage. Focus shall be drawn to key cities; detailed analysis shall be conducted on the demand from different customer groups; and cooperation shall be fortified, to embrace the greater room for development.

The Group expects the operating environment would continue to be difficult for the coming financial year. The Group will continue to (i) implement solid approach for collections of other receivables and maintain attentive but sensible approach towards new investment opportunities in the real estate industry in order to enhance values to the Shareholders; and (ii) work closely with all creditors, including bondholders, and other stakeholders to take appropriate measures to improve the liquidity and solvency position of the Group as well as to achieve the best possible consensual restructuring for all interested parties.

EVENTS AFTER THE REPORTING PERIOD

On 10 February 2021, a winding up petition was filed in High Court of The Hong Kong Special Administrative Region (the "High Court") (the "New Petition") and was presented against the Company in respect of certain alleged indebtedness owed to Reliance Credit Limited (formerly known as Asset Bridge Development Limited) (the "Petitioner"). The hearing of the New Petition has been adjourned to Wednesday, 23 June 2021 before the High Court.

The New Petition was filed against the Company for its failure to settle a sum of HK$7,105,680.74 being the principal and interests outstanding as of 20 March 2020 under a loan agreement dated 1 November 2017 (as varied by its extension letter dated 19 September 2019) entered into between the Company and the Petitioner.

For further details, please refer to the announcements of the Company dated 17 February 2021, 23 February 2021 and 28 May 2021.

Hearing of the Zhang's Petition has been adjourned to no earlier than 31 August 2021. The Company will keep its shareholders informed of any significant developments by way of further announcement(s) as and when appropriate.

On 13 May 2021, the Company entered into a placing agreement (the "Placing Agreement") with VC Brokerage Limited (the "Placing Agent") pursuant to which the Placing Agent has conditionally agreed to procure not less than six (6) placees to subscribe for up to 680,000,000 new Shares (the "Placing Share(s)") at the placing price of HK$0.10 per Placing Share (the "Placing"). The Placing Shares to be placed under the Placing Agreement will be allotted and issued pursuant to the specific mandate to be sought from and, if approved, granted by the Shareholders to the Directors at the special general meeting of the Company to be held to consider the special resolution to be proposed to approve the Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate to allot and issue the Placing Shares) for the allotment and issuance of the Placing Shares pursuant to the Placing Agreement. Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. Assuming all the Placing Shares are successfully placed, the estimated aggregate gross and net proceeds of the Placing will be HK$68 million and approximately HK$66 million respectively, which are intended to be used for general working capital of the Group.

EXTRACT OF THE INDEPENDENT AUDITORS' REPORT

The following is an extract of the auditors' report on the Group's financial statements for the year ended 31 December 2020:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

Multiple uncertainties relating to going concern

The Group incurred a net loss of approximately HK$3,874,192,000 during the year ended 31 December 2020 and, as at that date, the Group had net current liabilities of approximately HK$8,386,340,000.

The directors of the Company are undertaking debt restructuring plans in Hong Kong (the "Debt Restructure Plans") and bankruptcy reorganisation proceedings for an indirect non wholly-owned subsidiary of the Company in the People's Republic of China (the "Bankruptcy Reorganisation") which includes various plans and measures to resolve the Group's liquidity issues.

In addition, the Group's bank and other borrowings amounted to approximately HK$2,407,173,000 as at 31 December 2020, were overdue for repayment in accordance with the repayment schedules pursuant to the borrowing agreements. These borrowings are not covered under the Debt Restructure Plans and the Bankruptcy Reorganisation. The Group will either invite these bond holders and creditors to join the Debt Restructure Plans in Hong Kong or negotiate with them for the renewal of or extension for repayments of these borrowings thereon.

In view of such circumstances, the directors of the Company have prepared a cash flow forecast of the Group covering a period of twelve months from the end of the reporting period which have taken into account the Debt Restructure Plans and the Bankruptcy Reorganisation (the "Cash Flow Forecast"). Based on the Cash Flow Forecast, the directors of the Company are of the opinion that the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the Debt Restructure Plans and the Bankruptcy Reorganisation, which is subject to multiple uncertainties, including (i) whether the Group is able to successfully negotiate with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with principal and interests in default, including those with cross-default terms; (ii) whether the Group is able to successfully negotiate with financial institutions, other lenders and bonds holders for the renewal of or extension for repayments of all borrowings, including those that are overdue as at the date of this report and those that will fall due on or before 31 December 2021; (iii) whether the Group is able to successfully obtain new sources of financing or strategic capital investments; and (iv) whether the Group is able to successfully implement the Cash Flow Forecast in the twelve months from the end of the reporting period.

All these conditions indicate the existence of multiple material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements because management's plans for future actions in relation to its going concern assessment could not be finalised yet. If the Group fails to achieve successful outcome from the above mentioned plans and measures on a timely basis, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The consolidated financial statements do not include any of these adjustments.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealing in securities of the Company by the Directors. In response to the Company's specific enquiry made, all Directors have confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES

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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance.

Under CG Code provision A.2.1, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. During the year ended 31 December 2020, the Company has not appointed a chief executive officer and the role and functions of chief executive officer have been performed by all executive Directors, including the chairman, collectively.

Under CG Code provision C.1.2, the management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company's performance, position and prospects in sufficient details. During the year ended 31 December 2020, the management of the Company provided to the Board interim updates with consolidated financial statement of the Company's performance, position and prospects in sufficient details during regular Board meetings of the Company. In addition, the management has provided all members of the Board updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board.

Save as disclosed above, in the opinion of the Directors, the Company was in compliance with all other relevant code provisions set out in the CG Code during the year ended 31 December 2020.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Company established an Audit Committee on 9 November 1999 with written terms of reference, which was revised on 29 December 2015 and 28 March 2019, respectively to be in compliance with the CG Code. The Audit Committee comprises three independent non-executive Directors, Mr. Chau Wai Hing (as chairman), Mr. Ma Hang Kon Louis and Mr. Tso Hon Sai Bosco. The Audit Committee has reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2020.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on Friday, 30 April 2021 pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on Monday, 31 May 2021.

By Order of the Board
Carnival Group International Holdings Limited
Luo Jiaqi
Executive Director

Hong Kong, 28 May 2021

The Board, as at the date of this announcement, comprises Mr. Luo Jiaqi and Mr. Tang Runtao as executive Directors, and Mr. Chau Wai Hing, Mr. Ma Hang Kon Louis and Mr. Tso Hon Sai Bosco as independent non-executive Directors.