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CARNIVAL GROUP
INTERNATIONAL

Carnival Group International Holdings Limited

嘉年華國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code : 00996)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to (i) the announcement of Carnival Group International Holdings Limited (the “**Company**”) dated 28 May 2021 in relation to the audited annual results for the year ended 31 December 2020 (the “**2020 Audited Annual Results Announcement**”) and (ii) the annual report of the Company for the year ended 31 December 2020 published on 10 June 2021. Unless otherwise defined, capitalised terms defined in the 2020 Audited Annual Results Announcement shall have the same meanings in this announcement.

During the course of audit of the consolidated financial statement of the Group for the year ended 31 December 2020, the Auditors had raised concern on the Group’s ability to operate as a going concern. In order to address this concern, the Company has taken the measures to continue in operational existence for the foreseeable future including but not limited to:

- (i) The debt restructuring plan is expected to be launched in the second half of 2021;
- (ii) The proposed sale of Yanglin Project in 2021 with an aim to improve the cashflow of the Group; and
- (iii) Certain existing creditors will provide financial support to the Group.

Based on the above, and at the time in preparing the consolidated financial statements, the Directors have reviewed the Group’s financial and liquidity position, and planned to improve the liquidity by the above measures. As such, the Board considered the Group is able to have sufficient liquidity to finance its operations for the next twelve months and therefore was of the view that the Group would be able to continue as a going concern.

PROGRESS OF THE ABOVE MEASURES IN 2021 AND THE LATEST STATUS

Debt Restructuring Plan in Hong Kong

On 15 September 2021, the second meeting of creditors of Rio Carnival was held with the approval of the relevant court in the PRC. The main purpose of the Meeting is to vote on the Bankruptcy Reorganisation. The creditors of Rio Carnival are divided into five voting groups, including secured claims, owners' claims, ordinary claims, employees' claims, and tax claims, for voting. According to the Enterprise Bankruptcy Law* (企業破產法) in the PRC, each voting group of the creditors shall vote on the Bankruptcy Reorganisation in the creditors' meeting. The Bankruptcy Reorganisation shall be adopted after all voting groups have voted in favour for the plan. At the Meeting, the creditors of the secured claims group did not vote for the Bankruptcy Reorganisation and therefore the Bankruptcy Reorganisation has not been adopted.

According to Article 87 of the Enterprise Bankruptcy Law (企業破產法) in the PRC, the debtor(s) or administrator may negotiate with certain voting group which has not voted for the Bankruptcy Reorganisation. Such voting group can vote again after the negotiation has taken place.

Rio Carnival, the administrator, the People's Court and the Huangdao District Government have been actively negotiating with China Minsheng Bank, the largest creditor in the secured creditor's rights group, to reach an agreement on the Bankruptcy Reorganisation. China Minsheng Bank has on 10 January 2022 agreed to the Bankruptcy Reorganisation plan and indicated that it would vote for the Bankruptcy Reorganisation plan. The second voting of the secured creditor's rights group scheduled to be held on 13 January 2022. If the Bankruptcy Reorganisation is approved by all the five voting groups, the Bankruptcy Reorganisation will be adopted and proceed to execution.

On the other hand, the Company's debt restructuring plan in Hong Kong (the "**Debt Restructuring Plan**") shall be dependent on the progress and successful implementation of the Bankruptcy Reorganisation. The Company will both directly and through its financial adviser reach out to holders of the bonds of the Company to keep them informed of the Company's current situation.

The proposed sale of Yanglin Project in 2021

The proposed sale of the residential units of the Yanglin Project in 2021 had been suspended due to seizure and failure to obtain pre-sale permit. On 16 January 2018, Beijing Airport Fushi International Real Estate Investment Company Limited* (北京空港富視房地產投資有限公司), a subsidiary of the Company drew a loan (the "**Loan**") in the amount of RMB420 million which was secured by the Yanglin Project and the lender is China Great Wall Asset Management Co., Ltd.* (中國長城資產管理股份有限公司) (the "**Lender**"). The subsidiary failed to repay the Loan to the Lender on 21 December 2020 and the Lender filed a legal claim in July 2021 and seized the properties under the Yanglin Project. As at 31 December 2020, the outstanding amount of the loan was approximately HK\$498.8 million.

Provision of financial support by certain existing creditors

With respect to the provision of financial support to the Group by certain existing creditors, the Company intends to seek their financial supports and will actively reach out to discuss and negotiate with them with the aim to come to terms with those existing creditors to be carried out during the course of the Debt Restructuring Plan.

PLAN AND TIMETABLE FOR COMPLETION OR FULFILLMENT OF THE ABOVE MEASURES

The Auditor would require a favorable result from the Debt Restructuring Plan and Bankruptcy Reorganisation in order for the audit disclaimer to be removed. The Debt Restructuring Plan is dependent on the Bankruptcy Reorganisation. If the Bankruptcy Reorganisation is approved by all the five voting groups at the second creditors' meeting to be held on 13 January 2022, the Group will implement the Bankruptcy Reorganisation and the Debt Restructuring Plan as soon as practicable. In addition, the Group will commence to negotiate with certain existing creditors the terms of provision of financial support to the Group in the course of the Debt Restructuring Plan.

The Group is in the course of negotiating with the Lender, and thereafter, will proceed with the sale of the residential units of the Yanglin Project after the seizure being released.

REASONS WHY THE DISCLAIMER OPINION CANNOT BE REMOVED IN 2021 ANNUAL RESULTS

As disclosed above, the Auditor would require a favorable result from the Debt Restructuring Plan and Bankruptcy Reorganisation in order for the audit disclaimer to be removed. However, the implementation of Bankruptcy Reorganisation involves various parties and in particular, it needs to be approved by Rio Carnival's creditors before execution. When certain creditors disagree with the plan, it takes time for parties to understand the divergency, prepare for negotiation, formulate negotiation strategies, conduct negotiation, consider the feedback and to amend the plan of Bankruptcy Reorganisation with an aim to reach a consensus and obtain the approval from the majority creditors of Rio Carnival on the Bankruptcy Reorganisation.

The Board is of the view that for the time being, the Board has no other choice but to leave the audit disclaimer as it is for the time being which reflects the situation of the Company as a result of compliance with relevant accounting standard. The Board endeavors to resolve the disclaimer opinion as soon as practicable once the Bankruptcy Reorganisation is implemented and the majority creditors of Rio Carnival concur with the Bankruptcy Reorganisation.

By order of the Board
Carnival Group International Holdings Limited
Tang Runtao
Executive Director

Hong Kong, 12 January 2022

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

**for identification purpose only*