

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



CARNIVAL GROUP
INTERNATIONAL

**Carnival Group International Holdings Limited
(In Liquidation)**

嘉年華國際控股有限公司
(清盤中)

(Incorporated in Bermuda with limited liability)

(Stock code: 00996)

**ANNOUNCEMENT IN RELATION TO
NON-LEGALLY BINDING TERM SHEET REGARDING PROPOSED
RESTRUCTURING AND
POSSIBLE APPLICATION FOR WHITEWASH WAIVER AND
CONTINUED SUSPENSION OF TRADING**

THE PROPOSED RESTRUCTURING

On 11 July 2023, the Company, the Liquidators and the Investor entered into the non-legally binding Term Sheet in relation to the Proposed Restructuring of the Group, which shall include, among others, (i) the Capital Reorganisation, (ii) the Subscription, (iii) the Group Reorganisation, (iv) the Listco Scheme, and (v) the Resumption.

The Term Sheet may or may not lead to the entering of the Restructuring Agreement and the Restructuring may or may not proceed and if it materialises, it may lead to a change of control of the Company. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 25 May 2023, 17 February 2023, 24 May 2022, 13 May 2022 and 12 May 2022.

On 11 July 2023, the Company, the Liquidators and the Investor entered into the non-legally binding Term Sheet in relation to the Proposed Restructuring of the Group, which includes, among others, (i) the Capital Reorganisation, (ii) the Subscription, (iii) the Group Reorganisation, (iv) the Listco Scheme, and (v) the Resumption.

THE TERM SHEET

The principal terms of the Term Sheet are set out below:

Date

11 July 2023

Parties

- (1) the Company;
- (2) the Liquidators; and
- (3) the Investor.

To the best of the Liquidators' knowledge, information and belief, having made all reasonable enquiries, the Investor is an Independent Third Party.

The Proposed Restructuring

The Restructuring was proposed on the basis of the Investor's representation that he can assist the Company to resume control over the Beijing Yanglin Project, such that the financial performance of the Beijing Yanglin Project can be consolidated to the consolidated financial statements of the Company. Such proposal is subject to the negotiation with Wuhu Changang, the party currently interested in 51% of the Beijing Yanglin Project, and the approval from the Stock Exchange. The proposal is intended to assist the Company to generate sufficient operations that are in line with the current business of the Group, which would support the Company in demonstrating the fulfilment of the resumption conditions to the Stock Exchange. It is expected that the fulfilment of the resumption conditions and/or the resumption of trading would be one of the conditions precedent to the Restructuring Agreement.

The Investor is at an early stage of discussion with Wuhu Changang in relation to such proposal. Subject to the parties agreeing on the principal terms of the Proposed Restructuring in relation to the Restructuring Agreement, the Investor is expected to enter into the Restructuring Agreement.

The Beijing Yanglin Project is held by Beijing Konggang Fushi. Based on the information available to the Liquidators, Beijing Konggang Fushi was a 99.4% non-wholly-owned subsidiary of the Company prior to the transfer of 51% interest therein to Wuhu Changang in February 2023, in which one of its limited partners is China Great Wall Asset Management Co., Ltd.* (中國長城資產管理股份有限公司), the lender which filed a legal claim and seized the properties under the Yanglin Project as disclosed in the Company's announcement dated 12 January 2022.

The Proposed Restructuring will be comprised of, inter alia:

- (a) the Capital Reorganisation, which may include, among others, capital reduction, share consolidation, cancellation of Shares, and/or increase in authorised share capital of the Company;
- (b) the Subscription, which shall involve the subscription of the Subscription Shares by the Investor, representing approximately 75% of the Enlarged Capital. The Subscription Proceeds shall be used for restructuring indebtedness of the Company under the Listco Scheme, the Company's working capital and other purpose as referred to in the Term Sheet;
- (c) the Group Reorganisation, which shall involve, inter alia, the transfer of the Excluded Subsidiaries to the SchemeCo; the Retained Group will be principally engaged in property development;
- (d) the Listco Scheme, which will involve:
 - i. the injection of the Subscription Proceeds (after deducting costs and expenses for the implementation of the Restructuring and funds to be reserved for the Company's working capital) into the Listco Scheme to discharge the debts owed by the Company to the scheme creditors under the Listco Scheme;
 - ii. the issue of the Creditors' Shares to the scheme creditors under the Listco Scheme, representing approximately 15% of the Enlarged Capital. The scheme creditors under the Listco Scheme shall have the right to dispose the Creditors' Shares in the open market at market price or require the Investor or any Independent Third Parties designated by the Investor to purchase from the scheme creditors the Creditors' Shares held by them at a prescribed price within the 12-months period after completion of the Restructuring, subject to the requirements in the Listing Rules, the Takeovers Code and applicable laws and regulations; and

- iii. the transfer of the Excluded Subsidiaries to the SchemeCo; and
- (e) the Resumption.

Conditions Precedent

The completion of the Restructuring shall be conditional upon, inter alia, the fulfilment of the conditions precedent to be set out in the Restructuring Agreement, including but not limited to:

- (a) the Stock Exchange has unconditionally (or on conditions acceptable to the Company and the Investor) granted the listing of, and permission to deal in, the Subscription Shares and the Creditors' Shares;
- (b) the passing of the following resolutions by the Shareholders at the Company's extraordinary general meeting:
 - i. resolutions related to the Restructuring Agreement and the transactions contemplated thereunder;
 - ii. resolutions for the allotment and issue of the Subscription Shares and the Creditors' Shares;
 - iii. resolutions related to the Whitewash Waiver; and
 - iv. any other resolutions related to the Restructuring;
- (c) the Listco Scheme (on terms consistent with the Term Sheet or otherwise acceptable to the Investor) becoming effective and completion of the transfer of the Excluded Subsidiaries to the SchemeCo;
- (d) the granting of the Whitewash Waiver by the Executive and the satisfaction of any conditions attached thereto, if any;
- (e) fulfilment of the resumption guidance imposed by the Stock Exchange; and
- (f) the Investor having obtained all necessary regulatory authorisations, consents and approvals.

The conditions precedent referred to in (b)(iii) and (d) above (the "**Whitewash Conditions**") are intended to be non-waivable.

The Restructuring Agreement

The parties shall use their best endeavor to enter into the Restructuring Agreement by 31 July 2023.

The Investor shall not assign his rights and/or obligations under the Term Sheet to any entity not wholly-owned by him nor any other third party, save with the prior written consent by the Company and the Liquidators (such consent not to be unreasonably withheld). Assignment to an entity wholly-owned by the Investor is not restricted, however, the Investor must continue to wholly-own such entity to which his rights and/or obligations under the Term Sheet are assigned.

Binding Effect of the Term Sheet

Save for certain provisions relating to parties, the rights and limited liabilities of the Liquidators, costs, binding effect, assignability, confidentiality, governing laws and applicable jurisdiction, which are legally binding, the Term Sheet does not have any legally binding effect. The Proposed Restructuring is subject to further negotiations between the Company, the Liquidators and the Investor and the execution of the Restructuring Agreement.

Termination

Save as disclosed under the section headed “*Binding Effect of the Term Sheet*” above, the Term Sheet is not legally binding. The provisions that are legally binding in the Term Sheet shall take effect from the signing date and shall be automatically terminated upon the earlier of (i) 31 July 2023 (or a date otherwise agreeable by the parties in writing); or (ii) the signing date of the Restructuring Agreement.

POSSIBLE WHITEWASH WAIVER

The Subscription, if materialises, will lead to the Investor holding 75% of the Enlarged Capital and in the absence of the Whitewash Waiver, will trigger an obligation of the Investor to make a mandatory general offer under Rule 26 of the Takeovers Code for all the shares in the Company not already owned or agreed to be acquired by the Investor and any parties acting in concert with him. In this regard, an application will be made by the Investor to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares if the Restructuring Agreement is entered into.

The Whitewash Waiver, if granted by the Executive, will be subject to, among others, approval by the Shareholders (excluding any Shareholder who are involved or interested in the Proposed Restructuring, or are otherwise required to abstain from voting in respect of the Proposed Restructuring) at a special general meeting of the Company by way of a poll. The Whitewash Conditions are intended to be non-waivable, and if the Whitewash Waiver is not granted by the Executive or not approved by the requisite Shareholders, the Proposed Restructuring and the Subscription are expected not to proceed.

INFORMATION ON THE INVESTOR

The Investor is a citizen of the PRC with various experiences in investing in PRC bankruptcy restructuring cases. He has more than 12 years of experience in investment banking, asset management and business consulting in the PRC. He is currently a controlling shareholder of Beijing Midu Consulting Management Co., Ltd.* (北京米度咨询管理有限公司), a business consulting company established in the PRC.

CONTINUED SUSPENSION OF TRADING

Reference is made to the announcement of the Company dated 30 March 2022 in relation to, among other matters, the delayed publication of the announcement in relation to the annual results of the Group for the year ended 31 December 2021 and the annual report of the Company for the year ended 31 December 2021. Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 25 February 2022 and will remain suspended until further notice.

The Company will make further announcements as and when appropriate.

Shareholders of the Company who have any queries about the implications of Resumption Guidance and the suspension of trading of the Company's shares should obtain appropriate professional advice.

WARNINGS

The non-legally binding Term Sheet may or may not lead to the entering of the Restructuring Agreement and the Restructuring may or may not proceed and if it materialises, it may lead to a change of control of the Company. Shareholders and potential investors should exercise caution when dealing with the shares of the Company.

DEFINITIONS

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

“acting in concert” has the meaning ascribed to it in the Takeovers Code

“Beijing Konggang Fushi” Beijing Konggang 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 company established in the PRC

“Beijing Yanglin Project”	a property development project located in the Tianzhu Section of Shunyi Central Villa District in Beijing, PRC (中国北京順義中央別墅區天竺板塊). As disclosed in the Company’s annual report for the year ended 31 December 2020, this project is expected to consist 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 a total area of 21,984 sq.m.
“Board”	the board of Directors
“Capital Reorganisation”	the proposed reorganisation of the capital of the Company
“Company”	Carnival Group International Holdings Limited (In Liquidation), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Creditors' Shares”	new Shares to be allotted and issued under the Listco Scheme
“Directors”	directors of the Company
“Enlarged Capital”	the issued ordinary shares in the capital of the Company after the completion of the Capital Reorganisation as enlarged by the allotment and issue of the Subscription Shares and Creditors’ Shares
“Excluded Subsidiaries”	certain subsidiaries of the Group (to be identified in the scheme document for the Listco Scheme) to be transferred to the SchemeCo for the benefit of the creditors of the Listco Scheme
“Executive”	the Executive Director of the Corporate Finance Division of the SFC (or his/her delegate)
“Group”	the Company and its subsidiaries as at the date of this announcement
“Group Reorganisation”	the reorganisation of the Group involving, inter alia, the transfer of the Excluded Subsidiaries to the SchemeCo
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“High Court”	the High Court of the Hong Kong Special Administrative Region
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Investor”	Mr. Zhou Le

“Liquidators”	Lai Kar Yan (Derek) and Kam Chung Hang (Forrest), both of Deloitte Touche Tohmatsu, in their capacity as joint and several liquidators of the Company appointed by the High Court
“Listco Scheme”	the scheme of arrangement to be entered into between the Company and its creditors to be conducted in Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan, for the purpose of this announcement
“Proposed Restructuring”	proposed restructuring of the Group which is expected to involve the Capital Reorganisation, the Subscription, the Group Reorganisation, the Listco Scheme and the Resumption
“Retained Group”	the Company and its subsidiaries upon the completion of the Restructuring
“Restructuring”	the restructuring of the Group in accordance with the terms of the Restructuring Agreement
“Restructuring Agreement”	the formal agreement to be entered into among the Company, the Liquidators and the Investor (or an entity wholly-owned by him) in relation to the Restructuring
“Resumption”	resumption of trading in the Shares on the Stock Exchange
“SchemeCo”	a special purpose vehicle to be set up by the administrators of the Listco Scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Investor of the Subscription Shares
“Subscription Proceeds”	proceeds from the Subscription

“Subscription Share(s)”	new Share(s) to be subscribed by the Investor under the Subscription
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“Term Sheet”	the term sheet regarding Restructuring of the Group dated 11 July 2023 entered into among the Company, the Liquidators and the Investor
“Whitewash Conditions”	has the meaning ascribed to it in the section headed “ <i>Conditions Precedent</i> ” in this announcement
“Whitewash Waiver”	a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of the Investor to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Investor and the parties acting in concert with him as a result of the completion of the Subscription
“Wuhu Changang”	Wuhu Changang Investment Centre (Limited Partnership)* (芜湖長昂投資中心(有限合伙)), a limited partnership established in the PRC
“%”	per cent

* *For identification purposes only.*

For and on behalf of
Carnival Group International Holdings Limited
(In Liquidation)
Lai Kar Yan (Derek)
Kam Chung Hang (Forrest)
Joint and Several Liquidators
Acting as agents without personal liability

Hong Kong, 11 July 2023

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.

The affairs, business and property of the Company are being managed by the Liquidators who act as the agents of the Company only and without personal liability.

The Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Investor) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Investor) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The Investor accepts full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Liquidators) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.