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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)

PROPOSED CAPITAL REORGANISATION

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The Board proposes to implement the Capital Reorganisation which comprises the following:

- (i) the Share Consolidation by which every twenty five (25) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share of HK\$0.25;
- (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 shall 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;
- (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; 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 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.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, (i) further details of the proposed Capital Reorganisation; and (ii) the notice convening the SGM is expected to be despatched to the Shareholders on or before Wednesday, 7 October 2020.

The Board proposes to implement the Capital Reorganisation which comprises the following:

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- (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. As at 31 December 2019, the Company had a credit balance of approximately HK\$7,280,105,000 standing in its 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 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 at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000,000 divided into 1,000,000,000,000 Existing Shares of par value of HK\$0.01 each, and there are 23,695,220,585 Existing Shares in issue which are fully paid or credited as fully paid.

On the assumption that there is no change in the issued share capital prior to the Capital Reorganisation becoming effective, the Company will have 947,808,823 Adjusted Shares in issue and a credit of approximately HK\$227,474,117 arising from the Capital Reduction and the credit arising from Capital Reduction and the Reduction of Share Premium Account will be credited to the contributed surplus account of the Company. The amount standing to the credit of the contributed surplus account of the Company upon the Capital Reorganisation becoming effective may be applied to set off against part of the balance of the accumulated losses of the Company, which amounted to approximately HK\$8,155,215,000 as at 31 December 2019, to the extent permitted by the laws of Bermuda and the Bye-laws.

Following the Capital Reorganisation becoming effective, the authorised share capital of the Company would be HK\$10,000,000,000 divided into 1,000,000,000,000 Adjusted Shares of HK\$0.01 each.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000,000 divided into 1,000,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 23,695,220,585 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date of the SGM, upon the Capital Reorganisation becoming effective, there will be 947,808,823 Adjusted Shares in issue which are fully paid or credited as fully paid.

Upon the Capital Reorganisation becoming effective, the Adjusted Shares shall rank *pari passu* in all respects with each other.

Other than the relevant expenses to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interest of the Shareholders as a whole. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution by the Shareholders to approve the Capital Reorganisation at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective; and
- (iii) compliance with the Companies Act to effect the Capital Reorganisation, which includes publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due.

The Capital Reorganisation is expected to become effective on Tuesday, 3 November 2020 subject to the fulfilment of the above conditions.

Listing Application

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Capital Reorganisation being effective, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares, Consolidated Shares or Adjusted Shares, as the case may be.

REASONS FOR THE CAPITAL REORGANISATION

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008, which was last updated on 30 August 2019 (“**Guidelines**”), the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the recent market volatility and that the Shares had been traded below HK\$0.10 and the Shares were trading at under HK\$2,000 per board lot in the past six months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation in order to comply with the trading requirements of the Listing Rules. The Share Consolidation will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

In view of the recent market volatility and that the Shares had been traded below HK\$0.10, the Company is unable to conduct any fund raising activities. Accordingly, the Company proposes to effect the Share Consolidation which would provide greater flexibility to the Company to carry out fund raising exercises and react promptly as and when opportunities arise. In view of the Company's financial position and performance for the year ended 31 December 2019, the upcoming challenges and uncertainties towards the overall economy, and the potential business and investment opportunities, the Company is actively exploring equity fund raising opportunities in order to improve its financial position.

In addition, the Company is prohibited from issuing any new Shares at a price at below its par value. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction, the par value of the Consolidated Shares will be HK\$0.25 per Consolidated Share. The Capital Reduction will keep the par value of the Adjusted Shares at a lower level of HK\$0.01 per Adjusted Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. Furthermore, the Directors may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-laws including but not limited to offsetting against the balance of the accumulated losses of the Company.

At the same time, the Group has been actively reviewing from different levels and ways to enrich the development strategy of corporate sustainability and optimisation to create values. Since it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange which, in the view of the Board, will help to enhance the corporate image of the Company and optimise the Shareholder base, as the Share Consolidation will make investing in the Consolidated Shares more attractive to a broader range of institutional and professional investors.

The Board understands the current liquidity difficulties of the Company and has been actively trying to solve or improve this situation by various means. As announced on 10 September 2020, the Company has entered into a memorandum of understanding with an investor for the Proposed Subscription. Upon the Capital Reorganisation becoming effective, the Board intends to issue new shares by way of placing or subscriptions to investors subject to further negotiations on the terms of the issue so as in order to improve the financial position of the Group. However, as at the date of this announcement, no concrete plan has been finalised and the Company has not entered into any agreement in respect of any fund raising activities. In the event that the Company identifies any suitable fund raising opportunities and enters into any binding agreements in respect thereof, further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules. Save for the Capital Reorganisation, the Company has no intention to carry out any corporate actions that may affect the trading in the Shares, including share consolidation, share subdivision and change in board lot size, in the next 12 months which would have a contradictory effect to the Capital Reorganisation. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

Based on the reasons above, the Board considers that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BOARD LOT SIZE

Upon the Capital Reorganisation becoming effective, the board lot size of the Adjusted Shares for trading on the Stock Exchange will remain unchanged at 10,000 Adjusted Shares per board lot, which is the same board lot size for trading of the Existing Shares on the Stock Exchange.

OTHER ARRANGEMENTS

Fractional Entitlement to Adjusted Shares

Fractional Adjusted Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Adjusted Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Adjusted Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

Arrangement on Odd lot Trading

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of the Adjusted Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Adjusted Shares should note that the matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of Share Certificates for Adjusted Shares

Subject to the Capital Reorganisation becoming effective, which is currently expected to be on Tuesday, 3 November 2020, being the second Business Day immediately after the date of the SGM, the Shareholders may during the period from Tuesday, 3 November to Wednesday, 9 December 2020 (both days inclusive) submit existing share certificates for the Existing Shares (in the colour of yellow) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange for new share certificates for the Adjusted Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the branch share registrar for each share certificate issued for the Adjusted Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher.

After 4:30 p.m. on Wednesday, 9 December 2020, trading will only be in Adjusted Shares. Existing share certificates in yellow colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

EXPECTED TIMETABLE

The expected timetable for the implementation of Capital Reorganisation is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Time and date
Expected despatch date of the circular, proxy form and notice of the SGM	on or before Wednesday, 7 October 2020
Latest time for lodging transfer of Shares in order to qualify for attendance and voting at the SGM	4:30 p.m. on Friday, 23 October 2020
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both dates inclusive)	Tuesday, 27 October 2020 to Friday, 30 October 2020 (both dates inclusive)
Latest time for lodging forms of proxy for the SGM	10:30 a.m. on Wednesday, 28 October 2020
Expected time and date of the SGM	10:30 a.m. on Friday, 30 October 2020
Publication of announcement of the poll results of the SGM	Friday, 30 October 2020

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation:

Effective date of the Capital Reorganisation	Tuesday, 3 November 2020
First day of free exchange of existing share certificates for new share certificates for the Adjusted Shares	Tuesday, 3 November 2020
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Tuesday, 3 November 2020

Event	Time and date
Original counter for trading in the Existing Shares in board lots of [10,000] Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 3 November 2020
Temporary counter for trading in the Consolidated Adjusted Shares in board lot size of 400 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 3 November 2020
Original counter for trading in the Adjusted Shares in board lots of 10,000 Adjusted Shares (in the form of new share certificates for Adjusted Shares) re-opens	9:00 a.m. on Tuesday, 17 November 2020
Parallel trading in the Adjusted Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on Tuesday, 17 November 2020
Designated broker starts to stand in the market to provide matching services for odd lots of the Adjusted Shares	9:00 a.m. on Tuesday, 17 November 2020
Temporary counter for trading in board lot size of 400 Adjusted Shares (in the form of existing share certificates) closes	4:10 p.m. on Monday, 7 December 2020
Parallel trading in the Adjusted Shares (in the form of new and existing share certificates) ends	4:10 p.m. on Monday, 7 December 2020
Designated broker ceases to stand in the market to provide matching services for odd lots of the Adjusted Shares	4:10 p.m. on Monday, 7 December 2020
Last day for free exchange of existing share certificates for new share certificates for the Adjusted Shares	4:30 p.m. on Wednesday, 9 December 2020

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, (i) further details of the proposed Capital Reorganisation; and (ii) the notice of the SGM is expected to be despatched to the Shareholders on or before Wednesday, 7 October 2020.

DEFINITIONS

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

“Adjusted Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Board”	the board of Directors
“Bye-laws”	the bye-laws for the time being adopted by the Company and as amended from time to time
“Capital Reduction”	the proposed reduction in the issued share capital of the Company and cancellation of any fractional Consolidated Shares arising out of the Share Consolidation each as detailed in the section headed “Proposed Capital Reorganisation” of this announcement
“Capital Reorganisation”	the Share Consolidation, the Capital Reduction, the Share Subdivision and the Reduction of Share Premium Account
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company”	Carnival Group International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock code: 996)
“Consolidated Shares”	ordinary share(s) of HK\$0.25 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the existing capital of the Company before the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Subscription”	the conditional subscription of new Share(s) by a wholly-owned subsidiary of a state-owned enterprise under the State-owned Assets Supervision and Administration Commission of the State Council, representing no more than 25% of the issued share capital of the Company, as set out in the announcement of the Company dated 10 September 2020
“Reduction of Share Premium Account”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company
“SGM”	the special general meeting of the Company to be held to consider the special resolution to be proposed to approve the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every twenty five (25) Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Share Subdivision”	the proposed subdivision of each authorised but unissued Consolidated Share of HK\$0.25 into 25 Adjusted Shares of HK\$0.01 each
“Share(s)”	the Existing Share(s), the Consolidated Share(s) or the Adjusted Share(s), as the context may require
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the board
Carnival Group International Holdings Limited
Bai Xuefei
Chairman and Executive Director

Hong Kong, 17 September 2020

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