

譽滿國際（控股）有限公司 Celebrate International Holdings Limited

(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立之有限公司)
Stock code 股份代號：8212



THIRD QUARTERLY REPORT
2012 / 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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*This report, for which the board of directors (“**Directors**”) of Celebrate International Holdings Limited (“**Company**”, and together with its subsidiaries “**Group**”) collectively and individually accepts full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited results of the Group for the three months and nine months ended 31 March 2013, together with comparative figures for the same corresponding period in 2012 were as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 31 March		For the nine months ended 31 March	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue	2	10,354	71	20,468	189
Cost of sales		(10,050)	(23)	(19,727)	(132)
Gross profit		304	48	741	57
Other income	3	71	30	1,262	30
Selling and distribution expenses		-	-	-	(1)
Administrative and operating expenses		(5,463)	(5,254)	(20,584)	(12,821)
Operating loss		(5,088)	(5,176)	(18,581)	(12,735)
Finance costs		(3,667)	(3,684)	(10,676)	(11,048)
Share of loss of a jointly controlled entity		-	(7)	-	(25)
Share of (loss)/profit of an associate		(64)	-	221	-
Loss before taxation		(8,819)	(8,867)	(29,036)	(23,808)
Income tax		-	-	-	-
Loss for the period		(8,819)	(8,867)	(29,036)	(23,808)
Attributable to:					
Owners of the Company		(8,802)	(8,876)	(28,986)	(23,781)
Non-controlling interests		(17)	9	(50)	(27)
		(8,819)	(8,867)	(29,036)	(23,808)
Loss per share	6				
Basic		(HK\$1.2 cents)	(Restated) (HK24.0 cents)	(HK4.8 cents)	(Restated) (HK28.4 cents)
Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	For the three months ended 31 March		For the nine months ended 31 March	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Loss for the period	(8,819)	(8,867)	(29,036)	(23,808)
Other comprehensive loss:				
Exchange differences arising on translation of foreign operations	-	(4)	-	(54)
Total comprehensive loss for the period	(8,819)	(8,871)	(29,036)	(23,862)
Attributable to:				
Owners of the Company	(8,802)	(8,879)	(28,986)	(23,830)
Non-controlling interests	(17)	8	(50)	(32)
Total comprehensive loss for the period	(8,819)	(8,871)	(29,036)	(23,862)



Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated results have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss which are carried at their fair values, and in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosures requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance. The accounting policies used in the preparation of the unaudited consolidated results are consistent with those used in the Group's audited financial statements for the year ended 30 June 2012.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 July 2012, the adoption has no significant impact on the Group's results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

The unaudited consolidated results of the Group for the three months and nine months ended 31 March 2013 are unaudited but have been reviewed by the Company's Audit Committee.

2. REVENUE

Revenue represents amount receivable for goods sold and services provided in the normal course of business, net of sales related taxes.

During the nine months ended 31 March 2013, the Group was organized into three reportable segments. These reportable segments were strategic business units that offered different products and services. They were managed separately because each segment required different technology and marketing strategies. Principle activities of these reportable segments were as follows:

- (a) Provision of shrine for memorial ancestor
- (b) Paper-offering business
- (c) Trading of food and beverage

An analysis of the Group's revenue by reportable segments is as follows:

	For the three months ended 31 March		For the nine months ended 31 March	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Provision of shrine for memorial ancestor	-	-	-	-
Paper-offering business	-	71	-	189
Trading of food and beverage	10,354	-	20,468	-
	10,354	71	20,468	189

3. OTHER INCOME

	For the three months ended 31 March		For the nine months ended 31 March	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Gain on redemption of convertible bonds	-	-	1,000	-
Bad debts recovered	71	-	257	-
Interest income	-	4	1	4
Sundries	-	26	4	26
	71	30	1,262	30

4. INCOME TAX

The Company was incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly are exempted from payment of the British Virgin Islands income taxes.

No provision of Hong Kong Profits Tax was made as the Group had no assessable profits derived from Hong Kong for the nine months ended 31 March 2013 (2012: Nil).

5. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the nine months ended 31 March 2013 (2012: Nil).

6. LOSS PER SHARE

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

	For the three months ended 31 March		For the nine months ended 31 March	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	(8,802)	(8,876)	(28,986)	(23,781)

Number of shares

Weighted average number of ordinary shares for the purpose of calculating basic loss per share ('000)	767,101	(Restated) 37,038	603,788	(Restated) 83,749
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Diluted loss per share for the above periods have not been presented as the outstanding convertible bonds and share options had anti-dilutive effects.

7. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Convertible bonds reserve	Share options reserve	Translation reserves	Retained earnings/ (accumulated losses)	Total	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2012 (Audited)	13	872,746	15,826	78,653	1,847	208	(1,058,759)	(89,466)	2,420	(87,046)
Total comprehensive loss for the period	-	-	-	-	-	-	(28,986)	(28,986)	(50)	(29,036)
Right issue of shares at a subscription price of HK\$0.138 each	64	85,063	-	-	-	-	-	85,127	-	85,127
Redemption of convertible bonds	-	-	-	(5,176)	-	-	-	(5,176)	-	(5,176)
Disposal of subsidiaries	-	-	-	-	-	(208)	-	(208)	(82)	(290)
At 31 March 2013 (Unaudited)	77	957,809	15,826	73,477	1,847	-	(1,087,745)	(38,709)	2,288	(36,421)
At 1 July 2011 (Audited)	213,700	866,989	15,826	83,830	1,847	257	(222,336)	960,113	2,457	962,570
Total comprehensive loss for the period	-	-	-	-	-	(49)	(23,781)	(23,830)	(32)	(23,862)
Redemption of convertible bonds	-	-	-	(4,192)	-	-	-	(4,192)	-	(4,192)
Capital reduction on the par value of ordinary shares from HK\$2.00 each to HK\$0.0001 each	(213,689)	-	-	-	-	-	213,689	-	-	-
Placing of shares	2	5,755	-	-	-	-	-	5,757	-	5,757
At 31 March 2012 (Unaudited)	13	872,744	15,826	79,638	1,847	208	(32,428)	937,848	2,425	940,273

8. EVENTS AFTER THE REPORTING PERIOD

The Group has the following significant events which took place subsequent to the end of the reporting period:

- (a) On 16 April 2013, the disposal of the entire issued capital of Sea Marvel Limited was completed subsequent to the resolution passed at the extraordinary general meeting held on 16 April 2013.
- (b) On 17 April 2013, a total of HK\$10,000,000 convertible bonds was redeemed pursuant to the terms and conditions of the convertible bonds.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Shrine and Paper-offering businesses

As discussed in the our 2012 annual report and 2013 interim report, the Group was confronted by a harsh and severe situation owing to the fact that the shrine business was significantly and adversely affected by the government's columbarium policy and the judicial review proceedings of the Group against the notices dated 22 October 2010 issued by the Planning Department under section 23(1) of the Town Planning Ordinances in relation to Lot 2073 in Demarcation District No. 104 (the "**Lots**"). Over the past two years, the Group has made successive attempts to appeal against the judgements from the courts on the alleged illegal use and development of the Lots. However, on 10 April 2013, the Appeal Committee of the Court of Final Appeal ordered that the Company's application for leave to appeal be dismissed. This has now put an end to the judicial review proceedings of the Group.

On the other hand, it is encouraging to note that the disposal of the entire interest in Sea Marvel Limited and its subsidiaries (the "**Sea Marvel Group**"), which is engaged in the shrine and paper-offering businesses, was completed on 16 April 2013. Completion of the disposal has relieved the group's attention to the long-winding judicial proceedings and re-direct its resources to other investment opportunities which may generate a better return.

Food and beverage

In order to diversify the investment opportunities and supplement the adverse trading environment of the shrine and paper-offering businesses, the Group has commenced trading in food and beverage in June 2012. In addition, the Group has further invested into a food processing centre in September 2012 so as to provide more value-added services to our customers.

During the nine months ended 31 March 2013, this business segment generated sales revenue of approximately HK\$20.5 million, which is the main revenue driver of the Group during this nine months period.



Financial Review

The Group posted an unaudited consolidated revenue of approximately HK\$20.5 million for the nine months ended 31 March 2013 (2012: HK\$189,000), representing an tremendous increase of approximately HK\$20.3 million compared to the nine months ended 31 March 2012. This is mainly attributed to the sales revenue generated by the food and beverage business during the nine months ended 31 March 2013.

Operating loss increased from approximately HK\$12.7 million for the nine months ended 31 March 2012 to approximately HK\$18.6 million for the nine months ended 31 March 2013, representing a surge of 46.5% over the corresponding period. This is mainly attributable to the substantial increase of approximately HK\$7.8 million in administrative and operating expenses from approximately HK\$12.8 million to approximately HK\$20.6 million, which is mainly resulted from the increase in (i) legal and professional fees relating to the right issues and appeals against the judgment from the judicial review; and (ii) operating lease rental for the new office premises and the food processing centre.

Share of profit of an associate amounting to approximately HK\$221,000 represents share of results of the Group's 49% interest in Baron School of Music Limited ("**Baron**"), which was acquired in August 2012. Baron was founded and is currently operated by a famous producer in Hong Kong, Mr. Ronald Ng. It is principally engaged in providing high quality programmes and courses in both classical and contemporary music.

Prospects

With the disposal of the Sea Marvel Group, the Board considers that the Group's resources can be diverted to further develop the food and beverage business and the Group can be well equipped for the negotiation of any potential acquisition. In addition, the acquisition of Baron as referred to above provides an opportunity for the Group to further expand its business in the sector of professional music education. The Board will continue to explore other potential investment opportunities so as to diversify its business and strengthen the profitability of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2013, the interests and short positions of the Directors and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares and underlying shares of the Company

Name of Directors	Nature of interests/ Capacity	Number of shares	Number of underlying shares	Approximate percentage of issued share capital
Mr. Lam Wai Pong	Personal	–	332,937 (Note)	0.043%

Note:

The personal interest of Mr. Lam Wai Pong represents an interest in 332,937 underlying shares in respect of options granted by the company as detailed below.



Share Option Scheme

Details of movements in the share options under the share option scheme during the period ended 31 March 2013 are as follows:

Name	Date of grant	Number of share options outstanding as at 1 July 2012	Lapsed during the period	Number of share options outstanding as at 31 March 2013	Exercise price (HK\$ per share)	Exercise period
Mr. Lam Wai Pong	2 February 2011	332,937 (Note)	-	332,937	3.21 (Note)	2 February 2011 to 1 February 2016
Mr. Lau Chi Kwong	2 February 2011	332,937 (Note)	(332,937)	-	3.21 (Note)	2 February 2011 to 1 February 2016

Save as disclosed above, during the period ended 31 March 2013, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

Note:

As a result of the right issue completed on 13 July 2012, the exercise price and the number of share options outstanding as at 1 July 2012 were adjusted to HK\$3.21 and 332,937 respectively.

DIRECTOR'S RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2013, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO or, were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name of Shareholders	Capacity/ Nature of interest	Number of ordinary shares held	Percentage of shareholding
Wong Ying Seung Asiong	Beneficial owner	109,500,000	14.27%

Save as disclosed above, as at 31 March 2013, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the nine months ended 31 March 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business that competed or might compete with the business of the Group.



COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' dealing in securities of the Company. The Company's Directors have complied with such code of conduct and the required standard of dealings.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions in the Code on Corporate Governance Practices of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, interim report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee is also responsible for reviewing the accounting principles and practices adopted by the Group and also the auditing, internal control and financial reporting matters.

The audit committee consisted of three independent non-executive Directors, namely Ms. Chan Wan Yee, Mr. Siu Kwok Chung and Mr. Sit Bun. Ms. Chan Wan Yee is the chairman of the audit committee. The Group's unaudited results for the nine months ended 31 March 2013 had been reviewed by the audit committee which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures had been made.

By Order of the Board

CELEBRATE INTERNATIONAL HOLDINGS LIMITED

譽滿國際(控股)有限公司

Lam Wai Pong

Chairman & Executive Director

Hong Kong, 14 May 2013

As at the date of this report, the Directors are:

Executive Directors:

Mr. Lam Wai Pong

Ms. Leung Wai Kuen, Cerene

Mr. Zhang Yan

Independent Non-executive Directors:

Ms. Chan Wan Yee

Mr. Siu Kwok Chung

Mr. Sit Bun