

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

(Incorporated in the Cayman Islands with limited liability)
Stock code : 8212

2013 / 2014 FIRST QUARTERLY REPORT

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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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.*

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 30 September	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Re-presented)
Continuing operations			
Revenue	2	3,026	3,919
Cost of goods sold		(2,934)	(3,698)
Gross profit		92	221
Other income	3	-	1,002
Administrative and operating expenses		(3,539)	(8,025)
Loss from operations		(3,447)	(6,802)
Finance costs		(3,679)	(3,453)
Share of profit of an associate		7	43
Loss before taxation		(7,119)	(10,212)
Income tax expense	4	-	-
Loss for the period from continuing operations attributable to owners of the Company		(7,119)	(10,212)
Discontinued operations			
Loss for the period from discontinued operations attributable to owners of the Company		-	(1,220)
Loss for the period attributable to owners of the Company		(7,119)	(11,432)

	Note	For the three months ended 30 September 2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Re-presented)
Loss per share	6		
From continuing and discontinued operations			
– Basic		(HK0.93 cent)	(HK4.9 cents)
– Diluted		N/A	N/A
From continuing operations			
– Basic		(HK0.93 cent)	(HK4.4 cents)
– Diluted		N/A	N/A
From discontinued operations			
– Basic		–	(HK0.5 cent)
– Diluted		–	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	For the three months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net loss for the period	(7,119)	(11,432)
Other comprehensive loss:		
Exchange differences reclassified to statement of comprehensive income on disposal of subsidiaries	-	(208)
Total comprehensive loss for the period attributable to owners of the Company	(7,119)	(11,640)

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited consolidated results for the three months ended 30 September 2013 have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are effective or available for early adoption for the current accounting period of the Company. The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. There have been no significant changes to the accounting policies applied in the unaudited consolidated results for the three months ended 30 September 2013 and for the prior accounting periods as a result of these developments.

The unaudited consolidated results for the three months ended 30 September 2013 have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 30 September 2013 are consistent with those adopted in the financial statements of the Group for the year ended 30 June 2013.

The consolidated results of the Group for the three months ended 30 September 2013 are unaudited but have been reviewed by the Company's Audit Committee.

2. REVENUE

Revenue represents the amount received and receivable for goods sold and services provided in the normal course of business, net of discounts and returns, in respect of trading of food and beverage.

Subsequent to the discontinuation of trading of edible oil and mineral materials, and the shrine and paper offering businesses during the year ended 30 June 2013, the Group continues to operate in one single business segment, being trading of food and beverage, which is the only business segment operated by the Group for the three months ended 30 September 2013.

3. OTHER INCOME

	For the three months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain on redemption of convertible bonds	-	1,000
Interest income	-	1
Sundries	-	1
	<hr/>	<hr/>
	-	1,002
	<hr/>	<hr/>

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 are exempted from payment of the British Virgin Islands income taxes accordingly.

No Hong Kong Profits Tax has been provided as the Group did not generate any assessable profits arising in Hong Kong for the three months ended 30 September 2013 (2012: nil).

5. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the three months ended 30 September 2013 (2012: nil).

6. LOSS PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of HK\$7,119,000 (2012: HK\$11,432,000) and the weighted average of 767,100,600 (2012: 233,465,400) ordinary shares in issue during the period.

The diluted loss per share for the three months ended 30 September 2013 and 2012 is equal to the basic loss per share as the outstanding convertible bonds were anti-dilutive.

(b) From continuing operations

Basic loss per share from continuing operations is calculated based on the loss attributable to owners of the Company from continuing operations of HK\$7,119,000 (2012: HK\$ 10,212,000) and the denominators used are the same as those set out in (a) above.

The diluted loss per share from continuing operations for the three months ended 30 September 2013 and 2012 is equal to the basic loss per share as the outstanding convertible bonds were anti-dilutive.

(c) From discontinued operations

Basic loss per share from discontinued operations for the period ended 30 September 2012 is calculated based on the loss attributable to owners of the Company from discontinued operations of HK\$1,220,000 and the denominator used is the same as those set out in (a) above.

The diluted loss per share from discontinued operations for the three months ended 30 September 2012 is equal to the basic loss per share as the outstanding convertible bonds were anti-dilutive.

7. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2013

	Attributable to owners of the Company											
	Share capital	Share premium	Capital reserve	Convertible bonds		Share options		Translation reserves	Accumulated losses	Total	Non-controlling interests	Total
				reserve	reserve	reserve	reserve					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 July 2013 (Audited)	77	957,809	15,826	68,652	616	-	(1,098,098)	(55,118)	-	-	(55,118)	
Lapse of share options	-	-	-	-	(616)	-	616	-	-	-	-	
Total comprehensive loss for the period	-	-	-	-	-	-	(7,119)	(7,119)	-	-	(7,119)	
At 30 September 2013 (Unaudited)	77	957,809	15,826	68,652	-	-	(1,104,601)	(62,237)	-	-	(62,237)	
At 1 July 2012 (Audited)	13	872,746	15,826	78,653	1,847	208	(1,058,759)	(89,466)	2,420	(87,046)		
Repayment of convertible bonds	-	-	-	(5,177)	-	-	-	(5,177)	-	(5,177)		
Issue of rights shares, net of expenses	64	85,063	-	-	-	-	-	85,127	-	85,127		
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(82)	(82)		
Total comprehensive loss for the period	-	-	-	-	-	(208)	(11,432)	(11,640)	-	(11,640)		
At 30 September 2012 (Unaudited)	77	957,809	15,826	73,476	1,847	-	(1,070,191)	(21,156)	2,338	(18,818)		

8. OPERATING LEASE COMMITMENTS

At 30 September 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 September 2013 HK\$'000 (Unaudited)	At 30 June 2013 HK\$'000 (Audited)
Within one year	2,892	2,830
In the second to fifth years	4,660	6,191
	7,552	9,021

9. COMPARATIVE FIGURES

As a result of the discontinuation of trading of edible oil and mineral materials, and the shrine and paper offering businesses during the year ended 30 June 2013, comparative figures have been re-presented to conform with the disclosure requirements of HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

10. EVENT AFTER THE REPORTING PERIOD

On 7 October 2013, the Company announced that Colour Cosmo Holdings Limited (the "Buyer"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with an independent third party (the "Seller"), pursuant to which the buyer conditionally agreed to acquire and the Seller conditionally agreed to sell the entire issued share capital of Lakezone Limited for a consideration of HK\$500,000,000. Details of the Agreement and other information are set out in the Company's announcement dated 7 October 2013.

MANAGEMENT DISCUSSION AND ANALYSIS




Business Review and Prospect

Further to the discontinuation of the shine and paper-offering businesses subsequent to the completion of the disposal of Sea Marvel Limited in the fiscal year 2013, the Group has consolidated its efforts to focus on trading of food and beverage. As a result, the Group has adopted a new strategic measure to rationalize the customer mix of the food and beverage business in order to attain long-term growth and stability of the business. This has, nevertheless, caused a temporary cutback in revenue and a reduction in gross profit in the first quarter of 2013-2014 as compared to the corresponding period in 2012-2013.

The Board believes that the future performance of this business is quite optimistic as demands for quality food is persistently high in light of the fast growth of tourism in Hong Kong while supply is limited. By adopting the new strategic measure mentioned above, it is believed that the Group is able to further enhance the quality of its customers and capture a portion of this vast market going forward. Therefore, the Group would continue its effort in further developing the business.

In line with our corporate mission to explore other potential investment opportunities so as to broaden our business horizon, the Company announced that the Group entered into a sales and purchase agreement (the “**Agreement**”) with an independent third party to acquire conditionally the entire issued share capital of Lakezone Limited (“**Lakezone**”) for a consideration of HK\$500,000,000 on 7 October 2013. The consideration will be satisfied as to (i) HK\$40,000,000 in cash; (ii) HK\$85,233,400 by the allotment and issue of 85,233,400 ordinary shares of the Company at the issue price of HK\$1.00 per share; and (iii) HK\$374,766,600 by the issue of promissory note of the same amount by the Company.

Lakezone is a company incorporated in the British Virgin Islands with limited liability and an investment holding company. Pursuant to the Agreement, there is a reorganization to take place whereby Lakezone shall become the sole legal and beneficial owner of Quanqitong Tobacco Company Limited (“**Quanqitong**”), a company incorporated in

Macau. Quanqitong will own the trademarks “” and “” registered in the People’s Republic of China (the “**PRC**”) and intends to engage in the distribution and sales of cigarettes with the brand “” in the PRC.

According to Euromonitor International Limited, a market research company with focus on country, industry, company and consumer lifestyle research, the PRC has the largest cigarette smoking population in the world, accounting for over one-third of the global smoking population in 2012. The PRC is also the largest cigarette manufacturer in the world, which accounted for over 40% of the global production volume in 2012. The Board believes that the steadily increasing demand for tobacco is the main driving force for the sustainable growth in the PRC market. Tobacco industry in the PRC is also expected to record a steady growth in the coming years. The Board is therefore of the view that the acquisition of Lakezone represents a valuable business opportunity for the Group to tap into the tobacco industry in the PRC and will, in the long run, broaden the Group's revenue base by expanding and diversifying the existing principal business activity of the Group into the tobacco business.

Financial Review

The Group posted an unaudited consolidated revenue of approximately HK\$3.0 million for the three months ended 30 September 2013 (2012: HK\$3.9 million), representing a reduction of HK\$0.9 million or 23.1% as compared to the three months ended 30 September 2012. The reduction in revenue was primarily attributable to our strategic measure in the change of our customer mix, which results in the cutback of turnover in our food and beverage business. This strategic measure also explained why the gross profit margin has experienced a reduction of approximately 2.6 percentage points from approximately 5.6% for the three months ended 30 September 2012 to approximately 3.0% for the three months ended 30 September 2013.

Loss from operations has also reduced from approximately HK\$6.8 million for the three months ended 30 September 2012 to approximately HK\$3.4 million for the three months ended 30 September 2013, representing a decrease of approximately HK\$3.4 million which was mainly due to a substantial reduction in administrative and operating expenses of HK\$4.5 million from approximately HK\$8.0 million incurred for the three months ended 30 September 2012 to approximately HK\$3.5 million for the three months ended 30 September 2012. This was primarily resulted from the decrease in legal and professional fees relating to the right issue; the acquisition of 49% interest in Baron's school of Music Limited ("**Baron**"); and appeals against the judgment from the judiciary review.

Finance costs have increased by approximately 5.7% from HK\$3.5 million incurred for the three months ended 30 September 2012 to HK\$3.7 million for the three months ended 30 September 2013, which was primarily due to the increase in imputed interest expense on redemption of the convertible bonds in the previous years.

Share of profit of an associate amounting to approximately HK\$7,000 represents share of results of the Group's 49% interest in 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.

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

As at 30 September 2013, there was no interest and short position of the Directors and chief executives 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 Division 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.

Share Option Scheme

As at 30 September 2013, details of the share options granted under the share option scheme are as follows:

Name	Date of grant	Number of share options	Lapsed during the period	Exercise price (HK\$ per share)	Exercise period	Number of share options outstanding as at 30 September 2013
Mr. Lam Wai Pong (resigned on 31 May 2013)	2 February 2011	332,937	(332,937)	3.21	2 February 2011 to 1 February 2016	-

Save as disclosed above, during the three months ended 30 September 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.

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 three months ended 30 September 2013 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 30 September 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 30 September 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 three months ended 30 September 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 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 consists 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 audit committee has reviewed the Group's unaudited results for the three months ended 30 September 2013.

By Order of the Board

CELEBRATE INTERNATIONAL HOLDINGS LIMITED

譽滿國際(控股)有限公司

Leung Wai Kuen, Cerene

Executive Director

Hong Kong, 12 November 2013

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

Executive Directors

Ms. Leung Wai Kuen, Cerene

Mr. Zhang Yan

Independent Non-executive Directors

Ms. Chan Wan Yee

Mr. Siu Kwok Chung

Mr. Sit Bun