

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 THIRD 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.

Hong Kong Exchanges and Clearing Limited and Stock Exchange take no responsibility for the contents of this report, 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 report.

*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 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 2014, together with comparative figures for the same corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 31 March		For the nine months ended 31 March	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited) (Re-presented)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited) (Re-presented)
Continuing operations					
Revenue	2	1,365	10,354	5,800	20,468
Cost of sales		(1,326)	(10,050)	(5,628)	(19,727)
Gross profit		39	304	172	741
Other income	3	3	-	3	1,002
Loss on disposal of financial assets at fair value through profit or loss		(1,864)	(659)	(126)	(659)
Change in fair value of financial assets through profit or loss		(5,315)	(491)	(1,623)	(3,092)
Administrative and operating expenses		(9,124)	(3,961)	(16,111)	(14,766)
Loss from operations		(16,261)	(4,807)	(17,685)	(16,774)
Finance costs		(3,927)	(3,667)	(11,403)	(10,676)
Share of loss of an associate		(61)	(64)	(142)	221
Loss before taxation		(20,249)	(8,538)	(29,230)	(27,229)
Income tax	4	-	-	-	-

	Notes	For the three months ended 31 March		For the nine months ended 31 March	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited) (Re-presented)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited) (Re-presented)
Loss for the period from continuing operations		(20,249)	(8,538)	(29,230)	(27,229)
Discontinued operations					
Loss for the period from discontinued operations	5	-	(281)	-	(1,807)
Loss for the period		(20,249)	(8,819)	(29,230)	(29,036)
Loss for the period attributable to:					
Owners of the Company					
- From continuing operations		(20,249)	(8,538)	(29,230)	(27,229)
- From discontinued operations		-	(264)	-	(1,757)
		(20,249)	(8,802)	(29,230)	(28,986)
Non-controlling interests					
- From continuing operations		-	-	-	-
- From discontinued operations		-	(17)	-	(50)
		(20,249)	(8,819)	(29,230)	(29,036)
Loss per share	7				
From continuing and discontinued operations					
Basic		(HK2.32 cents)	(HK1.15 cents)	(HK3.64 cents)	(HK4.80 cents)
Diluted		N/A	N/A	N/A	N/A
From continuing operations					
Basic		(HK2.32 cents)	(HK1.11 cents)	(HK3.64 cents)	(HK4.51 cents)
Diluted		N/A	N/A	N/A	N/A
From discontinued operations					
Basic		-	(HK0.04 cent)	-	(HK0.29 cent)
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	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Loss for the period	(20,249)	(8,819)	(29,230)	(29,036)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	(20,249)	(8,819)	(29,230)	(29,036)
Attributable to:				
Owners of the Company	(20,249)	(8,802)	(29,230)	(28,986)
Non-controlling interests	-	(17)	-	(50)
Total comprehensive loss for the period	(20,249)	(8,819)	(29,230)	(29,036)
Total comprehensive loss attributable to owners of the Company arising from:				
Continuing operations	(20,249)	(8,538)	(29,230)	(27,229)
Discontinued operations	-	(264)	-	(1,757)
	(20,249)	(8,802)	(29,230)	(28,986)

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated results for the nine months ended 31 March 2014 have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") 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 for the nine months ended 31 March 2014 are consistent with those used in the Group's audited financial statements for the year ended 30 June 2013.

The HKICPA has issued a number of new and revised HKFRS and interpretations that are effective or available for early adoption in 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 nine months ended 31 March 2014 and for the prior accounting periods as a result of these developments.

The unaudited consolidated results of the Group for the three months and nine months ended 31 March 2014 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 during the nine months ended 31 March 2014.

3. OTHER INCOME

	For the three months ended 31 March		For the nine months ended 31 March	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on redemption of convertible bonds	-	-	-	1,000
Interest income	3	-	3	1
Sundries	-	-	-	1
	3	-	3	1,002

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 income taxes of the British Virgin Islands accordingly.

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 2014 (2013: Nil).

5. LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS

During the year ended 30 June 2013, the Group discontinued trading of edible oil and mineral materials and the shrine and paper offering businesses upon disposal of Top Entrepreneur Profits Limited and its subsidiaries ("TEP Group"), and Sea Marvel Limited and its subsidiaries ("Sea Marvel Group") respectively. The loss of HK\$1,807,000 from discontinued operations for the nine months ended 31 March 2013 represents the aggregate losses arising from the operations of the TEP Group and the Sea Marvel Group for the nine months ended 31 March 2013 and the loss on disposal of the TEP Group.

6. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the nine months ended 31 March 2014 (2013: Nil).

7. LOSS PER SHARE

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

(a) From continuing and discontinued operations

	For the three months ended 31 March		For the nine months ended 31 March	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Loss attributable to owners of the Company from continuing and discontinued operations for the purpose of calculating basic loss per share (HK\$'000)	(20,249)	(8,802)	(29,230)	(28,986)
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share ('000)	874,495	767,101	802,376	603,788

Diluted loss per share for the above periods has not been presented as the outstanding convertible bonds had anti-dilutive effects.

(b) From continuing operations

	For the three months ended 31 March		For the nine months ended 31 March	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Loss attributable to owners of the Company from continuing operations for the purpose of calculating basic loss per share (HK\$'000)	(20,249)	(8,538)	(29,230)	(27,229)

Number of shares

Weighted average number of ordinary shares for the purpose of calculating basic loss per share ('000)	874,495	767,101	802,376	603,788
---	----------------	---------	----------------	---------

Diluted loss per share for the above periods has not been presented as the outstanding convertible bonds had anti-dilutive effects.

(c) From discontinued operations

	For the three months ended 31 March		For the nine months ended 31 March	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Loss attributable to owners of the Company from discontinued operations for the purpose of calculating basic loss per share (HK\$'000)	-	(264)	-	(1,757)

Number of shares

Weighted average number of ordinary shares for the purpose of calculating basic loss per share ('000)	874,495	767,101	802,376	603,788
---	----------------	---------	----------------	---------

Diluted loss per share for the above periods has not been presented as the outstanding convertible bonds had anti-dilutive effects.

7. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Convertible Capital reserve	Convertible bonds reserve	Share options reserve	Translation reserves	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 2013 (Audited)	77	957,809	15,826	68,652	616	-	(1,098,098)	(55,118)	-	(55,118)
Total comprehensive loss for the period	-	-	-	-	-	-	(29,230)	(29,230)	-	(29,230)
Lapse of share options	-	-	-	-	(616)	-	616	-	-	-
Placing of shares	15	38,340	-	-	-	-	-	38,355	-	38,355
Transaction costs of placing of shares	-	(1,654)	-	-	-	-	-	(1,654)	-	(1,654)
At 31 March 2014 (Unaudited)	92	994,495	15,826	68,652	-	-	(1,126,712)	(47,647)	-	(47,647)
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)

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 caused a cutback in revenue and a reduction in gross profit during the nine months ended 31 March 2014 as compared to the corresponding period in 2013. However, there are signs of slowdown for the demands of quality food attributable to the reduction in number of mainland visitors and the weak performance of local economy. It is believed that the slowdown for the demands of quality food will not reverse in the near future, which will in turn have an adverse impact on the future performance of our business. Nevertheless, the Board will keep a close eye on the business and derive the most rational strategy for its operations.

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 and its subsidiaries intend to engage in the distribution and sales of cigarettes in China. However, the Agreement was terminated on 5 December 2013 by mutual consent as the Board considers that it would be impossible for all the conditions precedent including the completion of the due diligence investigation of Lakezone and its subsidiaries having been satisfied on or before the long stop date as stated in the Agreement.

Nevertheless, the Board continues to explore other potential investment opportunities and therefore, on 17 December 2013, the Group entered into a memorandum of understanding in relation to a proposed acquisition of 100% equity interest in a target group which is principally engaged in the production and sales of microorganism fertilizers in China. Due diligence review and discussions with the target group are underway and hopefully, a formal agreement will be entered into in not too distant future.

Since 2012, the Company has been seeking additional financial resources to improve the working capital of the Group through various fund raising exercises including placing of new shares and rights issue. Further, the Company had disposed certain non-performing businesses and has explored investments with potentially positive business prospects from time to time so as to improve the overall financial position of the Group. Accordingly, the Group narrowed down the loss for the year ended 30 June 2013 to approximately HK\$40.6 million from approximately HK\$1,050.2 million for the year ended 30 June 2012. However, the Group was still loss-making and unable to generate an overall positive profit from its existing business operations. Therefore, on 15 January 2014, the Company announced placing of 153,420,120 shares of the Company to not less than six placees at a price of HK\$0.25 per share ("Placing"). The Placing was completed on 28 January 2014 and the net proceeds amounting to HK\$36.70 million therefrom, which is being applied as general working capital of the Group, would strengthen the financial position for future development of the Group.

Apart from the Placing mentioned above, on 16 January 2014, the Company entered into a deed of amendment ("Deed of Amendment") with its bondholders of the existing redeemable convertible bonds ("CB") to amend certain terms and conditions of the CB with an aggregate outstanding principal amount of HK\$170 million. Under the Deed of Amendment, the Company is allowed to elect cash settlement or by issuing conversion shares pursuant to the CB. In the event that the Company chooses to redeem the CB by issuing the conversion shares, the Company's liabilities will be reduced and the Company's equity base will be enlarged which in turn shall improve the financial position and gearing of the Group.

Financial Review

The Group posted an unaudited consolidated revenue of approximately HK\$5.8 million for the nine months ended 31 March 2014 (nine months ended 31 March 2013: HK\$20.47 million), representing a substantial reduction of HK\$14.67 million or 71.7% as compared to the nine months ended 31 March 2013. 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 slight reduction of approximately 0.6 percentage point from approximately 3.6% for the nine months ended 31 March 2013 to approximately 3.0% for the nine months ended 31 March 2014.

Loss from operations has increased from approximately HK\$16.8 million for the nine months ended 31 March 2013 to approximately HK\$17.7 million for the nine months ended 31 March 2014, representing an increase of approximately HK\$911,000 million which was mainly due to (i) reduction in turnover as explained in the paragraph above; and (ii) increase in administrative and operating expenses primarily resulted from the surge of legal and professional fees in relation to the placing of shares and the amendment of terms of the convertible bonds.

Share of loss of an associate amounting to HK\$142,000 represents share of results of the Group's 49% interest in Baron's 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.

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 2014, there was no interest and short position 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.

Share Option Scheme

Details of movements in the share options under the share option scheme during the period ended 31 March 2014 are as follows:

Name	Date of grant	Number of share options outstanding		Number of share options outstanding		Exercised price (HK\$ per share)	Exercised period
		as at 1 July 2013	Lapsed during the period	as at 31 March 2014			
Mr. Lam Wai Pong	2 February 2011	332,937	(332,937)	-		3.21	2 February 2011 to 1 February 2016

Save as disclosed above, during the period ended 31 March 2014, 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 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 2014, 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 in which underlying shares are held	Number of underlying shares held <i>(Note 1)</i>	Approximate percentage of total issued shares <i>(Note 2)</i>
HEC Capital Limited	Beneficial owner	196,666,666	21.36%
Mascotte Holdings Limited	Beneficial owner	83,333,333	9.05%

Notes:

- (1) The number of underlying shares represents the number of conversion shares which would fall to be issued by the Company upon exercise of the conversion rights attached to the convertible bonds issued by the Company on 27 May 2010.
- (2) The total number of issued shares at 31 March 2014 (i.e. 920,520,720) has been used for the calculation of the approximate percentage.

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

During the nine months ended 31 March 2014, 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 Group's unaudited results for the nine months ended 31 March 2014 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

Leung Wai Kuen, Cerene

Executive Director

Hong Kong, 12 May 2014

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