



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

INTERIM REPORT
2014/2015

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 or this report misleading.*

RESULTS

The board of Directors (the “**Board**”) announces the unaudited results of the Group for the three months and six months ended 31 December 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 December		For the six months ended 31 December	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	3	1,596	1,409	2,612	4,435
Cost of sales		(328)	(1,368)	(631)	(4,302)
Gross profit		1,268	41	1,981	133
Other income	4	-	-	7,757	-
Administrative and operating expenses		(6,540)	(3,592)	(12,397)	(6,987)
Gain on disposal of financial assets at fair value through profit or loss		32	1,943	320	1,738
Change in fair value of financial assets through profit or loss		(2,415)	3,631	(474)	3,692
Profit/(Loss) from operations		(7,655)	2,023	(2,813)	(1,424)
Finance costs	5	(8)	(3,797)	(1,903)	(7,476)
Share of loss of an associate		(205)	(88)	(314)	(81)
Loss before taxation	6	(7,868)	(1,862)	(5,030)	(8,981)
Income tax expense	7	-	-	-	-
Loss for the period attributable to owners of the Company		(7,868)	(1,862)	(5,030)	(8,981)
Loss per share	9		(restated)		(restated)
Basic		(HK0.90 cent)	(HK2.43 cents)	(HK0.54 cent)	(HK11.71 cents)
Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	For the three months ended 31 December		For the six months ended 31 December	
	2014 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)
Loss for the period attributable to owners of the Company	(7,868)	(1,862)	(5,030)	(8,981)
Other comprehensive loss:				
Loss on extinguishment of convertible bonds	-	-	(35,497)	-
Total comprehensive loss for the period attributable to owners of the Company	(7,868)	(1,862)	(40,527)	(8,981)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At	At
		31 December	30 June
		2014	2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		14,056	3,252
Investment in an associate		37,386	37,700
Loan receivables	11	457	–
		51,899	40,952
Current assets			
Trade and other receivables and prepayments	10	18,663	6,805
Loan receivables	11	11,899	2,000
Financial assets at fair value through profit or loss		17,339	18,596
Bank balances and cash		10,189	24,604
		58,090	52,005
Current liabilities			
Trade and other payables and accrued liabilities	12	9,343	6,115
Obligations under finance lease		181	181
		9,524	6,296
Net current assets			
		48,566	45,709
Non-current liabilities			
Convertible bonds	13	–	141,314
Obligations under finance lease		491	580
		491	141,894
NET ASSETS/(LIABILITIES)		99,974	(55,233)
Capital and reserves			
Share capital	14	1,193	110
Reserves		98,781	(55,343)
Equity attributable to owners of the Company		99,974	(55,233)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 31 December 2014

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Convertible Capital reserve <i>HK\$'000</i>	Convertible bonds reserve <i>HK\$'000</i>	Share Options reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2014 (Audited)	110	1,007,979	15,826	68,652	-	(1,147,800)	(55,233)
Total comprehensive loss for the period	-	-	-	-	-	(40,527)	(40,527)
Subscription of shares pursuant to an open offer	884	169,552	-	-	-	-	170,436
Placing of shares	199	25,099	-	-	-	-	25,298
Redemption of convertible bonds	-	-	-	(68,652)	-	68,652	-
At 31 December 2014 (Unaudited)	1,193	1,202,630	15,826	-	-	(1,119,675)	99,974
At 1 July 2013 (Audited)	77	957,809	15,826	68,652	616	(1,098,098)	(55,118)
Total comprehensive loss for the period	-	-	-	-	-	(8,981)	(8,981)
Lapse of share options	-	-	-	-	(616)	616	-
At 31 December 2013 (Unaudited)	77	957,809	15,826	68,652	-	(1,106,463)	(64,099)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(29,703)	(5,281)
Net cash (used in)/generated from investing activities	(10,357)	5,920
Net cash from financing activities	25,645	–
Net (decrease)/increase in cash and cash equivalents	(14,415)	639
Cash and cash equivalents at beginning of period	24,604	908
Cash and cash equivalents at end of period, represented by bank balances and cash	10,189	1,547

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2014

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2014 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The Interim Financial Statements have been prepared under the historical cost convention except that certain intangible assets and financial instruments are measured at fair values. The accounting policies used in the preparation of the Interim Financial Statements are consistent with those adopted by the Group in its annual financial statements for the year ended 30 June 2014 and the Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 30 June 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The Interim Financial Statements have not been audited by the Company's auditors but have been reviewed by the Company's Audit Committee.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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 2014, 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.

3. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has two (2013: one) reportable operating segments as follows:

- (a) Trading of food and beverage segment is a strategic business unit which offers different products and services; and
- (b) Money lending segment is a new segment established in the year ended 30 June 2014 which provides funds to clients and receives loan interest income in return.

The Group's revenue for the period are as follows:

	For the three months ended 31 December		For the six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Sales of goods	339	1,409	652	4,435
Money lending	1,257	-	1,960	-
	1,596	1,409	2,612	4,435

An analysis of the Group's revenue and results by segment for the six months ended 31 December 2014 is as follows:

	Reportable segment		Total HK\$'000 (Unaudited)
	Food and beverage HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	
Segment revenue	652	1,960	2,612
Segment result	(2,491)	1,909	(582)
Corporate income			7,757
Corporate administration costs			(9,834)
Gain on disposal of financial assets at fair value through profit or loss			320
Change in fair value of financial assets through profit or loss			(474)
Finance costs			(1,903)
Share of loss of an associate			(314)
Loss before taxation			(5,030)

An analysis of the Group's revenue and results by segment for the six months ended 31 December 2013 is as follows:

	Reportable segment		Total <i>HK\$'000</i> (Unaudited)
	Food and beverage <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	
Segment revenue	4,435	–	4,435
Segment result	(2,473)	–	(2,473)
Corporate administration costs			(4,381)
Gain on disposal of financial assets at fair value through profit or loss			1,738
Change in fair value of financial assets through profit or loss			3,692
Finance costs			(7,476)
Share of loss of an associate			(81)
Loss before taxation			(8,981)

An analysis of the Group's assets and liabilities by segment as at 31 December 2014 is as follows:

	Reportable segment		Total <i>HK\$'000</i> (Unaudited)
	Food and beverage <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	
ASSETS			
Segment assets	9,130	17,542	26,672
Unallocated assets			83,317
Total assets			109,989
LIABILITIES			
Segment liabilities	1,703	39	1,742
Unallocated liabilities			8,273
Total liabilities			10,015

An analysis of the Group's assets and liabilities by segment as at 30 June 2014 is as follows:

	Reportable segment		Total HK\$'000 (Unaudited)
	Food and beverage HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	
ASSETS			
Segment assets	12,831	2,994	15,825
Unallocated assets			77,132
Total assets			92,957
LIABILITIES			
Segment liabilities	1,675	-	1,675
Unallocated liabilities			146,515
Total liabilities			148,190

4. OTHER INCOME

	For the three months ended 31 December 2014		For the six months ended 31 December 2014	
	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Gain on early redemption of convertible bonds	-	-	7,752	-
Interest income	-	-	5	-
	-	-	7,757	-

5. FINANCE COSTS

	For the three months ended 31 December 2014		For the six months ended 31 December 2014	
	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interest expenses on borrowings	8	3	17	3
Imputed interest on convertible bonds	-	3,794	1,886	7,473
	8	3,797	1,903	7,476

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following items:

	For the three months ended 31 December 2014		For the six months ended 31 December 2014	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Cost of inventories sold	328	1,368	631	4,302
Depreciation for plant and equipment	482	490	963	868
Operating lease expenses	1,469	723	2,934	1,446

7. 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 income taxes of the British Virgin Islands accordingly.

No Hong Kong Profits Tax had been made as the Group had no assessable profits derived from Hong Kong for the six months ended 31 December 2014 (2013: Nil).

8. DIVIDEND

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

9. LOSS PER SHARE

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

	For the three months ended 31 December 2014		For the six months ended 31 December 2014	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Loss attributable to owners of Company for the purpose of calculating basic loss per share (HK\$'000)	(7,868)	(1,862)	(5,030)	(8,981)

Number of shares

Weighted average number of ordinary
shares for the purpose of basic
loss per share ('000)

	(restated)	(restated)
873,133	76,710	923,201

Diluted loss per share has not been presented as the outstanding convertible bonds which were fully redeemed in September 2014 had an anti-dilutive effect.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 31 December 2014 HK\$'000 (Unaudited)	At 30 June 2014 HK\$'000 (Audited)
Trade receivables	6,334	5,974
Provision for bad debts	(544)	(544)
	5,790	5,430
Other receivables and prepayments	12,873	1,375
	18,663	6,805

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

0 to 90 days	339	577
Over 90 days	5,451	4,853
	5,790	5,430

The fair value of the Group's trade receivables as at the above reporting periods approximates to the corresponding carrying amount.

11. LOAN RECEIVABLES

The loan receivables arose from the Group's money lending business during the period and are analysed by the remaining period to contractual maturity date as follows:

	At 31 December 2014 HK\$'000 (Unaudited)	At 30 June 2014 HK\$'000 (Audited)
0 to 90 days	7,322	2,000
Over 90 days	5,034	-
	12,356	2,000
Less: current portion	(11,899)	(2,000)
Non-current portion	457	-

12. TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES

	At	At
	31 December	30 June
	2014	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables	1,601	1,588
Other payables and accrued liabilities	7,742	4,527
	9,343	6,115

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

0 to 90 days	35	1,158
Over 90 days	1,566	430
	1,601	1,588

The fair value of the Group's trade payables as at the above reporting periods approximates to the corresponding carrying amount.

13. CONVERTIBLE BONDS

The movements on the liability component of the convertible bonds are as follows:

	At	At
	31 December	30 June
	2014	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of the reporting period	141,314	123,830
Imputed finance cost	1,886	18,869
Payment of interest	(944)	(1,385)
Redemption	(142,256)	-
At the end of the reporting period	-	141,314

14. SHARE CAPITAL

	Number of shares		Nominal value	
	At 31 December 2014 '000 (Unaudited)	At 30 June 2014 '000 (Audited)	At 31 December 2014 HK\$'000 (Unaudited)	At 30 June 2014 HK\$'000 (Audited)
Authorised:				
At the beginning of the reporting period, ordinary shares of HK\$0.0001 each	10,000,000,000	10,000,000,000	1,000,000	1,000,000
Share consolidation of 10 ordinary shares of HK\$0.0001 each into 1 ordinary share of HK\$0.001 each	(a) (9,000,000,000)	-	-	-
At the end of the reporting period, ordinary shares of HK\$0.001 each (at 30 June 2014: HK\$0.0001 each)	1,000,000,000	10,000,000,000	1,000,000	1,000,000
Issued and fully paid:				
At the beginning of the reporting period, ordinary shares of HK\$0.0001 each	1,104,625	767,101	110	77
Placing of shares at a placing price of HK\$0.25 each	(b) -	153,420	-	15
Placing of shares at a placing price of HK\$0.076 each	(c) -	184,104	-	18
Share consolidation of 10 ordinary shares of HK\$0.0001 each into 1 ordinary share of HK\$0.001 each	(a) (994,163)	-	-	-
Open offer of 8 ordinary shares for every 1 share in issue at a subscription price of HK\$0.2 each	(d) 883,700	-	884	-
Placing of shares at a placing price of HK\$0.132 each	(e) 198,830	-	199	-
At the end of the reporting period, ordinary shares of HK\$0.001 each (at 30 June 2014: HK\$0.0001 each)	1,192,992	1,104,625	1,193	110

Notes:

- (a) A share consolidation of every 10 issued and unissued shares of HK\$0.0001 took effect from August 2014 resulting in the authorized share capital of HK\$1,000,000,000 dividing into 1,000,000,000,000 consolidated shares of HK\$0.001 each, of which 110,462,472 consolidated shares were then in issue and fully paid or credited as fully paid.
- (b) In January 2014, the Company entered into a placing agreement with a placing agent for placing an aggregate of 153,420,120 shares to not less than 6 independent placees at a price of HK\$0.25 per placing share. The net proceed of HK\$36.7 million was received in January 2014.
- (c) In June 2014, the Company entered into a placing agreement with a placing agent for placing an aggregate of 184,104,000 shares to not less than 6 independent placees at a price of HK\$0.076 per placing share. The net proceeds of approximately HK\$13.5 million were received in June 2014.
- (d) An open offer of 883,699,776 offer shares at a subscription price of HK\$0.2 per offer share on the basis of 8 offer shares for every 1 share held was approved at the extraordinary general meeting of the Company on 11 August 2014. The offer shares were allotted and the net proceeds of approximately HK\$170 million were received on 16 September 2014 accordingly.
- (e) In October 2014, the Company entered into a placing agreement with a placing agent for placing an aggregate of 198,830,000 shares to not less than 6 independent placees at a price of HK\$0.132 per placing share. The net proceeds of approximately HK\$25.4 million were received in October 2014.

15. RELATED PARTY TRANSACTIONS

Compensation of Directors and key management personnel of the Group during the period was as follows:

	For the three months ended 31 December		For the six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Short-term benefits	611	270	1,219	540

16. OPERATING LEASE COMMITMENTS

	At 31 December 2014 HK\$'000 (Unaudited)	At 30 June 2014 HK\$'000 (Audited)
Within one year	5,841	2,999
After one year but within five year	2,441	2,354
	8,282	5,353

17. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to the reporting period:

- (a) Placing of 238,580,000 ordinary shares of the Company at a placing price of HK\$0.065 per share was completed on 13 January 2015 and the net proceeds of approximately HK\$14.79 million was received following the completion of the placing. Details of the placing were set out in the Company's announcements dated 23 December 2014 and 13 January 2015.
- (b) Trading in the shares of the Company was suspended with effect from 30 January 2015 pending the release of an announcement relating to a proposed very substantial acquisition of the Company which contains inside information.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospect

Food and Beverage Trading

Further to the adoption of a new strategic measure to rationalize the customer mix as announced in our 2014 annual report, the Group continued to suffer from the reduction in revenue from the food and beverage trading during the six months ended 31 December 2014 due to the slowdown for the demands of quality food attributable to the reduction in spending by the mainland visitors and the relatively weak performance of the local economy. We are not too optimistic about the future performance of this business segment under the aftermath of the “Occupy Central Movement” as there are signs to indicate that a prolonged period of antagonizing sentiment against the mainland visitors will emerge. While it is generally considered that the mainland visitors is a major source of our revenue, we would believe that the slowdown for quality food will persist and we will have to adjust our strategy accordingly in order to survive during this period of turmoil. We will therefore continue to keep our eyes wide open for any potential investment opportunities so as to compensate the loss of revenue in the food and beverage business.

Money Lending

Further to the acquisition of the Money Lenders Licence in May 2014, the Group has entered into the lending business in return for interest revenue. Money lenders in Hong Kong generally placed specific emphasis on their fast and convenient application process with minimum credit and background assessment to attract customers who may fail to meet the loan requirements of the authorized financial institutes. This is the risk factor associated with the non-collectability of the loans granted for most of the money lenders, which we believe, can be mitigated by a thorough checking on the background and financial position of the loan applicants undertaken by the Group. In addition, the Group adopts a conservative approach to its lending business and only focuses on loans granted to small and medium enterprises and individuals on a small scale basis and as such, it is not anticipated that a significant amount of funding is required. On strict compliance with this lending principle, the Group recorded approximately HK\$1.96 million of interest income during the six months ended 31 December 2014. Going forward, we will divert more attention to develop the money lending business so as to diversify the business portfolio of the Group.

Other Developments

In line with the corporate strategy of the Group to identify and capitalize new opportunities to achieve financial growth, the Group has made the following developments:

- (a) On 11 November 2014, the Company announced that Sharp Elegant Limited, a wholly owned subsidiary of the Company, is establishing a health centre in North Point to provide hot stone spa and health related services, including ganbanyoku and health urn. All major renovation works on the health centre have been completed and the health centre is scheduled to commence operations in February 2015.
- (b) On 2 December 2014, the Group entered into a memorandum of understanding ("**MOU**") in relation to the possible acquisition of the entire issued share capital of Goldee Holdings Limited, which is the legal and beneficial owner of a property, at an aggregate consideration of HK\$315 million. An earnest money in the sum of HK\$10 million has been paid by the Group pursuant to the MOU.
- (c) With effect from 30 January 2015, trading in the shares of the Company has been suspended pending the release of an announcement relating to a proposed very substantial acquisition which contains inside information of the Company.

Financial Review

The Group posted an unaudited consolidated revenue of approximately HK\$2.6 million for the six months ended 31 December 2014 (six months ended 31 December 2013: approximately HK\$4.4 million), representing a substantial reduction of approximately HK\$1.8 million or 41 % as compared to the six months ended 31 December 2013. The substantial reduction in revenue was primarily attributable to the continuing reduction of revenue generated from the food and beverage trading as discussed under **Business Review and Prospect** above. However, the reduction in business volume of food and beverage trading was compensated by an interest income of approximately HK\$1.96 million generated during the six months ended 31 December 2014 from the money lending business commenced in June 2014.

The Group's gross profit margin has increased substantially from 3% for the six months ended 13 December 2013 to 75.8% for the six months ended 31 December 2014. This is primarily due to the establishment of the money lending business where the gross profit margin is substantially higher than that of the food and beverage trading business.

Included in other income for the six months ended 31 December 2014 is an amount of approximately HK\$7.8 million which represents the gain arising from the full redemption of the then outstanding convertible bonds of HK\$170 million in September 2014.

The administration expenses for the six months ended 31 December 2014 were augmented by approximately HK\$5.4 million which is a significant increase of 77.4% over the corresponding period in 2013. This is mainly resulted from the pre-operating expenses incurred for the establishment of a health centre as announced on 11 November 2014.

Loss from operations has also increased from approximately HK\$1.4 million for the six months ended 31 December 2013 to approximately HK\$2.8 million for the six months ended 31 December 2014, representing an increase of approximately HK\$1.4 million which was mainly due to the following:

- (i) substantial increase in administrative and operating expenses as discussed above;
- (ii) reduction in gain on disposal of financial assets at fair value through profit or loss; and
- (iii) loss on reduction in fair value of financial assets through profit or loss.

Share of loss of an associate amounting to HK\$314,000 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.

Liquidity and financial resources

As at 31 December 2014, the Group's cash and cash equivalents amounted to approximately HK\$10.2 million (30 June 2014: approximately HK\$24.6 million). The reduction in the Group's cash and cash equivalents is primarily attributable to the granting of loans under the money lending business. Following the full redemption of the convertible bonds in September 2014, the Group's has no external borrowings as at 31 December 2014.

In order to finance the full redemption of the convertible bonds of HK\$170 million, the Company raised approximately HK\$170.2 after expenses by way of an open offer at a subscription price of HK\$0.2 per offer share on the basis of 8 offer shares for every 1 share held and as a result, on 16 September 2014, 883,699,776 shares of the Company were issued and allotted.

On 15 October 2014, the Company issued and allotted 198,830,000 shares of the Company (“**Placing Shares**”) on completion of the placing for the Placing Shares at a placing price HK\$0.132 per share. The net proceeds of HK\$25.4 million were earmarked as general working capital.

Contingent liabilities

As at 31 December 2014, the Group had no contingent liabilities (30 June 2014: Nil).

Exposure to fluctuations in exchange rates and related hedges

No significant exchange risk is expected as the Group’s cash, borrowings, income and expenses are mainly settled in Hong Kong dollars. The Board considers its exposure to foreign exchange risk was not significant and therefore, no financial instrument was made to hedge such exposures.

Charge on Group Assets

As at 31 December 2014, the Group did not have any charge on its assets (30 June 2014: Nil).

Capital Structure

As at 31 December 2014, the total number of issued shares of the Company was 1,192,992,248 ordinary shares of HK\$0.001 each (30 June 2014: 1,104,624,720 ordinary shares of HK\$0.0001 each).

Material Acquisition and Disposal

There was no material acquisition and disposal of subsidiaries and associated company by the Group during the six months ended 31 December 2014 (six months ended 31 December 2013: Nil).

Investment in Listed Securities

The Group has invested in shares of certain companies, the shares of which are traded on the Stock Exchange of Hong Kong Limited. As at 31 December 2014, the Group held financial assets at fair value through profit or loss amounted to approximately HK\$17.3 million (30 June 2014: HK\$18.6 million).

Save as disclosed above, the Group did not have any investment in listed securities as at 31 December 2014.

Employees, Remuneration policies and Share Option Scheme

As at 31 December 2014, the Group had 26 staff (31 December 2013: 20). The aggregate staff costs and Director's remuneration for the six months ended 31 December 2014 amounted to approximately HK\$2.9 million (six months ended 31 December 2013: HK\$1.7 million). The Group's remuneration policy is formulated on the basis of the performance and experience of individual employee and is in line with the market practices. The Group offers to its employees other fringe benefits including Mandatory Provident Fund and medical benefits. Share options may be granted to employees based on performance evaluation in order to provide incentives and rewards.

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 December 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.

DIRECTOR'S RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as mentioned 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 six months ended 31 December 2014 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 December 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, 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:

Long Position

Name of substantial shareholder	Capacity	Number of underlying shares held	Approximate percentage of shareholding
Lee Hung Yuen	Beneficial owner	98,000,000	8.21%

Save as disclosed above, as at 31 December 2014, 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 six months ended 31 December 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 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 six months ended 31 December 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.

REPORT ON CORPORATE GOVERNANCE

The Company applied the principles and complied with the provisions of the Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 31 December 2014, except the following deviation:

Code provision A.4.1 stipulates that non-executive directors should be appointed for specific terms. The Company has deviated from this provision in that the independent non-executive directors are not appointed for a specific term. They are, however, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

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, 10 February 2015

As at the date of this report, the directors of the Company are:

Executive Directors:

Ms. Leung Wai Kuen, Cerene

Mr. Leung Wai Tung

Independent Non-executive Directors:

Ms. Chan Wan Yee

Mr. Siu Kwok Chung

Mr. Sit Bun