



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

THIRD QUARTERLY 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.

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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") presents the unaudited results of the Group for the three months and nine months ended 31 March 2015, together with comparative figures for the same corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 31 March		For the nine months ended 31 March	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	2	1,246	1,365	3,858	5,800
Cost of sales		(323)	(1,326)	(954)	(5,628)
Gross profit		923	39	2,904	172
Other income	3	-	3	7,757	3
Administrative and operating expenses		(8,819)	(9,124)	(21,216)	(16,111)
Gain/(Loss) on disposal of financial assets at fair value through profit or loss		1,042	(1,864)	1,362	(126)
Change in fair value of financial assets through profit or loss		(938)	(5,315)	(1,412)	(1,623)
Loss from operations		(7,792)	(16,261)	(10,605)	(17,685)
Finance costs		(8)	(3,927)	(1,911)	(11,403)
Share of profit/(loss) of an associate		110	(61)	(204)	(142)
Loss before taxation		(7,690)	(20,249)	(12,720)	(29,230)
Income tax expense	4	-	-	-	-
Loss for the period attributable to owners of the Company		(7,690)	(20,249)	(12,720)	(29,230)
Loss per share	6		(re-stated)		(re-stated)
Basic		(HK0.7 cent)	(HK23.2 cents)	(HK1.1 cents)	(HK36.4 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	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Loss for the period attributable to owners of the Company	(7,690)	(20,249)	(12,720)	(29,230)
Other comprehensive loss:				
Loss on extinguishment of convertible bonds	-	-	(35,497)	-
Total comprehensive loss for the period attributable to owners of the Company	(7,690)	(20,249)	(48,217)	(29,230)

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated results for the nine months ended 31 March 2015 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 ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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 2015 are consistent with those used in the Group's audited financial statements for the year ended 30 June 2014.

The HKICPA has issued a number of new and revised HKFRS 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 nine months ended 31 March 2015 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 2015 are unaudited but have been reviewed by the Company's Audit Committee.

2. REVENUE

For management purposes, the Group is organized into business units based on their products and services and has three (2014: one) reportable operating segments as follows:

- (a) Food and beverage trading is a strategic business unit which is engaged in the provision of quality food and beverage;
- (b) Money lending is a new segment established in the year ended 30 June 2014 which provides funds to clients and receives loan interest income in return; and
- (c) Health care services is another brand new business unit which operates a health centre for the provision of hot stone spa and health related services. It commenced operations in February 2015.

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	
	2015	2014	2015	2014
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Food and beverage trading	334	1,365	986	5,800
Money lending	878	–	2,838	–
Health care services	34	–	34	–
	1,246	1,365	3,858	5,800

3. OTHER INCOME

	For the three months ended 31 March		For the nine months ended 31 March	
	2015	2014	2015	2014
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Gain on early redemption of convertible bonds	–	–	7,752	–
Interest income	–	3	5	3
	–	3	7,757	3

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 2015 (2014: Nil).

5. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the nine months ended 31 March 2015 (2014: Nil).

6. LOSS PER SHARE

The calculation of the basic 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	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Loss attributable to owners of the Company for the purpose of calculating basic loss per share (HK\$'000)	(7,690)	(20,249)	(12,720)	(29,230)

Number of shares

Weighted average number of ordinary shares for the purpose of calculating basic loss per share ('000)	1,065,737	(re-stated) 87,450	1,173,774	(re-stated) 80,238
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Diluted loss per share for the above periods has not been presented as the then outstanding convertible bonds had anti-dilutive effects.

7. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Convertible bonds reserve HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2014 (Audited)	110	1,007,979	15,826	68,652	-	(1,147,800)	(55,233)
Total comprehensive loss for the period	-	-	-	-	-	(48,217)	(48,217)
Subscription of shares pursuant to an open offer	884	169,552	-	-	-	-	170,436
Placing of shares	438	37,671	-	-	-	-	38,109
Redemption of convertible bonds	-	-	-	(68,652)	-	68,652	-
At 31 March 2015 (Unaudited)	1,432	1,215,202	15,826	-	-	(1,127,365)	105,095
At 1 July 2013 (Audited)	77	957,809	15,826	68,652	616	(1,098,098)	(55,118)
Total comprehensive loss for the period	-	-	-	-	-	(29,230)	(29,230)
Lapse of share options	-	-	-	-	(616)	616	-
Placing of shares	15	36,686	-	-	-	-	36,701
At 31 March 2014 (Unaudited)	92	994,495	15,826	68,652	-	(1,126,712)	(47,647)

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 mentioned in our 2014 annual report, the Group continued to suffer from the reduction in revenue from the food and beverage trading during the nine months ended 31 March 2015 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 has emerged. Although the Hong Kong SAR government is endeavouring to alleviate the tension against the mainland visitors by restricting the number of mainland visitors, the resulting effect of which however is not expected to surface in the short run. 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 ourselves. 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\$2.8 million of interest income during the nine months ended 31 March 2015. Going forward, we will divert more attention to develop the money lending business so as to diversify the business portfolio of the Group.

Health Care Services

Due to the increased awareness on healthcare and pursue of quality of living standard, it is believed that the business in providing hot stone spa and health related services would be prosperous and the demand is expected to sustain in future. The Group has therefore established a health centre to provide hot stone spa and health related services, which has commenced operations in February 2015. The Board is pleased with the initial performance of this business segment and is of the view that this business segment would enable the Group to expand its source of revenue and diversify the Group's revenue base.

Other Developments

(a) Very Substantial Acquisition

In line with the corporate strategy of the Group to identify and capitalize new opportunities to achieve financial growth, the Company announced on 18 March 2015 that the Group entered into the conditional agreements for sale and purchase (incorporating the sale and purchase agreement dated 29 January 2015, the supplemental sale and purchase agreement dated 18 February 2015, the second supplemental sale and purchase agreement dated 16 March 2015 and the third supplemental sale and purchase agreement dated 4 May 2015) for the acquisition of 51% of the total issued share capital of Goldee Holdings Limited ("Goldee") and the shareholder's loan to the extent of approximately HK\$152 million at a consideration of HK\$160,650,000. Goldee is an investment holding company and its subsidiary, namely Super Group Development Limited, is the legal and beneficial owner of the land property situated at nos. 8 & 10 Lomond Road, Kowloon, Hong Kong.

(b) Share Consolidation

On 18 March 2015, the Company announced that a proposal is to put forward to the shareholders of the Company to effect a share consolidation whereby every twenty (20) issued shares of the Company of par value of HK\$0.001 each will be consolidated into one (1) consolidated share of par value of HK\$0.02 each. The share consolidation will increase the trading price per board lot of the shares of the Company, which will reduce the overall transaction and handling costs of dealings in the shares of the Company. The Board believes that the share consolidation may attract more investors and extend the shareholders' base of the Company.

(c) Open Offer

On 18 March 2015, the Company also announced to raise approximately HK\$225.5 million (before expenses) by way of an open offer of 2,147,358,360 offer shares at a subscription price of HK\$0.105 per offer share on the basis of thirty (30) offer shares for every one (1) consolidated share (as referred to in (b) above) held on the record date. The Company intends to apply such net proceeds from the open offer for the settlement of the third instalment payment in relation to the proposed acquisition as referred to in (a) above and the remaining balance for general working capital of the Group.

Details of these other developments were set out in the announcements of the Company dated 18 March 2015, 27 April 2015, 4 May 2015 and 8 May 2015, and they are subject to reporting, announcement and shareholders' approval at the extraordinary meeting of the Company scheduled to be held on 11 June 2015.

Financial Review

The Group posted an unaudited consolidated revenue of approximately HK\$3.9 million for the nine months ended 31 March 2015 (nine months ended 31 March 2014: HK\$5,800,000), representing a reduction of HK\$1.9 million or 33.5% as compared to the nine months ended 31 March 2014. 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\$2.8 million generated during the nine months ended 31 March 2015 from the money lending business commenced in May 2014.

The Group's gross profit margin has increased substantially from 3% for the nine months ended 31 March 2014 to 75% for the nine months ended 31 March 2015. 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 nine months ended 31 March 2015 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 nine months ended 31 March 2015 were augmented by approximately HK\$5.1 million which is a significant increase of 31.7% over the corresponding period in 2014. This is mainly resulted from the establishment and operating expenses incurred for the new health centre.

Loss from operations has also reduced from approximately HK\$17.7 million for the nine months ended 31 March 2014 to approximately HK\$10.6 million for the nine months ended 31 March 2015, representing a reduction of approximately HK\$7.1 million, which was mainly due to the following:

- (i) substantial increase in gross profit generated from the money lending business;
- (ii) gain arising from the full redemption of the then outstanding convertible bonds of HK\$170 million in September 2014; and
- (iii) gain on disposal of financial assets at fair value through profit or loss amounting to approximately HK\$1.4 million for the nine months ended 31 March 2015.

Share of loss of an associate amounting to HK\$204,000 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.

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 ("First Placing Shares") on completion of the placing for the First 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.

On 13 January 2015, the Company issued and allotted 238,580,000 shares of the Company ("Second Placing Shares") on completion of the placing for the Second Placing Shares at a placing price HK\$0.065 per share. The net proceeds of HK\$14.8 million were also earmarked as general working capital.

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 2015, 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 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 and the share option scheme adopted on 20 November 2012 (the "Share Option Scheme"), 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.

During the nine months ended 31 March 2015, there was no option granted and as at 31 March 2015, there was no outstanding option under the Share Option Scheme.

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

As at 31 March 2015, 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:

Long Position

Name of substantial shareholder	Capacity in which underlying shares are held	Number of underlying shares held	Approximate percentage of shareholding
Lee Hung Yuen	Beneficial owner	98,000,000	6.85%

Save as disclosed above, as at 31 March 2015, the Company was not notified of any other relevant interests or short position 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

In March 2015, the Company repurchased 8 shares of HK\$0.001 each of the Company on the Stock Exchange at a cash consideration of HK\$0.38. These 8 shares were cancelled in March 2015.

Save as disclosed above, during the nine months ended 31 March 2015, 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. Hau Chi Kit 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 2015 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 2015

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

Executive Directors

Ms. Leung Wai Kuen, Cerene

Mr. Leung Wai Tung

Independent Non-executive Directors

Ms. Chan Wan Yee

Mr. Hau Chi Kit

Mr. Sit Bun