

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



2015/2016
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.*

RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited results of the Group for the three months ended 30 September 2015, together with comparative figures for the same corresponding period in 2014 as follows:

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the three months ended 30 September	
	<i>Notes</i>	2015 HK\$'000 (Unaudited)	2014 <i>HK\$'000</i> (Unaudited) (Represented)
Revenue	2	13,817	5,087
Cost of sales		(12,576)	(4,086)
Gross profit		1,241	1,001
Other income	3	5	7,757
Administrative expenses		(9,675)	(5,857)
Change in fair value of financial assets through profit or loss		(8,167)	1,941
(Loss)/Profit from operations		(16,596)	4,842
Finance costs		(1,039)	(1,895)
Share of loss of an associate		(284)	(109)
(Loss)/Profit before taxation		(17,919)	2,838
Income tax expense	4	-	-
(Loss)/Profit and other comprehensive (loss)/income for the period		(17,919)	2,838
Attributable to:			
Owners of the Company		(17,858)	2,838
Non-controlling interests		(61)	-
		(17,919)	2,838
(Loss)/Earnings per share	6		(Restated)
Basic		(HK 0.9 cent)	HK20.0 cents
Diluted		N/A	N/A

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited consolidated results for the three months ended 30 September 2015 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 2015 and for the prior accounting periods as a result of these developments.

The unaudited consolidated results for the three months ended 30 September 2015 have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 30 September 2015 are consistent with those adopted in the financial statements of the Group for the year ended 30 June 2015.

The consolidated results of the Group for the three months ended 30 September 2015 are unaudited but have been reviewed by the audit committee of the Company.

2. REVENUE

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

- (a) Trading of food and beverage segment is a strategic business unit which is engaged in the provision of quality food and beverage;
- (b) Money lending segment provides funds to clients and receives loan interest income in return;
- (c) Health care services operates a health centre for the provision of hot stone spa and health related services;
- (d) Securities investment and trading is engaged in purchase and sale of listed securities and investment; and
- (e) Property investment is engaged in holding a land property situated in Hong Kong.

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

	For the three months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Represented)
Food and beverage trading	335	313
Money lending	732	703
Health care services	386	–
Securities investment and trading	12,364	4,071
Property investment	–	–
	13,817	5,087

3. OTHER INCOME

	For the three months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain on early redemption of convertible bonds	–	7,752
Interest income	5	5
	5	7,757

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 had been made as the Group had no assessable profits derived from Hong Kong for the three months ended 30 September 2015 (2014: Nil).

5. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the three months ended 30 September 2015 (2014: Nil).

6. (LOSS)/EARNINGS PER SHARE

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

	For the three months ended 30 September 2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/Profit attributable to owners of the Company for the purpose calculating basic (loss)/earnings per share	(17,858)	2,838

	For the three months ended 30 September 2015	2014
	(Unaudited)	(Unaudited)
		(Restated)

Number of shares

Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	1,937,062,000	14,218,000
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Diluted (loss)/earnings per share has not been presented as the Group had no potentially dilutive ordinary shares in issue during the three months ended 30 September 2015 and 2014.

7. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 30 September 2015

	Share capital	Share premium	Capital reserve	Convertible bonds reserve	Accumulated losses	Total	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2015 (Audited)	1,432	1,214,417	15,826	-	(1,121,239)	110,436	161,304	271,740
Issue of shares from open offer	42,947	175,362	-	-	-	218,309	-	218,309
Total comprehensive loss for the period	-	-	-	-	(17,858)	(17,858)	(61)	(17,919)
At 30 September 2015 (Unaudited)	44,379	1,389,779	15,826	-	(1,139,097)	310,887	161,243	472,130
At 1 July 2014 (Audited)	110	1,007,979	15,826	68,652	(1,147,800)	(55,233)	-	(55,233)
Early redemption of convertible bonds	-	-	-	(68,652)	33,156	(35,496)	-	(35,496)
Issue of shares from open offer	884	169,553	-	-	-	170,437	-	170,437
Total comprehensive income for the period	-	-	-	-	2,838	2,838	-	2,838
At 30 September 2014 (Unaudited)	994	1,177,532	15,826	-	(1,111,806)	82,546	-	82,546

8. EVENT AFTER THE REPORTING PERIOD

Trading in the shares of the Company on the Stock Exchange has been halted on 6 November 2015 pending the release of an announcement in relation to a very substantial disposal which constitutes an inside information of the Company. Trading in the shares of the Company has not resumed as of the date of this report.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and represented to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Review and Prospect

Food and Beverage Trading

For the three months ended 30 September 2015, the food and beverage trading recorded a turnover of HK\$335,000, a slight increase of about 7% from the corresponding period in 2014. However, we do not anticipate that there is a persistent increasing trend for the volume of business generated by the food and beverage trading as the local retail sector has been suffering from the slowdown in demand for top end luxurious products including quality food and beverage due to the reduction in spending by the mainland visitors. While we do not expect that the current situation will turn around in the near future, we would continue to adopt our previously stated strategy in diverting our attention to the development of other businesses which can generate a stable return.

Money Lending

Further to the acquisition of the Money Lenders Licence in May 2014, the money lending business has developed into a major revenue-generating unit of the Group. For the three months ended 30 September 2015, the interest income recorded by this business unit amounted to HK\$732,000, an increase of about 4% from the corresponding period in 2014.

Nowadays, the regulatory body in Hong Kong is quite concerned with the impact on the capital adequacy ratio of the banks in relation to the bank borrowings granted to the financial services companies. Accordingly, it is closely monitoring the credit approval procedures of the banks towards money lenders. Hence, it may be more difficult for small and medium sized money lenders to seek funding from local banks to support their loans portfolio. This would result in the suppression on the provision of loans by the small and medium sized financial institutions. However, it is believed that this would create an opportunity for the Group to expand its market share in the industry as the Group is not involved in bank borrowings to finance its money lending business, which is mainly funded by internal resources of the Group. Looking forward, the money lending business will maintain a stable development. The Group will continue to adopt a conservative approach to the lending business and only focuses on loans granted to small and medium enterprises and individuals on a small scale basis.

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 health care 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 (including ganbanyoku which is a method of keeping fit that involves lying down on a heated slab of rock embedded in the ganbanyoku room floor, and health urn which is a round shaped container with stones attached to the inner surface of a container which consists of far-infra red that penetrate deep into human body and discharge heavy metal in blood vessels. Both facilities discharge body wastes by heating effect.), which commenced operations in February 2015.

For the three months ended 30 September 2015, the revenue recorded in this business segment amounted to approximately HK\$386,000, which is an increase of about 70% over the revenue recorded in the initial five months of operation in the fiscal year 2014-15. The Board considers that the performance of this business segment is acceptable taking into account the current economic climate and the time required for the development of the business. The Group will, however, embark on more promotional and advertising activities on the health centre with a view to further fostering its revenue so that this business segment would enable the Group to expand and diversify its source of revenue.

Securities Investment and Trading

Subsequent to the boom in the bullish trading of listed securities in the first half of 2015, the stock market has not yet recovered its momentum. However, leveraging on our cautious approach to securities trading, the Group still managed to generate a turnover of HK\$12,364,000 from securities trading during the three months ended 30 September 2015.

We will continue to adopt a cautious approach in making investment decision in securities dealing so as to obtain a balance between risk and return.

Investment in Land Property

The Group is a legal and beneficial owner of a land property situated at nos. 8 and 10 Lomond Road, Kowloon with Sub-Section 1 and the remaining Portion of Section C of Kowloon Inland Lot No. 4164 ("**Land Property**"), which is a vacant site and there was no construction work done on the site. The Group apparently holds an effective interest of 51% in the Land Property, the carrying value of which was HK\$330 million as at 30 June 2015.

The Group planned to hold the Land Property for capital appreciation with no concrete plan for further development. However, the Group is open to consider any offer to purchase if the terms and considerations are considered as fair and reasonable, which would ultimately enhance the value to the shareholders.

Other business development

On 29 July 2015, Ace Champion Global Limited ("**Ace Champion**"), a wholly-owned subsidiary of the Group entered into a share subscription agreement, pursuant to which Ace Champion has conditionally agreed to subscribe 155 ordinary shares ("**Subscription Shares**") of Co-Lead Holdings Limited. The Subscription Shares represent approximately 2.86% of the issued share capital of Co-Lead Holdings Limited and the consideration of HK\$50,000,000 for the Subscription Shares would be satisfied by cash of HK\$25,000,000 and the issue of a 7.5% per annum, 6-month promissory note in principal amount of HK\$25,000,000 by the Company. Completion of the subscription took place on 31 July 2015. Details of this transaction were set out in the announcements of the Company dated 29 July 2015 and 31 July 2015.

Financing resources

On 18 March 2015, the Company announced to raise approximately HK\$225,500,000 (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 30 offer shares for every 1 share held on 23 June 2015. The open offer became unconditional on 15 July 2015 and the offer shares were all allotted on 17 July 2015. Details of the open offer are set out in the company's circular and prospectus dated 26 May and 24 June 2015 respectively.

Financial Review

The Group posted an unaudited consolidated revenue of approximately HK\$13.8 million for the three months ended 30 September 2015 (2014: HK\$5.1 million), representing an substantial increase of approximately HK\$8.7 million or 171.6 % as compared to the three months ended 30 September 2014. The significant increase was primarily attributable to the increase in revenue generated from the securities investment and trading.

The Group's gross profit margin has reduced from 19.7% for the three months ended 30 September 2014 to 9.0% for the three months ended 30 September 2015. This is mainly due to the reduction in gross profit margin from the securities investment and trading.

The administrative expenses were augmented by approximately HK\$3.8 million which is an increase of about 65.2% over the previous corresponding period in 2014. This is mainly resulted from the administrative expenses incurred in the health care services which only commenced operation in February 2015.

Share of loss of an associate amounting to HK\$284,000 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 30 September 2015, there were no interests and short positions 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.

DIRECTOR'S RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "SHARE OPTION SCHEME" below, at no time during the three months ended 30 September 2015 was the Company or any of its 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.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 20 November 2012 for the purpose of providing incentives and rewards to the eligible participants including the Directors, who have contributed or may contribute to the Group.

There were no share options granted under the share option scheme since its adoption.

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

As at 30 September 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 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 substantial shareholder	Capacity/Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
Mr. Lee Hung Yuen	Beneficial owner	151,900,000	6.84%

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

During the three months ended 30 September 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 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 consists of three independent non-executive Directors, namely Ms. Wong Lai Na, Mr. Hau Chi Kit and Mr. Sit Bun. Ms. Wong Lai Na is the chairman of the audit committee. The audit committee has reviewed the Group's unaudited results for the three months ended 30 September 2015.

By Order of the Board

CELEBRATE INTERNATIONAL HOLDINGS LIMITED

譽滿國際(控股)有限公司

Leung Wai Kuen

Executive Director

Hong Kong, 10 November 2015

As at the date of this report, the Board comprises Ms. Leung Wai Kuen, Cerene and Dr. Law Wai Ching being executive Directors; and Ms. Wong Lai Na, Mr. Hau Chi Kit and Mr. Sit Bun being independent non-executive Directors.

This report will remain on the website of GEM at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days and on the website of the Company at www.ciholdings.com.hk.