

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

FIRST QUARTERLY REPORT 2016/2017

## **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 2016, together with comparative figures for the same corresponding period in 2015 as follows:

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>For the three months ended 30 September</b>	
	Notes	<b>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited) (Represented)
<b>Turnover</b>	2	<b>53,503</b>	13,817
<b>Revenue</b>	2	<b>2,250</b>	1,669
<b>Cost of sales</b>		<b>(2,412)</b>	(2,417)
<b>Gross loss</b>		<b>(162)</b>	(748)
Other income	3	<b>62,246</b>	5
Administrative expenses		<b>(9,251)</b>	(7,674)
Other operating expenses	4	<b>-</b>	(8,179)
<b>Profit/(Loss) from operations</b>		<b>52,833</b>	(16,596)
Finance costs		<b>(4)</b>	(1,039)
Share of loss of an associate		<b>(440)</b>	(284)
<b>Profit/(Loss) before taxation</b>		<b>52,389</b>	(17,919)
Income tax expense	5	<b>-</b>	-
<b>Profit/(Loss) and other comprehensive income/(loss) for the period</b>		<b>52,389</b>	(17,919)
<b>Attributable to:</b>			
Owners of the Company		<b>52,389</b>	(17,858)
Non-controlling interests		<b>-</b>	(61)
		<b>52,389</b>	(17,919)
			(Restated)
<b>Earnings/(Loss) per share</b>	7		
Basic		<b>HK16.40 cents</b>	(HK0.97 cent)
Diluted		<b>N/A</b>	N/A

Notes:

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited consolidated results for the three months ended 30 September 2016 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 2016 and for the prior accounting periods as a result of these developments.

The unaudited consolidated results for the three months ended 30 September 2016 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 2016 are consistent with those adopted in the financial statements of the Group for the year ended 30 June 2016.

The consolidated results of the Group for the three months ended 30 September 2016 are unaudited but have been reviewed by the audit committee of the Company.

## 2. TURNOVER AND REVENUE

For management purpose, the Group is currently organized into business units based on their products and services and has five (2015: five) 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 provide 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 investment in properties.

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

	For the three months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Represented)
<b>Revenue</b>		
Revenue from food and beverage trading	299	335
Interest income from money lending	1,660	732
Revenue from health care services	252	386
Dividend income from listed securities	39	216
	<b>2,250</b>	1,669
<b>Turnover</b>		
Proceeds from sale of listed securities	51,253	12,148
	<b>53,503</b>	13,817

### 3. OTHER INCOME

	For the three months ended September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Gain on disposal of financial assets at fair value through profit or loss	16,358	-
Fair value gain of financial assets at fair value through profit or loss	45,101	-
Reversal of impairment loss on trade receivables	738	-
Interest income	-	5
Sundry income	49	-
	<b>62,246</b>	5

### 4. OTHER OPERATING EXPENSES

	For the three months ended September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Loss on disposal of financial assets at fair value through profit or loss	-	12
Fair value loss of financial assets at fair value through profit or loss	-	8,167
	-	8,179



**5. INCOME TAX EXPENSE**

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 2016 (2015: Nil).

**6. DIVIDEND**

The Directors do not recommend the payment of any interim dividend for the three months ended 30 September 2016 (2015: Nil).

**7. EARNINGS/(LOSS) PER SHARE**

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

	<b>For the three months ended 30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Profit/(Loss) attributable to owners of the Company for the purpose calculating basic earnings/(loss) per share	<b>52,389</b>	(17,858)

	<b>For the three months ended 30 September</b>	
	<b>2016</b>	2015
	<b>(Unaudited)</b>	(Unaudited) (Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<b>319,517,697</b>	1,843,685,153

The Company had no potentially dilutive ordinary shares in issue during the periods ended 30 September 2016 and 2015.

**8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the three months ended 30 September 2016

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 1 July 2016 (Audited)</b>	<b>63,904</b>	<b>1,392,454</b>	<b>15,826</b>	<b>(1,180,476)</b>	<b>291,708</b>	<b>55,945</b>	<b>347,653</b>
Capital reduction	(63,872)	-	-	63,872	-	-	-
Total comprehensive income for the period	-	-	-	52,389	52,389	-	52,389
<b>At 30 September 2016 (Unaudited)</b>	<b>32</b>	<b>1,392,454</b>	<b>15,826</b>	<b>(1,064,215)</b>	<b>344,097</b>	<b>55,945</b>	<b>400,042</b>
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

**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 2016, the food and beverage trading only recorded a turnover of HK\$299,000, which is a reduction of about 10.7% from the corresponding period in 2015. It is anticipated that the scale of operation in this business would remain at more or less the same level as the local retail sector has not yet recovered 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. The Group will continuously monitor the operations of this business segment and will rationalize the Group's resources so as to achieve the maximization of the shareholders' value by diverting the attention to the development of other businesses which can generate a stable return.

#### *Money Lending*

Since the commencement of business in May 2014, the money lending segment has developed into a major revenue-generating unit of the Group. For the three months ended 30 September 2016, the interest income recorded by this business unit amounted to HK\$1,660,000, which is an encouraging increase of over two times from the corresponding period in 2015 with a total loan portfolio amounting to HK\$54.2 million as at 30 September 2016 comparing to that of HK\$16.6 million as at 30 September 2015.

Despite the uncertainties of the domestic economy and the local property market, the Group observed that demand for short term financing is still robust. Looking forward, the money lending business will maintain a stable development and the Group will continue to implement a prudent strategy of focusing on loans granted to small and medium enterprises and individuals on a small scale basis.

#### *Health Care Services*

Health care services, which mainly provide hot stone spa and health related services, commenced operation in February 2015 with the establishment of a health centre in North Point. For the three months ended 30 September 2016, revenue generated from this business segment amounted to approximately HK\$252,000, which has reduced by approximately 34.7% from that of HK\$386,000 recorded for the corresponding three months in 2015. The Board considers that the reduction in revenue is mainly caused by the current weak economic climate and the fierce competition in the market for high quality health centres. Looking ahead, the Group will embark on a series of promotional and advertising activities for the health centre so as to position ourselves in the provision of high quality health care services for further developing the business.



In line with the corporate strategy for further fostering the Group's revenue and diversifying the Group's revenue base, the Group is currently in the process of establishing another health centre in Shanghai. Design and construction works on the health centre are underway and will soon reach its final stage. It is expected that the new health centre will commence operation before the end of 2016.

#### *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\$51.3 million (3 months ended 30 September 2015: HK\$12.1 million) from securities trading and recognized a profit of HK\$16.4 million (3 months ended 30 September 2015: loss of HK\$12,000) on disposal of listed securities during the three months ended 30 September 2016.

As at 30 September 2016, the size of the securities investment portfolio amounted to approximately HK\$266.9 million (30 September 2015: HK\$33.4 million). The Group intends to diversify its investment portfolio in order to reduce the relevant concentration and investment risks. Given the nature of securities investment and trading business, it is crucial for the Group to have readily available funds in order to capture suitable investment opportunities which may arise from time to time in a timely fashion to provide investment return to the Group.

#### *Property Investment*

Since the disposal of a land property situated at nos. 8 and 10 Lomond Road, Kowloon at a consideration of HK\$390 million in the financial year ended 30 June 2016, the Group has been looking for valuable opportunities in both local and overseas property market for further investment. Finally, on 14 September 2016, the Company announced that the Group entered into an agreement to acquire a residential property located at Hainan in the People's Republic of China at the consideration of RMB8,500,000. The property will be delivered to the Group on or before 31 December 2016 subject to the obtaining of the relevant certificates and approvals from relevant government authorities. Details of this transaction were set out in the Company's announcement dated 14 September 2016.

#### *Capital Reduction*

On 1 April 2016, the Company announced that the reduction of the issued share capital of the Company by reducing the par value of each issued share from HK\$0.20 to HK\$0.0001 by cancelling the paid up share capital to the extent of HK\$0.1999 per issued share is to be implemented. The capital reduction has become effective subsequent to the successful registration by the Registrar of Companies in the Cayman Islands of the order of the Court on 15 August 2016.

### *Placing*

On 20 September 2016, the Company entered into a placing agreement (the “**Placing Agreement**”) with Pico Zeman Securities (HK) Limited, pursuant to which Pico Zeman Securities (HK) Limited agreed to place 63,896,000 placing shares of the Company to not less than six placees on a best effort basis at a placing price of HK\$0.17 per placing share (the “**Placing**”). The Placing was completed on 11 October 2016 and 63,896,000 placing shares with an aggregate nominal value of HK\$6,389.6 were allotted and issued by the Company to not less than six placees who were independent individuals, corporations and/or institutional investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.

The placing price of HK\$0.17 represents (i) a discount of approximately 15.0% to the closing price of HK\$0.200 per share as quoted on the Stock Exchange of Hong Kong Limited on 20 September 2016, being the date of the Placing Agreement; and (ii) a discount of approximately 19.8% to the average closing price of HK\$0.212 per share of the Company as quoted on the Stock Exchange of Hong Kong Limited for the last five consecutive trading days up to and including 19 September 2016. The net placing price for the Placing was approximately HK\$0.163 per placing share.

The Placing was conducted by the Company to raise additional funds so as to improve the working capital and strengthen the financial position of the Group for future development. The net proceeds amounting to HK\$10.4 million arising from the Placing was applied as to (i) approximately HK\$2 million for the establishment of the new health centre in Shanghai; (ii) approximately HK\$4.5 million for granting of loans under the lending business of the Group; (iii) approximately HK\$500,000 for payment of operating expenses; and (iv) the remaining balance of HK\$3.4 million was maintained at the Group’s bank accounts.

### **Financial Review**

The Group posted an unaudited consolidated turnover of approximately HK\$53.5 million for the three months ended 30 September 2016 (3 months ended 30 September 2015: HK\$13.8 million), representing an substantial increase of over 280% as compared to that of the three months ended 30 September 2015. The significant increase was primarily attributable to the increase in turnover generated from the securities investment and trading.

The Group’s gross loss margin has reduced from 44.8% for the three months ended 30 September 2015 to 7.2% for the three months ended 30 September 2016. This is primarily due to the conscientious effort by the Group to control the cost of operations.

Included in other income is a profit of HK\$16.4 million (3 months ended 30 September 2015: loss of HK\$12,000) on disposal of listed securities and a fair value gain of HK\$45.1 million (3 months ended 30 September 2015: loss of HK\$8.2 million) for listed securities held on 30 September 2016.

The administrative expenses were augmented by approximately HK\$1.6 million, which is an increase of about 20.6% over the previous corresponding period in 2015. This is mainly resulted from the advertising and promotional expenses incurred in the health care services.

Share of loss of an associate amounting to HK\$440,000 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 2016, 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 2016 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 2016, so far as is known to the Directors and the chief executives of the Company, there was no interest and short position 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.

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

During the three months ended 30 September 2016, 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 audit committee of the Company was established 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. Tse Yuen Ming 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 2016.

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 2016

*As at the date of this report, the Board comprises Ms. Leung Wai Kuen, Cerene, Dr. Law Wai Ching, Mr. Lo Sik Yin and Mr. Kwok Ka Chung being executive Directors; and Ms. Wong Lai Na, Mr. Tse Yuen Ming and Mr. Sit Bun being independent non-executive Directors.*

*This report will remain on the website of GEM at [www.hkgem.com](http://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](http://www.ciholdings.com.hk).*