



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 2016/2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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**”) reports the unaudited results of the Group for the three months and six months ended 31 December 2016, together with comparative figures for the same corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 31 December		For the six months ended 31 December	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Represented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Represented)
Turnover	3	53,379	30,996	106,882	44,813
Revenue	3	1,924	1,657	4,174	3,326
Cost of sales		(2,491)	(1,785)	(4,903)	(4,202)
Gross loss		(567)	(128)	(729)	(876)
Other income	4	19,774	25,938	36,919	17,776
Administrative expenses		(8,601)	(7,922)	(17,852)	(15,596)
Other operating expenses	5	(81,818)	(6,960)	(36,717)	(6,972)
(Loss)/Profit from operations		(71,212)	10,928	(18,379)	(5,668)
Finance costs	6	(4)	(636)	(8)	(1,675)
Share of loss of an associate		(299)	(324)	(739)	(608)
(Loss)/Profit before taxation	7	(71,515)	9,968	(19,126)	(7,951)
Income tax expense	8	-	-	-	-
(Loss)/Profit for the period		(71,515)	9,968	(19,126)	(7,951)
Attributable to:					
Owners of the Company		(71,510)	9,947	(19,121)	(7,911)
Non-controlling interests		(5)	21	(5)	(40)
		(71,515)	9,968	(19,126)	(7,951)
(Loss)/Earnings per share attributable to owners of the Company	10				
Basic and diluted (HK cents)		(19.00)	4.48	(5.50)	(3.72)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 December		For the six months ended 31 December	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
(Loss)/Profit for the period	(71,515)	9,968	(19,126)	(7,951)
Other comprehensive loss to be reclassified to income statement in subsequent periods				
Exchange difference on translation of foreign operations	(192)	-	(192)	-
Other comprehensive loss to be reclassified to income statement in subsequent periods, net of tax	(192)	-	(192)	-
Total comprehensive (loss)/income for the period	(71,707)	9,968	(19,318)	(7,951)
Attributable to:				
Owners of the Company	(71,702)	9,947	(19,313)	(7,911)
Non-controlling interests	(5)	21	(5)	(40)
	(71,707)	9,968	(19,318)	(7,951)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		9,313	11,116
Investment in an associate		13,743	14,483
Available-for-sale investment		44,817	44,817
Loans receivable	11	816	241
		68,689	70,657
Current assets			
Loan receivables	11	56,172	46,954
Trade and other receivables	12	17,448	6,186
Financial assets at fair value through profit or loss	13	184,585	204,055
Bank balances and cash		18,584	27,220
		276,789	284,415
Current liabilities			
Trade and other payables	14	6,108	6,768
Obligation under finance lease		204	199
Tax payable		261	261
		6,573	7,228
Net current assets		270,216	277,187
Total assets less current liabilities		338,905	347,844
Non-current liabilities			
Obligation under finance lease		88	191
NET ASSETS		338,817	347,653
Capital and reserves			
Share capital	15	38	63,904
Reserves		282,839	227,804
Equity attributable to owners of the Company		282,877	291,708
Non-controlling interests		55,940	55,945
TOTAL EQUITY		338,817	347,653

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 31 December 2016

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1 July 2016 (Audited)	63,904	1,392,454	15,826	-	(1,180,476)	291,708	55,945	347,653
Loss for the period	-	-	-	-	(19,121)	(19,121)	(5)	(19,126)
Other comprehensive loss for the period:								
Exchange difference on translation of foreign operations	-	-	-	(192)	-	(192)	-	(192)
Total comprehensive loss for the period	-	-	-	(192)	(19,121)	(19,313)	(5)	(19,318)
Capital reduction	(63,872)	-	-	-	63,872	-	-	-
Placing of shares	6	10,476	-	-	-	10,482	-	10,482
At 31 December 2016 (Unaudited)	38	1,402,930	15,826	(192)	(1,135,725)	282,877	55,940	338,817
At 1 July 2015 (Audited)	1,432	1,214,417	15,826	-	(1,121,239)	110,436	161,304	271,740
Total comprehensive loss for the period	-	-	-	-	(7,911)	(7,911)	(40)	(7,951)
Subscription of shares pursuant to an open offer	42,947	175,362	-	-	-	218,309	-	218,309
At 31 December 2015 (Unaudited)	44,379	1,389,779	15,826	-	(1,129,150)	320,834	161,264	482,098

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 31 December	
	2016	2015
	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(18,233)	25,085
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(1,207)	(1,697)
Acquisition of available-for-sale investment	–	(25,000)
Proceed from disposal of plant and equipment	620	–
Net cash used in investing activities	(587)	(26,697)
Cash flows from financing activities		
Net proceeds from subscription of shares pursuant to an open offer	–	218,309
Redemption of promissory note	–	(140,650)
Net proceeds from placing of shares	10,482	–
Payments for finance lease	(98)	(93)
Interest payments	(8)	(894)
Net cash generated from financing activities	10,376	76,672
Net (decrease)/increase in cash and cash equivalents	(8,444)	75,060
Cash and cash equivalents at beginning of period	27,220	16,862
Effect of foreign exchange rate changes	(192)	–
Cash and cash equivalents at end of period, represented by bank balances and cash	18,584	91,922

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2016

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2016 (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 for the valuation of certain financial instruments, which are measured at fair values, as appropriate. 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 2016 and the Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 30 June 2016, 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 2016, 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. TURNOVER AND SEGMENT INFORMATION

For management purposes, the Group is 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;
- (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 securities and investment; and
- (e) Property investment.

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

	For the three months ended 31 December 2016		For the six months ended 31 December 2016	
	HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Represented)	HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Represented)
Food and beverage	206	341	505	676
Money lending	1,472	1,021	3,132	1,753
Health care services	246	295	498	681
Dividend income from listed securities	–	–	39	216
Revenue	1,924	1,657	4,174	3,326
Proceeds from sale of listed securities	51,455	29,339	102,708	41,487
Turnover	53,379	30,996	106,882	44,813

An analysis of the Group's revenue and results by segment for the six months ended 31 December 2016 is as follows:

	Food and beverage HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Reportable segment		Property investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
			Health care services HK\$'000 (Unaudited)	Securities investment and trading HK\$'000 (Unaudited)		
Turnover	505	3,132	498	102,747	–	106,882
Segment revenue	505	3,132	498	39	–	4,174
Segment result	(2,635)	183	(9,774)	(1,892)	(8)	(14,126)
Corporate administration costs						(4,253)
Finance costs						(8)
Share of loss of an associate						(739)
Loss before taxation						(19,126)

An analysis of the Group's revenue and results by segment for the six months ended 31 December 2015 (Represented) is as follows:

	Food and beverage HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Reportable segment		Property investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
			Health care services HK\$'000 (Unaudited)	Securities investment and trading HK\$'000 (Unaudited)		
Turnover	676	1,753	681	41,703	-	44,813
Segment revenue	676	1,753	681	216	-	3,326
Segment result	(2,597)	153	(6,706)	9,645	(81)	(414)
Corporate administration costs						(5,254)
Finance costs						(1,675)
Share of loss of an associate						(608)
Loss before taxation						(7,951)

An analysis of the Group's assets and liabilities by segment as at 31 December 2016 is as follows:

	Food and beverage HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Reportable segment		Property investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
			Health care services HK\$'000 (Unaudited)	Securities investment and trading HK\$'000 (Unaudited)		
ASSETS						
Segment assets	5,523	60,851	29,639	190,584	3,369	289,966
Unallocated assets						55,512
Total assets						345,478
LIABILITIES						
Segment liabilities	565	627	2,296	-	-	3,488
Unallocated liabilities						3,173
Total liabilities						6,661

An analysis of the Group's assets and liabilities by segment as at 30 June 2016 is as follows:

	Reportable segment					Total HK\$'000 (Audited)
	Food and beverage HK\$'000 (Audited)	Money lending HK\$'000 (Audited)	Health care services HK\$'000 (Audited)	Securities investment and trading HK\$'000 (Audited)	Property investment HK\$'000 (Audited)	
ASSETS						
Segment assets	5,890	57,931	14,115	204,785	-	282,721
Unallocated assets						72,351
Total assets						355,072
LIABILITIES						
Segment liabilities	1,034	526	1,789	-	-	3,349
Unallocated liabilities						4,070
Total liabilities						7,419

4. OTHER INCOME

	For the three months ended 31 December		For the six months ended 31 December	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Gain on disposal of financial assets at fair value through profit or loss	19,242	-	35,600	-
Fair value gain of financial assets at fair value through profit or loss	-	25,348	-	17,181
Reversal of impairment loss on trade receivables	482	576	1,220	576
Interest income	-	-	-	5
Sundries	50	14	99	14
	19,774	25,938	36,919	17,776

5. OTHER OPERATING EXPENSES

	For the three months ended 31 December		For the six months ended 31 December	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Loss on disposal of financial assets at fair value through profit or loss	-	6,960	-	6,972
Fair value loss of financial assets at fair value through profit or loss	81,818	-	36,717	-
	81,818	6,960	36,717	6,972

6. FINANCE COSTS

	For the three months ended 31 December		For the six months ended 31 December	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Interest expenses on borrowings	4	167	8	177
Interest on promissory note	-	469	-	1,498
	4	636	8	1,675

7. LOSS BEFORE TAXATION

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

	For the three months ended 31 December		For the six months ended 31 December	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Depreciation	1,129	1,463	2,266	2,674
Operating lease expenses	1,787	1,554	2,675	3,108

8. 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 2016 (2015: Nil).

9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2016 (2015: Nil).

10. (LOSS)/EARNINGS 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		For the six months ended 31 December	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/Earnings attributable to owners of Company for the purpose of calculating basic (loss)/earnings per share (HK\$'000)	(71,510)	9,947	(19,121)	(7,911)

Number of shares

Weighted average number of ordinary shares for the purpose of basic loss per share ('000)	376,392	221,894	347,780	212,379
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The Group had no potentially dilutive ordinary shares in issue in the above periods.

11. LOAN RECEIVABLES

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

	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
0 to 90 days	50,257	34,834
91 to 180 days	4,383	12,037
181 to 365 days	1,532	83
Over 1 year	816	241
	56,988	47,195
Non-current portion	816	241
Current portion	58,557	49,339
	59,373	49,580
Accumulated impairment loss on loan receivables	(2,385)	(2,385)
	56,988	47,195

Loan receivables of HK\$56,988,000 (30 June 2016: HK\$47,195,000) that were neither past due nor impaired related to debtors for whom there is no recent history of default.

12. TRADE AND OTHER RECEIVABLES

	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Trade receivables	5,019	5,982
Accumulated impairment loss on trade receivables	(2,833)	(4,054)
	2,186	1,928
Other receivables	15,330	4,326
Accumulated impairment loss on other receivables	(68)	(68)
	17,448	6,186

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

0 to 90 days	405	868
Over 90 days	1,781	1,060
	2,186	1,928

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

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Listed equity securities	152,971	166,796
Unlisted convertible bond*	31,614	37,259
Market value of listed securities and convertible bond	184,585	204,055

* In November 2015, True Wonder Investments Limited, a wholly-owned subsidiary of the Company was registered as a holder of the convertible bond in the principal amount of US\$7,000,000 (approximately HK\$54,313,700) with 2.0% coupon rate and maturity in 2020 issued by Union Asia Enterprise Holdings Limited. At the end of the reporting period, the convertible bond was revalued by an independent professional qualified valuer.

14. TRADE AND OTHER PAYABLES

	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Trade payables	481	950
Other payables	5,627	5,818
	6,108	6,768

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

0 to 90 days	50	46
Over 180 days	431	904
	481	950

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

15. SHARE CAPITAL

	Notes	Number of shares		Nominal value	
		At 31 December 2016 '000 (Unaudited)	At 30 June 2016 '000 (Audited)	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Authorised:					
At the beginning of the reporting period, ordinary shares of HK\$0.2 each (1 July 2015: HK\$0.02 each)					
		5,000,000	50,000,000	1,000,000	1,000,000
Share consolidation of 10 ordinary shares of HK\$0.02 each into 1 ordinary share of HK\$0.2 each					
(a)		-	(45,000,000)	-	-
Capital reduction of 1 ordinary share of HK\$0.2 each into 1 share of HK\$0.0001 each					
(b)		9,995,000,000	-	-	-
At the end of the reporting period, ordinary shares of HK\$0.0001 each (at 30 June 2016: HK\$0.2 each)					
		10,000,000,000	5,000,000	1,000,000	1,000,000
Issued and fully paid:					
At the beginning of the reporting period, ordinary shares of HK\$0.2 each (1 July 2015: HK\$0.02 each)					
		319,518	71,579	63,904	1,432
Issue of shares under open offer					
(c)		-	2,147,358	-	42,947
Share consolidation of 10 ordinary shares of HK\$0.02 each into 1 ordinary share of HK\$0.2 each					
(a)		-	(1,997,043)	-	-
Placing of shares at a placing price of HK\$0.25 each					
(d)		-	44,376	-	8,875
Placing of shares at a placing price of HK\$0.225 each					
(e)		-	53,248	-	10,650
Capital reduction of 1 ordinary share of HK\$0.2 each into 1 share of HK\$0.0001 each					
(b)		-	-	(63,872)	-
Placing of shares at a placing price of HK\$0.17 each					
(f)		63,896	-	6	-
At the end of the reporting period, ordinary shares of HK\$0.0001 each (at 30 June 2016: HK\$0.2 each)					
		383,414	319,518	38	63,904

Notes:

- (a) In December 2015, the Company proposed a share consolidation of 10 ordinary shares of HK\$0.02 each into 1 ordinary share of HK\$0.2 each. As approved by the shareholders at the extraordinary general meeting held on 21 December 2015, the share consolidation became effective on 22 December 2015.
- (b) In 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\$0.2 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.
- (c) 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 was approved at the extraordinary general meeting of the Company on 11 June 2015. The offer shares were allotted and the net proceeds of approximately HK\$215.6 million were received on 17 July 2015 accordingly.
- (d) In March 2016, the Company entered into a placing agreement with a placing agent for placing an aggregate of 44,376,000 shares to not less than 6 independent placees at a price of HK\$0.25 per placing share. The placing shares were allotted and the net proceeds of approximately HK\$10.7 million were received on 11 April 2016 accordingly.
- (e) In June 2016, the Company entered into a placing agreement with a placing agent for placing an aggregate of 53,248,000 shares to not less than 6 independent placees at a price of HK\$0.225 per placing share. The placing shares were allotted and the net proceeds of approximately HK\$11.5 million were received on 29 June 2016 accordingly.
- (f) In September 2016, the Company entered into a placing agreement with a placing agent for placing an aggregate of 63,896,000 shares to not less than 6 independent placees at a price of HK\$0.17 per placing share. The placing shares were allotted and the net proceeds of approximately HK\$10.4 million were received on 11 October 2016 accordingly.

16. 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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Short-term benefits	729	590	1,458	1,227

17. OPERATING LEASE COMMITMENTS

At 31 December 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Within one year	9,232	9,043
In the second to fifth years inclusive	19,381	23,730
After 5 years	6,399	8,083
	35,012	40,856

18. EVENT AFTER THE REPORTING PERIOD

On 4 January 2017, the Company announced that it proposes to raise approximately HK\$193.2 million (before expenses), by way of a rights issue of 1,150,241,091 rights shares at a subscription price of HK\$0.168 per rights share on the basis of three (3) rights shares for every one (1) share of the Company held on 21 March 2017. Details of the rights issue were set out in the Company's announcement dated 4 January 2017.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospect

Food and Beverage Trading

For the six months ended 31 December 2016, the food and beverage trading only recorded a turnover of HK\$505,000, which is a reduction of about 25.3% 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 is 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 six months ended 31 December 2016, the interest income recorded by this business unit amounted to HK\$3,132,000, an encouraging increase of about 78.7% from the corresponding period in 2015 with a total loan portfolio amounting to HK\$57.0 million as at 31 December 2016 comparing to that of HK\$47.2 million as at 30 June 2016.

Despite the uncertainties of the domestic economy and the local property market, the Group observed that demand for short term financing is still robust. The Board considers that strong cash flow and financial capability are fundamental factors for the successful operation of the money lending business. Quick turnover and the immediate availability of funding requires the availability of a significant amount of cash and liquidity for the operations and expansion of this business segment.

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 six months ended 31 December 2016, revenue generated from this business segment amounted to approximately HK\$498,000, which has reduced by approximately 26.9% from that of HK\$681,000 recorded for the corresponding six 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. Due to unexpected delay in the renovation and construction work, the commencement date of the new health centre has been re-scheduled to May 2017.

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\$102.7 million (6 months ended 31 December 2015: HK\$41.5 million) from securities trading and recognized a profit of HK\$35.6 million (6 months ended 31 December 2015: loss of HK\$7.0 million) on disposal of listed securities during the 6 months ended 31 December 2016.

As at 31 December 2016, the size of the listed securities amounted to approximately HK\$153.0 million (30 June 2016: HK\$166.8 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.

Details of the securities investment portfolio as at 31 December 2016 are as follows:

Stock code	Name of the securities	Number of shares held	Investment cost (Note) HK\$'000	Market value as at		Gain/(loss) on change in fair value for the 6 months ended 31 December 2016 (Note) HK\$'000
				31 December 2016 HK\$'000	31 December 2016 HK\$'000	
0279	Freeman Financial Corporation Limited	100,000	41,000	50,000	14.74%	500
0283	Goldin Properties Holdings Limited	2,670	10,947	19,171	5.65%	10,022
0530	Goldin Financial Holdings Limited	6,890	49,282	20,601	6.07%	(15,224)
0943	eForce Holdings Limited	45,605	5,930	4,241	1.25%	(319)
1116	Solartech International Holdings Limited	29,360	9,290	13,652	4.02%	2,860
8103	Trillion Grand Corporate Company Limited	5,200	5,700	12,324	3.63%	6,587
8153	Code Agriculture (Holdings) Limited	25,385	57,630	26,147	7.71%	(31,687)
8202	Inno-Tech Holdings Limited	7,802	5,671	3,472	1.02%	(2,199)
8356	CNC Holdings Limited	19,900	5,241	3,363	0.99%	(1,612)
			190,691	152,971	45.08%	(31,072)

Note: Investment cost represents the average acquisition costs for the listed securities. Some of the investments in the listed securities were made by the Group in prior periods. For those part of investments in the listed securities which were made in prior periods, they were subject to fair value adjustments and gain/(loss) on change in fair value were recognized at the end of the respective periods. The gain/(loss) on change in fair value of the listed securities for the 6 months ended 31 December 2016 excluded those amount being recognized in prior periods.

Details of the listed securities disposed of during the six months ended 31 December 2016 are as follows:

Stock code	Name of the Securities	Number of shares disposed of '000	Profit/(loss) on disposal HK\$'000
0005	HSBC Holdings plc	50	158
0283	Goldin Properties Holdings Limited	9,278	22,468
0530	Goldin Financial Holdings Limited	1,808	1,629
0985	NetMind Financial Holdings Limited	30,000	(624)
1166	Solartech International Holdings Limited	24,440	2,229
1387	Renhe Commercial Holdings Company Limited	14,260	(73)
1808	Enterprise Development Holdings Limited	20,450	1,643
8153	Code Agriculture (Holdings) Limited	9,220	7,761
8228	National Arts Entertainment and Culture Group Limited	17,700	739
8269	Wealth Glory Holdings Limited	9,992	(72)
8356	CNC Holdings Limited	15,400	(258)
			35,600

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 opportunity 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. 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\$5 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; and (iii) approximately HK\$900,000 for operating expenses of the Group.

Financial Review

The Group posted an unaudited consolidated turnover of approximately HK\$106.9 million for the six months ended 31 December 2016 (six months ended 31 December 2015: approximately HK\$44.8 million), representing a substantial increase of approximately HK\$62.1 million or 138.5% as compared to the six months ended 31 December 2015. The substantial increase in revenue was primarily attributable to the increase in revenue generated from the securities investment and trading.

The Group’s gross loss margin has reduced from 26.3% for the six months ended 31 December 2015 to that of 17.5% for the six months ended 31 December 2016. This is primarily due to the conscientious effort of the management to control the cost of operations.

Included in other income for the six months ended 31 December 2016 is a profit of approximately HK\$35.6 million (6 months ended 31 December 2015: a loss of approximately HK\$7.0 million) on disposal of financial assets at fair value through profit or loss. In addition, a fair value loss of approximately HK\$36.7 million (6 months ended 31 December 2015: fair value gain of approximately HK\$17.2 million) was incurred for the financial assets at fair value through profit or loss held at 31 December 2016.

The administrative expenses for the six months ended 31 December 2016 were augmented by approximately HK\$2.3 million which is an increase of 14.5% over the corresponding period in 2015. This is mainly resulted from the increase in promotional and administrative expenses incurred in the health care services.

Loss from operations has also increased from approximately HK\$5.7 million for the six months ended 31 December 2015 to approximately HK\$18.4 million for the six months ended 31 December 2016, representing an increase of approximately HK\$12.7 million which is mainly attributed to substantial loss incurred on the fair value of financial assets held at 31 December 2016.

Share of loss of an associate amounting to HK\$739,000 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 2016, the Group held total assets of approximately HK\$345.5 million (30 June 2016: approximately HK\$355.1 million), including cash and bank balances of approximately HK\$18.6 million (30 June 2016: approximately HK\$27.2 million).

As at 31 December 2016, the Group had total liabilities of approximately HK\$6.7 million (30 June 2016: HK\$7.4 million) which mainly comprise of trade and other payables amounting to approximately HK\$6.1 million (30 June 2016: approximately HK\$6.8 million).

As at 31 December 2016, the gearing ratio, expressed as a percentage of total debts over total assets was about 1.9% (30 June 2016: 2.1%). This slight reduction was mainly resulted from the reduction of the total liabilities in the six months ended 31 December 2016.

Contingent liabilities

As at 31 December 2016, the Group had no contingent liabilities (30 June 2016: Nil).

Exposure to fluctuations in exchange rates and related hedges

The Group's exposure to foreign currencies is limited to its investment in a subsidiary established in the People's Republic of China. As the Group's investment in this subsidiary is not material, the Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes in the six months ended 31 December 2016.

Charge on Group Assets

As at 31 December 2016, the Group did not have any charge on its assets (30 June 2016: Nil).

Capital Structure

As at 31 December 2016, the total number of issued shares of the Company was 383,413,697 ordinary shares of HK\$0.0001 each (30 June 2016: 319,517,697 ordinary shares of HK\$0.2 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 2016.

Significant Investments

As at 31 December 2016, the Group had investments in the following:

- Investment in an available-for-sale investment amounting to approximately HK\$44.8 million (30 June 2016: HK\$44.8);
- Investment in an associate amounting to approximately HK\$13.7 million (30 June 2016: approximately HK\$14.5 million);
- Financial assets at fair value through profit or loss amounting to approximately HK\$184.6 million (30 June 2016: approximately HK\$204.1 million).

Save as disclosed above, the Group did not have any significant investment as at 31 December 2016.

Employees, Remuneration policies and Share Option Scheme

As at 31 December 2016, the Group had 30 employees (31 December 2015: 32). The aggregate staff costs and Director's remuneration for the six months ended 31 December 2016 amounted to approximately HK\$4.5 million (six months ended 31 December 2015: HK\$3.9 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 2016, there was no interest and short position of the Directors and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

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

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

DIRECTOR'S RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the above "SHARE OPTION SCHEME", at no time during the six months ended 31 December 2016 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 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 six months ended 31 December 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 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. Wong Lai Na, Mr. Tse Yuen Ming 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 2016 have 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 have been made.

REPORT ON CORPORATE GOVERNANCE

The Company applied the principles and complied with all the code provisions set out in the Code throughout the six months ended 31 December 2016, 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, 7 February 2017

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

Executive Directors

Ms. Leung Wai Kuen, Cerene

Dr. Law Wai Ching

Mr. Lo Sik Yin

Mr. Kwok Ka Chung

Independent Non-executive Directors

Ms. Wong Lai Na

Mr. Tse Yuen Ming

Mr. Sit Bun

This report will remain on the website of GEM at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at <http://www.ciholdings.com.hk>