

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 2017/2018

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

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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 (the "Board") of Directors is pleased to announce the unaudited results of the Group for the three months ended 30 September 2017, together with comparative figures for the same corresponding period in 2016 as follows:

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Turnover	2	14,154	53,503
Revenue	2	11,154	2,250
Cost of sales		(8,665)	(2,412)
Gross profit/(loss)		2,489	(162)
Other income	3	17	62,246
Administrative expenses		(12,210)	(9,251)
Other operating expenses	4	(32,565)	–
(Loss)/Profit from operations		(42,269)	52,833
Finance costs		(930)	(4)
Share of loss of an associate		(283)	(440)
(Loss)/Profit before taxation		(43,482)	52,389
Income tax credit	5	70	–
(Loss)/Profit for the period		(43,412)	52,389
Attributable to:			
Owners of the Company		(43,412)	52,389
Non-controlling interests		–	–
		(43,412)	52,389

	For the three months ended 30 September	
	2017	2016
Notes	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period	(43,412)	52,389
Other comprehensive income for the period		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange difference on translation of financial statements	514	–
Total comprehensive (expense)/income for the period	(42,898)	52,389
Attributable to:		
Owners of the Company	(42,898)	52,389
Non-controlling interests	–	–
	(42,898)	52,389
		(Restated)
(Loss)/Earnings per share attributable to the owners of the Company	7	
– Basic and diluted	(HK2.8 cents)	HK15.6 cents

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited consolidated results for the three months ended 30 September 2017 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 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 three months ended 30 September 2017 and for the prior accounting periods as a result of these developments.

The unaudited consolidated results for the three months ended 30 September 2017 have been prepared under the historical cost basis except for the valuation of certain financial instruments, which are measured at fair value, as appropriate.

The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 30 September 2017 are consistent with those adopted in the financial statements of the Group for the year ended 30 June 2017.

The consolidated results of the Group for the three months ended 30 September 2017 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 six (2016: five) reportable and 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 securities and investment;
- (e) Logistic services provide general services in palletization, receiving and delivery, custom clearance for both air and ocean cargoes, and warehousing; and
- (f) 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	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue		
Revenue from food and beverage trading	4,032	299
Interest income from money lending	2,591	1,660
Revenue from health care services	277	252
Revenue from logistic services	4,254	–
Dividend income from listed securities	–	39
	11,154	2,250
Turnover		
Proceeds from sale of listed securities	3,000	51,253
	14,154	53,503

3. OTHER INCOME

	For the three months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 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	1	–
Sundry income	16	49
	17	62,246

4. OTHER OPERATING EXPENSES

	For the three months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss on disposal of financial assets at fair value through profit or loss	90	-
Fair value loss of financial assets at fair value through profit or loss	32,301	-
Loss on early redemption of promissory note	174	-
	32,565	-

5. INCOME TAX CREDIT

Hong Kong profits tax provided at the rate of 16.5% on the estimated assessable profit is as follows:

	For the three months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax	-	-
Deferred tax credit	70	-
	70	-

The reconciliation between the income tax credit and the loss before tax multiplied by the Hong Kong profits tax rate is as follows:

	For the three months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit before tax	(43,482)	52,389
Tax at domestic income tax rate of 16.5% (3 months ended 30 September 2016: 16.5%)	(7,175)	8,644
Tax effect of income not taxable	-	(10,140)
Tax effect of expenses and losses that are not deductible	6,173	364
Tax effect of tax losses and deductible temporary differences not recognised	932	1,132
Income tax credit	(70)	-

6. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the three months ended 30 September 2017 (3 months ended 30 September 2016: Nil).

7. (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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/Profit attributable to owners of the Company for the purpose calculating basic (loss)/earnings per share	(43,412)	52,389

	For the three months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	1,533,654,788	336,334,418

The Company had no dilutive ordinary shares in issue during the three months ended 30 September 2017 and 2016.

8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the three months ended 30 September 2017**

	Share capital	Share premium	Exchange reserves	Capital reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2017 (Audited)	153	1,589,573	316	15,826	(1,227,044)	378,824	55,939	434,763
Loss for the period	-	-	-	-	(43,412)	(43,412)	-	(43,412)
Other comprehensive income for the period:								
Exchange difference arising on translation of foreign operations which may be subsequently reclassified to profit or loss	-	-	514	-	-	514	-	514
Total comprehensive income/(expense) for the period	-	-	514	-	(43,412)	(42,898)	-	(42,898)
At 30 September 2017 (Unaudited)	153	1,589,573	830	15,826	(1,270,456)	335,926	55,939	391,865
At 1 July 2016 (Audited)	63,904	1,392,454	-	15,826	(1,180,476)	291,708	55,945	347,653
Capital reduction	(63,872)	-	-	-	63,872	-	-	-
Total comprehensive income for the period	-	-	-	-	52,389	52,389	-	52,389
At 30 September 2016 (Unaudited)	32	1,392,454	-	15,826	(1,064,215)	344,097	55,945	400,042

9. RELATED PARTY TRANSACTIONS

	For the three months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loan interest income from the associate	12	18
Compensation of directors and key management personnel (short-term benefits)	729	729

10. EVENT AFTER THE REPORTING PERIOD

On 12 October 2017, the Company announced that the Group entered into a sales and purchase agreement for the proposed acquisition of the entire issued share capital of King Hang Holdings Limited at the consideration of HK\$130,000,000 (the "Acquisition"), which will be satisfied by the issue of a promissory note in the principal amount of HK\$130,000,000. Details of the Acquisition are set out in the Company's announcement dated 12 October 2017.

11. 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 2017, food and beverage trading recorded a turnover of HK\$4.0 million which is a substantial increase of over 1,200% from the corresponding period in 2016. The increase is mainly contributed from the sales of pork products due to the acquisition of Volk Favor Food Group Limited (“Volk Favor”) as announced by the Company on 7 July 2017. Volk Favor and its subsidiaries are principally engaged in feed production, hog breeding, hog slaughtering and hog farming as well as production and sales of pork products and processed meat products in the People’s republic of China (“PRC”).

On 11 August 2017, the Company announced that the Group entered into a sales and purchase agreement (the “SPA”) for the acquisition of the entire equity interest in East Stream Holdings Limited (“East Stream”) at a consideration of HK\$20,000,000, which is to be satisfied by the issue of a promissory note of the Company upon completion. East Stream and its subsidiaries are principally engaged in agricultural farming, being the cultivation and sale of rice and corn silage through the operation of an organic farm in Ningxia in the PRC. Details of this transaction are set out in the Company’s announcement dated 11 August 2017. On 9 November 2017, the Company announced that the conditions precedent contained in the SPA was extended to 8 April 2018.

The Directors consider that the two aforesaid acquisitions will bring synergy to the food and beverage business and contribute positively to the Group. Furthermore, the Directors also believe that the two acquisitions will allow the Group to extend its food and beverage trading segment to the PRC and widen the Group’s business spectrum.

Money Lending

The money lending segment commenced business in May 2014. For the three months ended 30 September 2017, the interest income recorded by this business unit amounted to approximately HK\$2.6 million, an encouraging increase of approximately 56.0% from the corresponding period in 2016 with a total loan portfolio amounting to HK\$109.6 million as at 30 September 2017 comparing to that of HK\$54.2 million as at 30 September 2016.

Looking forward, the Group will continue to implement a prudent strategy and maintain its focus on high net worth customers. With the economic recovery in the United States, luxury goods market in Hong Kong has seen a rebound. It is believed that luxurious goods market has bottomed and the Group is optimistic about the market demand for the loan business and the growth of loan size. In addition, the Hong Kong government has imposed more stringent conditions for Money Lenders Ordinance to combat the growth of illegal loans with effect from 1 December 2016. The Group is always committed to providing high quality, reliable and efficient loan services. It will continue to collaborate with the government and remind its clients to thoroughly understand the terms and conditions, as well as fees and charges before signing any loan agreements or financial contracts. The Group will continue to cooperate with Hong Kong government in fighting against the illegal financial intermediates in order to uphold the reputation of the money lending industry.

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 2017, revenue generated from this business segment amounted to approximately HK\$277,000, which has increased by approximately 9.9% from that of HK\$252,000 recorded for the corresponding three months in 2016. The Board considers that the increase in revenue is mainly caused by the positive effect of the promotional and advertising activities undertaken by the Group in the financial year ended 30 June 2017. 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 has established another health centre in Shanghai. Renovation and construction work is completed and the new health centre has commenced operations in November 2017.

Securities Investment and Trading

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During the three months ended 30 September 2017, there has been a tremendous upswing in the stock market, which has led to a full recovery of its momentum. Securities trading activities have become more frequent following the launch of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and hence, it is expected that the performance of the securities investment and trading segment would be further improved. However, leveraging on the cautious approach to securities trading, the Group only managed to generate a turnover of approximately HK\$3.0 million during the three months ended 30 September 2017 (3 months ended 30 September 2016: approximately HK\$51.3 million) which gave rise to a loss on disposal of HK\$90,000 (3 months ended 30 September 2016: gain of approximately HK\$16.4 million) from securities trading. The Group will continue to adopt the cautious approach in making investment decision in securities dealing so as to obtain a balance between risk and return.

As at 30 September 2017, the aggregate fair value of the listed securities amounted to approximately HK\$143.7 million (30 September 2016: HK\$229.6 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 listed securities held by the Group are as follows:

Stock code	Name of the investee company and its principal activities	Number of shares held		Investment cost (Note)		Fair value		Gain/(loss) on change in fair value for the three months ended	
		30		30		30		30	
		September 2017	September 2016	September 2017	September 2016	September 2017	September 2016	September 2017	September 2016
		'000	'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0279	Freeman Financial Corporation Limited (Provision of securities and futures, insurance brokerage and financial advisory services)	100,000	100,000	52,000	49,500	46,000	57,000	(6,000)	7,500
0283	Goldin Properties Holdings Limited (Development and investment of property; operation of hotel and polo club)	-	9,986	-	34,167	-	60,615	-	26,448
0530	Goldin Financial Holdings Limited (Provision of factoring service, investment, winery business; property development and investment)	6,706	6,890	23,703	35,825	24,544	30,316	841	(5,509)
0943	eForce Holdings Limited (Manufacture and sale of healthcare and household products, and coal mining)	56,605	45,605	3,750	4,561	3,340	4,287	(410)	(274)

Celebrate International Holdings Limited

Stock code	Name of the investee company and its principal activities	Number of shares held		Investment cost (Note)		Fair value		Gain/(loss) on change in fair value for the three months ended		
		30	30	30	30	30	30	30	30	
		September	September	September	September	September	September	September	September	
		2017	2016	2017	2016	2017	2016	2017	2016	
		'000	'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
0985	NetMind Financial Holdings Limited (Acquisition, exploration, development and mining of copper and other minerals; property investment and investment in financial instruments)	-	30,000	-	2,520	-	2,430	-	(90)	
12	1166	Solartech International Holdings Limited (Manufacture and trading of cable and wires, copper rods, metallurgical grade bauxite, holding of mining right and exploration and evaluation assets)	54,540	42,880	23,389	14,194	26,997	14,794	3,609	600
	1387	Renhe Commercial Holdings Company Limited (Development, lease, and management of hopping mall in the People's Republic of China)	-	14,260	-	2,852	-	2,752	-	(100)

Stock code	Name of the investee company and its principal activities	Number of shares held		Investment cost (Note)		Fair value		Gain/(loss) on change in fair value for the three months ended	
		30	30	30	30	30	30	30	30
		September	September	September	September	September	September	September	September
		2017	2016	2017	2016	2017	2016	2017	2016
		'000	'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1808	Enterprise Development Holdings Limited (Provision of integrated business software solutions, trading of listed securities and mobile marketing business)	-	10,350	-	3,881	-	4,451	-	570
8103	Trillion Grand Corporate Company Limited ((S)ystems development, professional services, proprietary trading and money lending)	4,460	4,200	9,066	3,360	8,474	9,912	(592)	6,551
8153	Code Agriculture (Holdings) Limited (Manufacture and sale of tobacco agricultural machinery, provision of digital television services, provision of car beauty services and money lending)	65,390	10,700	19,458	20,956	19,617	30,067	159	9,111

Celebrate International Holdings Limited

Stock code	Name of the investee company and its principal activities	Number of shares held		Investment cost (Note)		Fair value		Gain/(loss) on change in fair value for the three months ended	
		30	30	30	30	30	30	30	30
		September	September	September	September	September	September	September	September
		2017	2016	2017	2016	2017	2016	2017	2016
		'000	'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
8202	Inno-Tech Holdings Limited (Buses and bus stations advertising business in the People's Republic of China)	48,172	-	41,909	-	12,284	-	(29,626)	-
8228	National Arts Entertainment and Culture Group Limited (Film production and distribution, provision of management services for artists and operations of film studio and hotels)	4,200	17,700	937	3,355	874	4,124	(63)	769
8269	Wealth Glory Holdings Limited (Coal trading business; trade natural resources and commodities; develop and promote brands, design, manufacture and sale fashion and other products; money lending and secured financing business and investment in securities)	-	10,000	-	500	-	590	-	90

Stock code	Name of the investee company and its principal activities	Number of shares held		Investment cost (Note)		Fair value		Gain/(loss) on change in fair value for the three months ended	
		30	30	30	30	30	30	30	30
		September	September	September	September	September	September	September	September
		2017	2016	2017	2016	2017	2016	2017	2016
		'000	'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
8356	CNC Holdings Limited (Provision of waterworks engineering services, television broadcasting and large outdoor display screen advertising)	19,900	35,300	1,751	8,825	1,532	8,260	(219)	(565)
				175,963	184,496	143,662	229,598	(32,301)	45,101

Note: Investment cost represents 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 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 three months ended 30 September 2017 and 30 September 2016 excluded those amount being recognized in prior periods.

Details of the listed securities disposed of are as follows:

Stock code	Name of the investee company	Three months ended 30 September 2017		Three months ended 30 September 2016	
		Number of shares disposed of	Profit/(loss) on disposal	Number of shares disposed of	Profit/(loss) on disposal
		'000	HK\$'000	'000	HK\$'000
00005	HSBC Holdings plc	-	-	50	158
0283	Goldin Properties Holdings Limited	-	-	1,958	6,407
0530	Goldin Financial Holdings Limited	-	-	1,808	1,628
1808	Enterprise Development Holdings Limited	-	-	10,100	404
8103	Trillion Grand Corporate Company Limited	1,500	(90)	-	-
8153	Code Agriculture (Holdings) Limited	-	-	9,220	7,761
			(90)		16,358

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. The acquisition of the said property will be delivered to the Group after complete settlement of the consideration at the end of November 2017.

On 23 June 2017, the Company further announced that the Group entered into an agreement for the acquisition of the entire equity interest in Ample Talent Holdings Limited ("Ample Talent") for the consideration of HK\$34,200,000, which is to be satisfied: (i) as to HK\$19 million by cash; and (ii) as to HK\$15.2 million by cash within three months after completion. Ample Talent through its wholly owned subsidiary owns a residential property (the "Property") situated at 48 Liangmaqiao Road, the Chao Yang District, Beijing. Details of this transaction were set out in the Company's announcement dated 23 June 2017. In light of the increasing price and decreasing supply of the similar properties in the nearby areas, the Directors believe that the Property will benefit from potential value appreciation and possible rental income. The acquisition of Ample Talent will be completed upon obtaining a PRC legal opinion in relation to the transactions contemplated under the aforesaid agreement, tentatively by the end of 2017.

Logistic services

In line with the corporate mission to explore other potential investment opportunities for enhancing the shareholders' value, the Group entered into the logistic industry during the financial year ended 30 June 2017 through the acquisition of 100% equity interest in ACC Logistics Limited ("ACC Logistics") at a consideration of HK\$23,800,000, which is to be satisfied: (i) as to HK\$2,000,000 in cash; and (ii) as to HK\$21,800,000 by the issue of a promissory note of the Company. ACC Logistics is engaged in the provision of general services in palletization, receiving and delivery, custom clearance for both air and ocean cargoes, and warehousing. Details of this transaction were set out in the Company's announcement dated 24 February 2017.

The aforesaid acquisition marked a new era for the Group in the provision of logistic services. The Directors consider that the prospect of logistic industry is promising as the trend of globalisation of sourcing, manufacturing, assembling, and distribution has boosted demand for transportation services, including express services. In addition, manufacturing industry relies on logistic companies to transport its goods in order to sell its goods to different countries. These factors, along with the surge in e-commerce, have created a favourable environment for the express and logistic industry.

It is encouraging to see that this new business segment has contributed approximately HK\$4.3 million to the Group's revenue in the three months ended 30 September 2017. The Directors therefore believes that the aforesaid acquisition is a right move into a new line of business for the purpose of diversification and it represents an attractive investment opportunity of the Company to tap into the logistic industry in Hong Kong with growth potential.

Structural engineering and construction services

Whilst the Group remains focused on developing its existing businesses, it has been the business strategy of the Group to proactively seek potential investment opportunities in order to enhance value of the Shareholders. The Directors consider that it will be beneficial for the Group to seek suitable investment opportunity from time to time to expand and diversify its existing business portfolio into business area with growth potential and to broaden its source of income. In line with these corporate missions, the Group has identified an acquisition target which is engaged in the structural steelworks engineering and provision of construction services in Hong Kong and on 12 October 2017, it was announced that the Group entered into a sales and purchase agreement for the acquisition of King Hang Holdings Limited and its subsidiaries (the "Target Group") at the consideration of HK\$130,000,000, which will be satisfied by the issue of a promissory note in the principal amount of HK\$130,000,000. Details of this transaction were set out in the Company's announcement dated 12 October 2017.

With over 15 years of operating history, the Target Group has not only accumulated extensive understanding of the industry, but has also established long-term and stable business relationship with customers (mainly engineering consultants, contractors and subcontractors) and suppliers. The longest relationship that the Target Group has with its customers and suppliers exceeds 10 years. The Target Group receives market recognition given its proven track record of completed structural steelworks projects.

In April 2017, the Target Group proposed to enhance its business offering in construction industry by participating in architectural works, such as facade work and roofing work. Architectural works generally refer to the works for exterior surface of a building. It is a sub-sector of the construction industry and is complementary to the structural steelworks of the Target Group. In this connection, the Directors consider that the aforesaid will enable the Target Group to offer more comprehensive services and will fortify the overall business structure and broaden customer base of the Target Group.

Based on the foregoing, the Directors believe that the prospect of the Target Group will be promising and will enable the Group to leverage on for penetrating into a new market.

Financial Review

The Group posted an unaudited consolidated turnover of approximately HK\$14.2 million for the three months ended 30 September 2017 (3 months ended 30 September 2016: HK\$53.5 million), representing a reduction of over 70% as compared to the three months ended 30 September 2016. The significant reduction was primarily attributable to the reduction in the proceeds from sale of listed securities.

The Group's gross margin has turned around from a gross loss of approximately 7.2% for the three months ended 30 September 2016 to a gross profit of approximately 22.3% for the three months ended 30 September 2017. This is primarily due to the conscientious effort made by the Group to control the cost of operations and the contribution from the logistic services and Volk Favor.

There was a substantial reduction in other income as the gain of approximately HK\$16.4 million on disposal of financial assets at fair value through profit or loss and the fair value gain of approximately HK\$45.1 million relating to financial assets at fair value through profit or loss, both of which occurred during the three months ended 30 September 2016, have turned into a loss of HK\$90,000 on disposal of financial assets through profit or loss and fair value loss of approximately HK\$32.3 million relating to financial assets at fair value through profit or loss during the three months ended 30 September 2017.

The administrative expenses were augmented by approximately HK\$3.0 million, which is an increase of about 31.9% over the previous corresponding period in 2016. This is mainly resulted from the administrative expenses incurred in the logistic services and in Volk Favor.

For the three month ended 30 September 2017, the Group incurred a substantial loss of approximately HK\$32.3 million (3 months ended 30 September 2016: gain of approximately 45.1 million) on the change in fair value of financial assets at fair value through profit or loss. This is included in the other operating expenses in the condensed statement of profit or loss and other comprehensive income.

Share of loss of an associate amounting to HK\$283,000 (3 months ended 30 September 2016: 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 2017, 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 2017 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 2017, 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 shareholders	Capacity in which interests are held	Number of ordinary shares held	Approximate percentage of shareholdings
China Rise Securities Asset Management Company Limited ("CRSAM")	Beneficial owner	115,672,870 (Note)	7.54%
China Rise Finance Group Company Limited ("CRFG")	Controlled corporation	115,672,870 (Note)	7.54%
Jin Dragon Holdings Limited ("JD")	Controlled corporation	115,672,870 (Note)	7.54%
Essential Holdings Limited ("EH")	Controlled corporation	115,672,870 (Note)	7.54%
Cosmo Group Holdings Limited ("CG")	Controlled corporation	115,672,870 (Note)	7.54%
Symphony Holdings Limited ("SH")	Controlled corporation	115,672,870 (Note)	7.54%
GoldsilK Capital Limited ("GC")	Controlled corporation	115,672,870 (Note)	7.54%
Mr. Cheng Tun Nei ("Mr. Cheng")	Corporate interest	115,672,870 (Note)	7.54%
Ms. Li Wa Hei ("Ms. Li")	Interest of spouse	115,672,870 (Note)	7.54%
Chan Wah Lit	Beneficial owner	107,000,000	6.98%

Note: Pursuant to the disclosure of interests notices filed by each of the CRSAM, CRFG, JD, EH, CG, SH, GC, Mr. Cheng and Ms. Li on 12 September 2017, CRSAM was wholly-owned by CRFG, CRFG was wholly-owned by JD whereas JD was wholly-owned by EH. EH was indirectly wholly-owned by SH through CG. GC owned approximately 37.22% interest in SH. Mr. Cheng owned the entire issued share capital of GC and Ms. Li is the spouse of Mr. Cheng. Under the SFO, each of CRFG, JD, EH, CG, SH, GC, Mr. Cheng and Ms. Li was deemed to be interested in the 115,672,870 shares held by the CRSAM.

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

During the three months ended 30 September 2017, 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.

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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 risk management systems, and financial reporting matters.

Celebrate International Holdings Limited

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 2017.

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 2017

As at the date of this report, the Board comprises Mr. Wang Dequn, Ms. Leung Wai Kuen, Cerene, Dr. Law Wai Ching and Mr. Lo Sik Yin 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 on the "Latest Company Announcements" page for at least 7 days and on the website of the Company at www.ciholdings.com.hk.