

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 2017/2018

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”) announces the unaudited results of the Group for the three months and six months ended 31 December 2017, together with comparative figures for the same corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 31 December		For the six months ended 31 December	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Turnover	3	35,234	53,379	49,388	106,882
Revenue	3	10,730	1,924	21,884	4,174
Cost of sales		(7,984)	(2,491)	(16,649)	(4,903)
Gross profit/(loss)		2,746	(567)	5,235	(729)
Other income	4	8,741	19,774	4,022	36,919
Administrative expenses		(20,680)	(8,601)	(32,890)	(17,852)
Other operating expenses	5	(13,471)	(81,818)	(41,300)	(36,717)
Loss from operations		(22,664)	(71,212)	(64,933)	(18,379)
Finance costs	6	(821)	(4)	(1,751)	(8)
Share of loss of an associate		(378)	(299)	(661)	(739)
Loss before taxation	7	(23,863)	(71,515)	(67,345)	(19,126)
Income tax credit	8	150	-	220	-
Loss for the period		(23,713)	(71,515)	(67,125)	(19,126)
Attributable to:					
Owners of the Company		(23,706)	(71,510)	(67,118)	(19,121)
Non-controlling interests		(7)	(5)	(7)	(5)
		(23,713)	(71,515)	(67,125)	(19,126)
Loss per share attributable to owners of the Company	10				
Basic and diluted (HK cents)		(1.55)	(19.00)	(4.38)	(5.50)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 December		For the six months ended 31 December	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(23,713)	(71,515)	(67,125)	(19,126)
Other comprehensive income/(loss) to be reclassified to income statement in subsequent periods				
Exchange difference on translation of foreign operations	736	(192)	1,250	(192)
Other comprehensive income/(loss) to be reclassified to income statement in subsequent periods, net of tax				
	736	(192)	1,250	(192)
Total comprehensive loss for the period	(22,977)	(71,707)	(65,875)	(19,318)
Attributable to:				
Owners of the Company	(22,970)	(71,702)	(65,868)	(19,313)
Non-controlling interests	(7)	(5)	(7)	(5)
	(22,977)	(71,707)	(65,875)	(19,318)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December 2017 HK\$'000 (Unaudited)	At 30 June 2017 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		19,055	9,443
Investment property	11	10,212	–
Investment in an associate		3,603	4,265
Available-for-sale investment		45,017	45,017
Investment fund	12	6,638	–
Loans receivable	13	596	702
Deposits paid for acquisition of property, plant and Equipment		–	11,256
Investment deposits	14	22,000	52,574
Intangible assets	15	15,733	7,933
Goodwill	16	18,941	11,183
		141,795	142,373
Current assets			
Inventory		716	–
Loan receivables	13	103,393	57,532
Trade and other receivables	17	23,435	13,234
Financial assets at fair value through profit or loss	18	150,575	142,904
Bank and cash balances		3,191	108,682
		281,310	322,352
Current liabilities			
Trade and other payables	19	17,727	7,310
Borrowings		303	513
Obligation under finance lease		378	705
Tax payable		529	531
		18,937	9,059

	At	At
	31 December	30 June
	2017	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Net current assets	262,373	313,293
Total assets less current liabilities	404,168	455,666
Non-current liabilities		
Obligation under finance lease	127	249
Promissory note	32,557	19,345
Deferred tax liabilities	2,596	1,309
	35,280	20,903
NET ASSETS	368,888	434,763
Capital and reserves		
Share capital	153	153
Reserves	312,803	378,671
Equity attributable to owners of the Company	312,956	378,824
Non-controlling interests	55,932	55,939
TOTAL EQUITY	368,888	434,763

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 31 December 2017

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Foreign currency	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
				translation reserve HK\$'000				
At 1 July 2017 (Audited)	153	1,589,573	15,826	316	(1,227,044)	378,824	55,939	434,763
Loss for the period	-	-	-	-	(67,118)	(67,118)	(7)	(67,125)
Other comprehensive loss for the period:								
Exchange difference on translation of foreign operations	-	-	-	1,250	-	1,250	-	1,250
Total comprehensive loss for the period	-	-	-	1,250	(67,118)	(65,868)	(7)	(65,875)
At 31 December 2017 (Unaudited)	153	1,589,573	15,826	1,566	(1,294,162)	312,956	55,932	368,888
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(99,436)	(18,233)
Cash flows from investing activities		
Interest received	1	-
Acquisitions of property, plant and equipment	(638)	(1,207)
Proceed from disposal of plant and equipment	-	620
Net cash effect of acquisition of a subsidiary	566	-
Net cash used in investing activities	(71)	(587)
Cash flows from financing activities		
Repayment of bank loans	(210)	-
Repayments of promissory notes	(6,500)	-
Net proceeds from placing of shares	-	10,482
Settlement of obligation under finance leases	(490)	(98)
Interest payments	(34)	(8)
Net cash (used in)/generated from financing activities	(7,234)	10,376
Net decrease in cash and cash equivalents	(106,741)	(8,444)
Cash and cash equivalents at beginning of period	108,682	27,220
Effect of foreign exchange rate changes	1,250	(192)
Cash and cash equivalents at end of period, represented by bank and cash balances	3,191	18,584

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2017

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2017 (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 2017 and the Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 30 June 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The Interim Financial Statements have not been audited by the Company's auditor but have been reviewed by the audit committee of the Company.

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 2017, 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 six (2016: 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 operates health centres 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;
- (e) Logistic services provide general services in palletization, receiving and delivery, and custom clearance for both air and ocean cargoes and warehousing;
- (f) Property investment is engaged in investment in properties.

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

	For the three months ended 31 December 2017		For the six months ended 31 December 2017	
	HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Food and beverage	2,347	206	6,379	505
Money lending	2,937	1,472	5,528	3,132
Logistic services	5,122	–	9,376	–
Health care services	324	246	601	498
Dividend income from listed securities	–	–	–	39
Revenue	10,730	1,924	21,884	4,174
Proceeds from sale of listed securities	24,504	51,455	27,504	102,708
Turnover	35,234	53,379	49,388	106,882

An analysis of the Group's revenue and results by segment for the six months ended 31 December 2017 is as follows:

	Reportable segment						Total HK\$'000 (Unaudited)
	Food and beverage HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Logistic services HK\$'000 (Unaudited)	Health care services HK\$'000 (Unaudited)	Securities investment and trading HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	
Turnover	6,379	5,528	9,376	601	27,504	–	49,388
Segment revenue	6,379	5,528	9,376	601	–	–	21,884
Segment result	(7,234)	2,508	439	(10,059)	(27,076)	(678)	(42,100)
Corporate administration costs							(22,833)
Finance costs							(1,751)
Share of loss of a jointly controlled entity							(661)
Loss before taxation							(67,345)

Celebrate International Holdings Limited

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

	Reportable segment					Total HK\$'000 (Unaudited)
	Food and beverage HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Health care services HK\$'000 (Unaudited)	Securities investment and trading HK\$'000 (Unaudited)	Property investment 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 a jointly controlled entity						(739)
Loss before taxation						(19,126)

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An analysis of the Group's assets and liabilities by segment as at 31 December 2017 is as follows:

	Reportable segment						Total HK\$'000 (Unaudited)
	Food and beverage HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Logistic services HK\$'000 (Unaudited)	Health care services HK\$'000 (Unaudited)	Securities investment and trading HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	
ASSETS							
Segment assets	10,560	109,796	6,959	41,036	157,339	10,453	336,143
Unallocated assets							86,962
Total assets							423,105
LIABILITIES							
Segment liabilities	4,900	-	2,821	2,380	3,171	293	13,565
Unallocated liabilities							40,652
Total liabilities							54,217

An analysis of the Group's assets and liabilities by segment as at 30 June 2017 is as follows:

	Reportable segment						Total HK\$'000 (Audited)
	Food and beverage HK\$'000 (Audited)	Money lending HK\$'000 (Audited)	Logistic services HK\$'000 (Audited)	Health care services HK\$'000 (Audited)	Securities investment and trading HK\$'000 (Audited)	Property investment HK\$'000 (Audited)	
ASSETS							
Segment assets	5,326	69,230	6,775	36,618	255,884	-	373,833
Unallocated assets							90,892
Total assets							464,725
LIABILITIES							
Segment liabilities	585	1	2,825	2,285	-	-	5,696
Unallocated liabilities							24,266
Total liabilities							29,962

4. OTHER INCOME

	For the three months ended 31 December		For the six months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Gain on disposal of financial assets at fair value through profit or loss	3,990	19,242	3,900	35,600
Fair value gain of financial assets at fair value through profit or loss	4,646	-	-	-
Reversal of impairment loss on trade receivables	-	482	-	1,220
Interest income	-	-	1	-
Sundries	105	50	121	99
	8,741	19,774	4,022	36,919

5. OTHER OPERATING EXPENSES

	For the three months ended 31 December		For the six months ended 31 December	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Impairment loss on investment fund	13,362	–	13,362	–
loss on early redemption of promissory notes	109	–	283	–
Fair value loss of financial assets at fair value through profit or loss	–	81,818	27,655	36,717
	13,471	81,818	41,300	36,717

6. FINANCE COSTS

	For the three months ended 31 December		For the six months ended 31 December	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on obligations under finance leases	20	–	30	–
Interest on borrowings	23	4	34	8
Interest on promissory note	778	–	1,687	–
	821	4	1,751	8

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	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation	1,608	1,129	2,803	2,266
Operating lease expenses	2,657	1,787	4,559	2,675

8. INCOME TAX

The income tax credit of HK\$220,000 for the six months ended 31 December 2017 represents a deferred tax credit arising from reversal of timing differences of intangible assets from acquisition of subsidiaries.

9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2017 (2016: Nil).

10. LOSS 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	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Loss attributable to owners of Company for the purpose of calculating basic loss per share (HK\$'000)	(23,706)	(71,510)	(67,118)	(19,121)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share ('000)	1,533,655	376,392	1,533,655	347,780

The Group had no potentially dilutive ordinary shares in issue in the above periods.

11. INVESTMENT PROPERTY

In November 2017, the Group completed the acquisition of an investment property at a consideration of RMB8,500,000 (equivalent to HK\$10,212,000) pursuant to a sales and purchase agreement signed on 14 September 2016. The investment property is a residential unit situated in Clearwater Bay Resort, Yingzhou Town, Lingshui Li Minority Autonomous County, Hainan, the People's Republic of China (the "PRC") (中國海南省陵水縣英州鎮清水灣旅遊渡假區).

12. INVESTMENT FUND

In June 2017, the Group entered into subscription agreement with Platform Asset Management (Cayman Islands) Limited, to subscribe for the interest in Pam Real Estate Opportunities Fund LP for HK\$20 million. Details of the investment fund are as follows:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Cost	20,000	–
Impairment loss	(13,362)	–
	6,638	–

13. 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 2017 HK\$'000 (Unaudited)	At 30 June 2017 <i>HK\$'000</i> <i>(Audited)</i>
0 to 90 days	58,948	46,676
91 to 180 days	17,746	4,958
181 to 365 days	26,699	5,898
Over 1 year	596	702
	103,989	58,234
Non-current portion	596	702
Current portion	113,278	67,417
	113,874	68,119
Accumulated impairment loss on loan receivables	(9,885)	(9,885)
	103,989	58,234

Loan receivables of HK\$103,989,000 (30.6.2017: HK\$58,234,000) that were neither past due nor impaired related to debtors for whom there is no recent history of default.

14. INVESTMENT DEPOSITS

	At	At
	31 December	30 June
	2017	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Acquisition of land and properties (<i>Note i</i>)	3,000	3,000
Acquisition of a property (<i>Note ii</i>)	19,000	19,000
Acquisition of a subsidiary (<i>Note iii</i>)	–	1,000
Acquisition of a property (<i>Note iv</i>)	–	9,574
Subscription of a fund (<i>Note v</i>)	–	20,000
	22,000	52,574

Notes:

- (i) In October 2016, the Group appointed an independent solicitor to negotiate with several individual property owners over the proposed acquisition of the land and properties located at Kuk Po Tsuen in Sha Tau Kok. The Group has paid a deposit of HK\$3 million to its solicitor and the amount will be transferred to the individual property owners once the details of the acquisition are agreed by the Group and the individual property owners. As at 31 December 2017, the acquisition was still being negotiated between the Group and the individual property owners.
- (ii) In June 2017, the Group entered into a sale and purchase agreement with Ms. Liu Yuhua for the acquisition of entire issued share capital of Ample Talent Holdings Limited, which is the beneficial owner of a residential property situated at the Chao Yang District, Beijing, the PRC, at a consideration of HK\$34,200,000.

The aforesaid acquisition was subsequently completed on 18 January 2018 with a supplementary agreement signed on the same date, pursuant to which the payment manner of the consideration of HK\$34,200,000 has been amended as follows:

- (a) HK\$24,000,000 by cash to the Vendor or its nominee(s) on or before completion of the aforesaid acquisition; and
- (b) the balance in the sum of HK\$10,200,000 by cash to the vendor of the property or its nominee(s) within twelve months after completion of the aforesaid acquisition.
- (iii) In June 2017, the Group entered into a memorandum of understanding (the "MOU") with Cosmic Lane Limited for the acquisition of the entire issued share capital of Volk Favor Food Group Limited (the "Acquisition"). As at 30 June 2017, a deposit amounting to HK\$1 million was paid to Cosmic Lane Limited pursuant to the MOU. The Acquisition was completed in July 2017. Details of the Acquisition was set out in the Company's announcement dated 7 July 2017 and note 20 to the condensed consolidated interim financial statements.

- (iv) In September 2016, the Group entered into an agreement with Hainan Jingye Property Development Company Limited for the acquisition of a property located in Hainan, the PRC. The acquisition of the property was completed in November 2017 with the full settlement of the consideration amounting to RMB8,500,000 (equivalent to HK\$10,212,000). The total amount of RMB8,320,000 (equivalent to HK\$9,574,000) paid as at 30 June 2017 was therefore reclassified and included in investment property and disclosed in note 11 to the condensed consolidated interim financial statements.
- (v) In June 2017, the Group has entered into a subscription agreement with Platform Asset Management (Cayman Islands) Limited, to subscribe for the interest with a committed capital contribution of HK\$20 million in Pam Real Estate Opportunities Fund LP. The capital contribution of HK\$20,000,000 paid as at 30 June 2017 was reclassified as investment fund and disclosed in note 12 to the condensed consolidated interim financial statements

15. INTANGIBLE ASSETS

	Customer relationship HK\$'000		Brand name HK\$'000		Total HK\$'000	
	At 31 December 2017 (Unaudited)	At 30 June 2017 (Audited)	At 31 December 2017 (Unaudited)	At 30 June 2017 (Audited)	At 31 December 2017 (Unaudited)	At 30 June 2017 (Audited)
Cost						
At the beginning of the period	8,500	–	–	–	8,500	–
Acquisition of subsidiaries	2,643 (Note ii)	8,500 (Note i)	6,488 (Note ii)	–	9,131	8,500
At the end of the period	11,143	8,500	6,488	–	17,631	8,500
Accumulated amortisation						
At the beginning of the period	567	–	–	–	567	–
Amortisation	1,115	567	216	–	1,331	567
At the end of the period	1,682	567	216	–	1,898	567
Net book value at the end of the period	9,461	7,933	6,272	–	15,733	7,933

The intangibles assets relate to two business segments, namely logistic services, and food and beverage which constitute two separate cash-generating units.

Note:

- (i) Customer relationship arose from the acquisition of ACC Logistics Limited ("ACC") during the year ended 30 June 2017. It was valued at a fair value of HK\$8,500,000 upon completion of the acquisition of ACC by an independent professional firm of valuers. The fair value of the customer relationship was determined using the historical customer list with consideration of the attrition rate of 15% and the growth rate of 2%.
- (ii) Customer relationship and brand name arose from the acquisition of Volk Favor Food Group Limited ("Volk Favor") during the six months ended 31 December 2017. They were valued at the respective fair values of RMB2,200,000 (equivalent to HK\$2,643,000) and RMB5,400,000 (equivalent to HK\$6,488,000) upon completion of the acquisition of Volk Favor by an independent professional firm of valuers. The fair value of the customer relationship was determined using the historical customer list with consideration of the attrition rate of 12% and the growth rate of 4%. while the fair value of the brand name was determined based on the estimated useful life of 15 years with consideration of the growth rate of 3%.

16. GOODWILL

	At 31 December 2017 HK\$'000 (Unaudited)	At 30 June 2017 HK\$'000 (Audited)
Cost		
At the beginning of the period	11,183	-
Acquisition of subsidiaries	7,758 <i>(Note ii)</i>	11,183 <i>(Note i)</i>
	18,941	11,183

Note:

- (i) Goodwill of HK\$11,183,000 arising from the acquisition of ACC was determined based on the acquirees' fair value of the identifiable assets and liabilities in relation to the business of logistic services at the date of acquisition.
- (ii) Goodwill of HK\$7,758,000 arising from the acquisition of Volk Favor was determined based on the acquirees' fair value of the identifiable assets and liabilities in relation to the business of food and beverage at the date of acquisition.

17. TRADE AND OTHER RECEIVABLES

	At 31 December 2017 HK\$'000 (Unaudited)	At 30 June 2017 HK\$'000 (Audited)
Trade receivables	10,784	6,875
Accumulated impairment loss on trade receivables	(2,833)	(2,833)
	7,951	4,042
Other receivables	15,793	9,501
Accumulated impairment loss on other receivables	(309)	(309)
	23,435	13,234

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

0 to 90 days	4,054	2,561
Over 90 days	3,897	1,481
	7,951	4,042

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

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2017 HK\$'000 (Unaudited)	At 30 June 2017 HK\$'000 (Audited)
Listed equity securities	150,575	142,904
Unlisted convertible bond*	37,259	37,259
Less: fair value change on convertible bond	(37,259)	(37,259)
Market value of listed securities and convertible bond	150,575	142,904

- * 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 ("Union Asia"). The convertible bond was revalued by an independent professional qualified valuer as at 31 December 2016. As the shares of Union Asia was suspended from trading from 20 March 2017, the management considered that the fair value of the convertible bond could no longer be reliably estimated and hence a full provision on the carrying value of the convertible bond as at 30 June 2017 was made.

19. TRADE AND OTHER PAYABLES

	At 31 December 2017 HK\$'000 (Unaudited)	At 30 June 2017 HK\$'000 (Audited)
Trade payables	799	501
Other payables	16,928	6,809
	17,727	7,310

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

0 to 90 days	351	70
Over 180 days	448	431
	799	501

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

20. ACQUISITION OF A SUBSIDIARY

On 7 July 2017, the Group completed the acquisition of 100% equity interests in Volk Favor Food Group Limited ("Volk Favor") from an independent third party, which was satisfied by way of HK\$1,000,000 in cash and issuance of promissory note amounting to HK\$19,000,000. More details were set out in the Company's announcement dated 7 July 2017.

The fair values of the identifiable assets and liabilities of Volk Favor at the date of acquisition are as follows:

	Recognised on acquisition HK\$'000
Property, plant and equipment	216
Intangible assets (<i>Note 15</i>)	9,131
Cash and bank balances	566
Other receivables, prepayments and deposits	2,402
Inventory	996
Trade receivables	2,805
Trade payables	(614)
Accruals and other payables	(3,011)
Deferred tax liabilities	(1,507)
	18,742
Total identifiable net assets at fair value	10,984
Goodwill (<i>Note 16</i>)	7,758
	18,742
Consideration was satisfied by the fair value of:	
Cash paid in the financial year ended 30 June 2017	1,000
Promissory note	17,742
	18,742
Net cash inflow arising on acquisition:	
Cash and cash equivalents in the subsidiary acquired	566

At the date of acquisition, goodwill of HK\$7,758,000 was determined based on the fair values of the identifiable assets and liabilities of Volk Favor. Goodwill arose on the acquisition because the acquisition included the benefit of future profitability as at the date of acquisition.

21. 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	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Short-term benefits	1,089	729	2,143	1,458

22. OPERATING LEASE COMMITMENTS

At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December 2017 HK\$'000 (Unaudited)	At 30 June 2017 HK\$'000 (Audited)
Within one year	13,803	13,860
In the second to fifth years inclusive	13,950	22,802
After 5 years	3,859	5,175
	31,612	41,837

23. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to the reporting period:

- (a) On 17 January 2018, the Company announced that the mandatory unconditional cash offer made by Southwest Securities (HK) Capital Limited for and on behalf of Nieuemarkt Investments Ltd ("Nieuemarkt") for all the issued shares of the Company closed with the result that 79,607,059 shares of the Company were taken up by Nieuemarkt, which accordingly were interested in an aggregate of 991,689,459 shares of the Company, representing approximately 64.66% of the entire issued share capital of the Company. Details of this transaction were set out in the composite document dated 27 December 2017 and the joint announcements dated 5 December 2017 and 17 January 2018 issued by the Company.
- (b) On 18 January 2018, the Company announced that the acquisition of the entire issued share capital of Ample Talent Holdings Limited, which is the beneficial owner of a residential property situated at the Chao Yang District, Beijing, the PRC, was completed pursuant to the sale and purchase agreement signed on 23 June 2017. Details of this transaction were set out in the Company's announcements dated 23 June 2017 and 18 January 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospect

Food and Beverage Trading

For the six months ended 31 December 2017, the food and beverage trading segment recorded a turnover of approximately HK\$6.4 million, representing a substantial increase of nearly 12.6 times from the corresponding period in 2016. The increase is mainly contributed from the sales of pork products from Volk Favor and its subsidiaries, which 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 (the "PRC").

The food and beverage industry is always challenging, dynamic with keen competition.

While reviewing the hog businesses, the market of which is already very crowded, the Group is actively looking at opportunities of engaging in production and distribution of high-margin food items including organic rice and healthy beverages. The Group is looking at sourcing high-end organic rice from Thailand for distribution in Hong Kong; and high-end organic rice from the PRC for distribution in the domestic market there. These high-end organic rice products to be branded “有機可成” in Chinese will be available in specially designed packets of smaller portions to better differentiate from peers in the mass market and more precisely customized to preferences of consumers in Hong Kong and the PRC. The distribution will be via high-end connoisseur grocery stores in both Hong Kong and the PRC to match the positioning of this product, and via e-commerce channels. Proportionately strong efforts will be put into marketing the organic rice and fruit juice products in both markets along the healthy lifestyle theme.

Property investment

The Group has been actively looking for lucrative development and investment opportunities in both the local and overseas property markets. It is looking primarily at property investment opportunities in Hong Kong and both development and development opportunities in the PRC.

As first disclosed in an announcement dated 23 June 2017, the Group entered into an acquisition for a residential property (the “Property”) situated at 48 Liangmaqiao Road, the Chao Yang District, Beijing for a consideration of HK\$34.2 million. The acquisition was completed on 18 January 2018. In light of the increasing price of second-hand properties in Beijing and the strong demand for residential areas in Chao Yang district, the Group believes that the Property will benefit from potential value appreciation and satisfactory rental income.

In addition, the Group is prospecting property development and investment opportunities the PRC, notably in provinces of Guangdong, Fujian and Hainan, and property investment opportunities in Hong Kong, to take advantage of the strong potential in the market.

Money Lending

Since the commencement of business in May 2014, money lending has developed into a major revenue-generating segment for the Group. For the six months ended 31 December 2017, interest income derived from this segment amounted to approximately HK\$5.5 million, representing an encouraging increase of about 76.5% from the corresponding period in 2016. The loan portfolio amounted to an aggregate of HK\$124.0 million as at 31 December 2017, compared with the HK\$58.2 million as at 30 June 2017.

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The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. The market of licensed money lending in Hong Kong is keen and competitive. In order to optimize the use of funding for this business and compliance with relevant laws and regulations, the operation team has developed a credit policy and loan approval process to minimize credit risks.

Looking forward, the money lending business is set to remain stable and the Group will continue to exercise prudence, focusing on small-sum loans to small and medium enterprises and individuals.

Securities Investment and Trading

Reaping benefits from the buoyant stock market in Hong Kong throughout the period, the Group managed to generate a turnover of HK\$27.5 million (6 months ended 31 December 2016: HK\$102.7 million) from securities trading and recognized a profit of HK\$3.9 million (6 months ended 31 December 2016: profit of HK\$35.6 million) on disposal of listed securities during the 6 months ended 31 December 2017. With the increasingly frequent securities trading activities given rise by the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the performance of the securities investment and trading segment will continue to improve.

As at 31 December 2017, the size of the listed securities amounted to approximately HK\$150.6 million (30 June 2017: HK\$142.9 million). The Group intends to diversify its investment portfolio in order to reduce concentration and better manage investment risks. Given the nature of securities investment and trading business, it is crucial for the Group to maintain a reasonable sum of readily available funds to capture suitable investment opportunities which may arise from time to time to generate investment return.

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		Fair value		Gain/(loss) on change in fair value for the three months ended	
		31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
		2017	2016	2017	2016	2017	2016	2017	2016
		HK\$'000	HK\$'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	52,000	50,000	-	500
0283	Goldin Properties Holdings Limited (Development and investment of property; operation of hotel and polo club)	-	2,670	-	9,149	-	19,171	-	10,022
0530	Goldin Financial Holdings Limited (Provision of factoring service, investment, winery business; property development and investment)	5,306	6,890	18,828	35,825	21,754	20,601	2,926	(15,224)

Celebrate International Holdings Limited

Stock code	Name of the investee company and its principal activities	Number of shares held		Investment cost		Fair value		Gain/(loss) on change in fair value for the three months ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0943	eForce Holdings Limited (Manufacture and sale of healthcare and household products, and coal mining)	56,605	45,605	3,750	4,560	5,887	4,241	2,137	(319)
1130	China Environmental Resources Group Limited (motor trading, car parking spaces rental, money lending business and securities trading and investment business)	2,260	-	445	-	377	-	(68)	-
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)	55,960	29,360	27,339	10,792	36,934	13,652	9,595	2,860
8103	Trillion Grand Corporate Company Limited ((Systems development, professional services, proprietary trading and money lending)	7,020	5,200	13,449	5,737	11,934	12,324	(1,515)	6,587
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)	61,505	25,385	17,866	57,834	11,686	26,147	(6,180)	(31,687)
8202	Inno-Tech Holdings Limited (Buses and bus stations advertising business in the People's Republic of China)	48,862	7,802	42,169	5,671	7,818	3,472	(34,351)	(2,199)
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)	2,840	-	633	-	1,150	-	517	-
8356	CNC Holdings Limited (Provision of waterworks engineering services, television broadcasting and large outdoor display screen advertising)	19,900	19,900	1,751	4,975	1,035	3,363	(716)	(1,612)
				178,230	184,043	150,575	152,971	(27,655)	(31,072)

Details of the listed securities disposed of are as follows:

Stock code	Name of the investee company	Six months ended 31 December 2017		Six Months ended 31 December 2016	
		Number of shares disposed of HK\$'000	Profit/(loss) on disposal HK\$'000	Number of shares disposed of HK\$'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	1,750	754	1,808	1,629
0985	MetMind Financial Holdings Limited	-	-	30,000	(624)
1166	Solartech International Holdings Limited	19,500	3,833	24,440	2,229
1387	Renhe Commercial Holdings Company Limited	-	-	14,260	(73)
1808	Enterprise Development Holdings Limited	-	-	20,450	1,643
2112	CAA Resources Limited	1,700	18	-	-
8103	Trillion Grand Corporate Company Limited	1,500	(90)	-	-
8153	Code Agriculture (Holdings) Limited	8,800	(603)	9,220	7,761
8228	National Arts Entertainment and Culture Group Limited	1,360	(12)	17,700	739
8269	Wealth Glory Holdings Limited	-	-	9,992	(72)
8356	CNC Holdings Limited	-	-	15,400	(258)
			3,900		35,600

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Businesses on review for possible transformation/divesture

Health care services

The health care services segment primarily comprises a hot stone spa and health related services in a healthcare centre located in North Point. It has always been under very intensive competition since commencing operation in February 2015 with the establishment of a health centre in North Point. For the six months ended 31 December 2017, revenue generated from this business segment amounted to approximately HK\$571,000, which has increased by approximately 14.7% from that of HK\$498,000 recorded for the corresponding six months in 2016.

The Group considers seeking buyers to dispose of the healthcare center businesses in both Hong Kong and Shanghai and redeploy the resources in more profitable business activities.

Logistic services

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”). 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.

The Group considers the prospect of logistic industry promising as the trend of globalization of sourcing, manufacturing, assembling, and distribution has boosted demand for transportation services, including express services. In addition, the manufacturing industries rely on logistic companies to transport goods for distribution to different countries. These, when coupled with the rapid development of e-commerce, have created a favorable environment for the express and logistics industry.

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This new business segment has contributed approximately HK\$9.4 million to the Group’s revenue in the six months ended 31 December 2017. The Directors believes that the acquisition represents an attractive investment opportunity to tap into the logistic industry in Hong Kong with growth potential.

The General Offer

On 23 November 2017, through a wholly-owned vehicle Nieumarkt Investments Ltd, Mr. Ng Kwok Wing, Michael (“Mr Ng”) purchased a total of 912,082,400 shares, representing approximately 59.47% of the total issued capital of the Company at HK\$0.170 each, for a total consideration of HK\$155,054,008. Nieumarkt Investments Ltd then made a general offer for all remaining outstanding shares it had not already owned at the same price. On 17 January 2018, Nieumarkt Investments Ltd received valid acceptances for 79,607,059 Shares, representing approximately 5.19% of the Company’s issued share capital. As a result, Nieumarkt Investment saw its control in the Company boost to 64.66% upon completion of the general offer.

Mr. Ng is an experienced investor with more than 20 years of experience in investing in real properties and stocks. Mr. Ng is also a philanthropist serving as a member on numerous boards and committees of the Government of Hong Kong including, amongst others, the Tsuen Wan District Fire Safety Committee and Advisory Committee of Opportunities for Elderly Project of the Social Welfare Department. Mr. Ng has also been a member on numerous boards and committees of community services organizations including, amongst others, the Tung Wah Group of Hospitals, the Yan Chai Hospital, chairman of The Hong Kong Wan Chai District Association Ltd, vice chairman of The Hong Kong Island Social Service Charitable Foundation, vice president of the Wan Chai and Central and Western District Industries and Commerce Association and Member of Investigation Panel A of the Hong Kong Institute of Certified Public Accountants (HKICPA).

Nieumarkt Investments Ltd has been conducting a review of the financial position, operations, existing investments and proposed investments of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases.

Prospects

With reference to the current states of operations of the different business of the Company and the prevailing market landscape, the Board will conduct more thorough reviews into these businesses, identify potential buyers for disposing of less profitable ones, so as to plough more resources and endeavor better efforts to the profitable businesses to achieve more sustainable growth for the Group as a whole.

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Financial Review

Revenue

For the Period, the Group posted an unaudited turnover of approximately HK\$49.4 million, representing a decrease of approximately 53.8% from approximately HK\$106.9 million for the Preceding Period. The decrease in revenue was mainly attributable to decrease in proceeds generated from sale of listed securities.

Cost of sales and services

The cost of sales and services from continuing operations increased by approximately HK\$11.7 million for the Period as compared to approximately HK\$4.9 million for the Preceding Period.

Gross Profit and gross profit margin

The Group significantly improved its gross profit to approximately HK\$5.2 million for the Period from gross loss approximately HK\$0.7 million for the Preceding Period. The Group's gross profit margin was approximately 23.9% for the Period.

Administrative expenses

Administrative expenses from continuing operations for the Period were approximately HK\$32.9 million, as compared to approximately HK\$17.9 million for the Preceding Period. Administrative expenses mainly consist of staff costs, depreciation, operating lease rentals for office, legal and professional fees and others. The Group will continue to adopt the stringent cost controls in the forthcoming periods.

Loss from operations has also increased from approximately HK\$18.4 million for the six months ended 31 December 2016 to approximately HK\$64.9 million for the six months ended 31 December 2017, representing an increase of approximately HK\$46.5 million which is mainly attributed to substantial loss incurred on the fair value of financial assets held at 31 December 2017.

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Share of loss of an associate amounting to HK\$661,000 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 2017, the Group held total assets of approximately HK\$423.1 million (30 June 2017: approximately HK\$464.7 million), including cash and bank balances of approximately HK\$3.2 million (30 June 2017: approximately HK\$108.7 million).

As at 31 December 2017, the Group had total liabilities of approximately HK\$54.2 million (30 June 2017: HK\$30.0 million) which mainly comprise of trade and other payables amounting to approximately HK\$17.7 million (30 June 2017: approximately HK\$7.3 million) and promissory note of approximately HK\$32.6 million (30 June 2017: approximately HK\$19.3 million).

As at 31 December 2017, the gearing ratio, expressed as a percentage of total debts over total assets was about 12.8% (30 June 2017: 6.5%). The increase in gearing ratio was mainly resulted from the increase in total liabilities in the six months ended 31 December 2017.

Contingent liabilities

As at 31 December 2017, the Group had no contingent liabilities (30 June 2017: Nil).

Exposure to fluctuations in exchange rates and related hedges

The Group's exposure to foreign currencies is limited to its business operations in the PRC. As the Group's business operations in the PRC are not material to the Group, the Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes in the six months ended 31 December 2017.

Charge on Group Assets

As at 31 December 2017, the Group did not have any charge on its assets (30 June 2017: Nil).

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Capital Structure

As at 31 December 2017, the total number of issued shares of the Company was 1,533,654,788 ordinary shares of HK\$0.0001 each (30 June 2017: 1,533,654,788 ordinary shares of HK\$0.1 each).

Material Acquisition and Disposal

On 7 July 2017, the Group completed the acquisition of 100% equity interest in Volk Favor Food Group Limited from an independent third party, which was satisfied by way of HK\$1,000,000 in cash and issuance of promissory note amounting to HK\$19,000,000.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries and associated companies by the Group in the six months ended 31 December 2017.

Significant Investments

As at 31 December 2017, the Group had investments in the following:

- Investment in an available-for-sale investment amounting to approximately HK\$45.0 million (30 June 2017: HK\$45.0);
- Investment in an associate amounting to approximately HK\$3.6 million (30 June 2017: approximately HK\$4.3 million); and
- Financial assets at fair value through profit or loss amounting to approximately HK\$150.6 million (30 June 2017: approximately HK\$142.9 million).

Save as disclosed above, the Group did not have any significant investment as at 31 December 2017.

Employees, Remuneration policies and Share Option Scheme

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As at 31 December 2017, the Group had 60 employees (31 December 2016: 30). The aggregate staff costs and Director's remuneration for the six months ended 31 December 2017 amounted to approximately HK\$8.5 million (six months ended 31 December 2016: HK\$4.5 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 2017, 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 2017 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 2017, so far as is known to the Directors and the chief executives of the Company, the 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 were as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of shareholders	Capacity in which interests are held	Number of ordinary shares held	Approximate percentage of shareholdings
32 Nieumarkt Investments Ltd (<i>Note</i>)	Beneficial owner	912,082,400	59.47
Ng Kwok Wing Michael (<i>Note</i>)	Interest of controlled corporation	912,082,400	59.47

Note: Mr. Ng Kwok Wing Michael ("Mr. Ng") owns the entire issued share capital of Nieumarkt Investments Ltd. Mr. Ng is therefore deemed to be interested in 912,082,400 shares of the Company for the purpose of the SFO.

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

During the six months ended 31 December 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.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions in the Code on Corporate Governance Practices of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, interim report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee is also responsible for reviewing the accounting principles and practices adopted by the Group and also the auditing, internal control and financial reporting matters.

The audit committee consists of three independent non-executive Directors, namely Ms. Wong Lai Na, Mr. Tse Yuen Ming and Mr. Sit Bun. Ms. Wong Lai Na is the chairman of the audit committee. The Group's unaudited results for the six months ended 31 December 2017 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 2017, 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
Law Wai Ching
Executive Director

Hong Kong, 8 February 2018

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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

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>