

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



2018 / 2019  
INTERIM REPORT

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, 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 (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 is pleased to present the unaudited results of the Group for the three months and six months ended 31 December 2018, together with comparative figures for the same corresponding period in 2017 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Notes	For the three months ended 31 December		For the six months ended 31 December	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Turnover</b>	4	<b>485</b>	35,234	<b>19,909</b>	49,388
<b>Revenue</b>	4	<b>485</b>	10,730	<b>18,984</b>	21,884
<b>Cost of sales</b>		<b>(2,556)</b>	(7,984)	<b>(6,543)</b>	(16,649)
<b>Gross (loss)/profit</b>		<b>(2,071)</b>	2,746	<b>12,441</b>	5,235
Other income	5	<b>6,521</b>	8,741	<b>6,522</b>	4,022
Administrative expenses		<b>(5,156)</b>	(20,680)	<b>(10,899)</b>	(32,890)
Other operating expenses	6	<b>(81,570)</b>	(13,471)	<b>(138,955)</b>	(41,300)
<b>Loss from operations</b>		<b>(82,276)</b>	(22,664)	<b>(130,891)</b>	(64,933)
Finance costs	7	<b>(634)</b>	(821)	<b>(1,254)</b>	(1,751)
Share of loss of an associate		-	(378)	-	(661)
<b>Loss before taxation</b>	8	<b>(82,910)</b>	(23,863)	<b>(132,145)</b>	(67,345)
Income tax credit	9	-	150	-	220
<b>Loss for the period</b>		<b>(82,910)</b>	(23,713)	<b>(132,145)</b>	(67,125)
<b>Attributable to:</b>					
Owners of the Company		<b>(82,909)</b>	(23,706)	<b>(132,143)</b>	(67,118)
Non-controlling interests		<b>(1)</b>	(7)	<b>(2)</b>	(7)
		<b>(82,910)</b>	(23,713)	<b>(132,145)</b>	(67,125)
<b>Loss per share attributable to owners of the Company</b>	11				
Basic and diluted (HK cents)		<b>(5.41)</b>	(1.55)	<b>(8.62)</b>	(4.38)

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

	For the three months ended 31 December		For the six months ended 31 December	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
<b>Loss for the period</b>	<b>(82,910)</b>	(23,713)	<b>(132,145)</b>	(67,125)
<b>Other comprehensive (loss)/income for the period</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference on translation of financial statements	<b>(2,109)</b>	736	<b>(372)</b>	1,250
Release of exchange reserve to profit or loss upon cessation of a subsidiary	<b>2,548</b>	-	<b>2,548</b>	-
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Fair value gain in financial assets at fair value through other comprehensive income (Note 13)	<b>22,623</b>	-	<b>22,623</b>	-
<b>Total comprehensive loss for the period</b>	<b>(59,848)</b>	(22,977)	<b>(107,346)</b>	(65,875)
<b>Attributable to:</b>				
Owners of the Company	<b>(59,847)</b>	(22,970)	<b>(107,344)</b>	(65,868)
Non-controlling interests	<b>(1)</b>	(7)	<b>(2)</b>	(7)
	<b>(59,848)</b>	(22,977)	<b>(107,346)</b>	(65,875)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>At</b>	At
		<b>31 December</b>	30 June
		<b>2018</b>	2018
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,987</b>	15,650
Investment property	12	<b>28,495</b>	30,462
Investment in an associate		-	-
Available-for-sale investments		-	48,632
Financial assets at fair value through other comprehensive income	13	<b>71,255</b>	-
Loan receivables	14	-	-
Investment deposit	15	<b>9,679</b>	10,075
Intangible assets	16	-	-
Goodwill	17	-	-
		<b>112,416</b>	104,819
<b>Current assets</b>			
Loan receivables	14	-	-
Trade and other receivables	18	<b>37,646</b>	36,234
Financial assets at fair value through profit or loss	19	<b>52,957</b>	164,476
Bank and cash balances		<b>22,052</b>	22,032
		<b>112,655</b>	222,742
<b>Current liabilities</b>			
Trade and other payables	20	<b>29,928</b>	27,292
Contract liabilities		<b>1,049</b>	-
Promissory note	21	<b>20,554</b>	19,354
Borrowings		-	156
Obligations under finance leases		<b>520</b>	502
Tax payable		<b>776</b>	778
		<b>52,827</b>	48,082
<b>Net current assets</b>		<b>59,828</b>	174,660

	<b>At 31 December 2018</b>	At 30 June 2018
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>Total assets less current liabilities</b>	<b>172,244</b>	279,479
<b>Non-current liabilities</b>		
Obligations under finance leases	<b>914</b>	803
<b>NET ASSETS</b>	<b>171,330</b>	278,676
<b>Capital and reserves</b>		
Share capital	<b>153</b>	153
Reserves	<b>115,254</b>	222,598
Equity attributable to owners of the Company	<b>115,407</b>	222,751
Non-controlling interests	<b>55,923</b>	55,925
<b>TOTAL EQUITY</b>	<b>171,330</b>	278,676

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months period ended 31 December 2018

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Financial assets at FVOCI reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 July 2018 (Audited)	153	1,589,573	15,826	(578)	-	(1,382,223)	222,751	55,925	278,676
Reclassification of financial assets at fair value through other comprehensive income ("FVOCI") reserve under HKFRS9 (defined hereafter)	-	-	-	-	(5,383)	5,383	-	-	-
<b>At 1 July 2018 (Restated)</b>	<b>153</b>	<b>1,589,573</b>	<b>15,826</b>	<b>(578)</b>	<b>(5,383)</b>	<b>(1,376,840)</b>	<b>222,751</b>	<b>55,925</b>	<b>278,676</b>
Loss for the period	-	-	-	-	-	(132,143)	(132,143)	(2)	(132,145)
Other comprehensive (loss)/income for the period:									
Exchange difference on translation of financial statements	-	-	-	(372)	-	-	(372)	-	(372)
Release of exchange reserve to profit or loss upon cessation of health care service operation	-	-	-	2,548	-	-	2,548	-	2,548
Fair value gain in financial assets at fair value through other comprehensive income (Note 13)	-	-	-	-	22,623	-	22,623	-	22,623
Total comprehensive (loss)/income for the period	-	-	-	2,176	22,623	(132,143)	(107,344)	(2)	(107,346)
<b>At 31 December 2018 (Unaudited)</b>	<b>153</b>	<b>1,589,573</b>	<b>15,826</b>	<b>1,598</b>	<b>17,240</b>	<b>(1,508,983)</b>	<b>115,407</b>	<b>55,923</b>	<b>171,330</b>
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 income for the period:									
Exchange difference on translation of financial statements	-	-	-	1,250	-	-	1,250	-	1,250
Total comprehensive (loss)/income 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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>For the six months ended 31 December</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>6,348</b>	(99,436)
Cash flows from investing activities		
Interest received	<b>1</b>	1
Acquisitions of property, plant and equipment	<b>(528)</b>	(638)
Dividend received from a former subsidiary	<b>5,000</b>	-
Net cash effect of acquisition of a subsidiary	<b>-</b>	566
Net cash effect of liquidation of a subsidiary	<b>(10,719)</b>	-
<b>Net cash used in investing activities</b>	<b>(6,246)</b>	(71)
Cash flows from financing activities		
Repayment of bank loans	<b>(156)</b>	(210)
Repayments of promissory notes	<b>-</b>	(6,500)
Proceeds from obligations under finance leases	<b>500</b>	-
Settlement of obligations under finance leases	<b>(372)</b>	(490)
Interest payments	<b>(54)</b>	(34)
<b>Net cash used in financing activities</b>	<b>(82)</b>	(7,234)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>20</b>	(106,741)
<b>Cash and cash equivalents at beginning of period</b>	<b>22,032</b>	108,682
<b>Effect of foreign exchange rate changes</b>	<b>-</b>	1,250
<b>Cash and cash equivalents at end of the period, represented by bank and cash balances</b>	<b>22,052</b>	3,191



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS***For the six months ended 31 December 2018***1. BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2018 (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 2018 and the Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 30 June 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), except the adoption of the new and amended HKFRSs as mentioned below.

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 AMENDED HKFRSs**

The unaudited condensed consolidated interim financial information has been prepared in consistent with those principal accounting policies followed in the Annual Report 2017 except the adoption of the following new/revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as “**new HKFRSs**”) which are effective for accounting periods commencing on or after 1 July 2018.

**(a) New and amended standards adopted by the Group**

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make adjustments as a result of adopting the following standards:

HKFRS 15	“Revenue from Contracts from Customers”
HKFRS 9	“Financial Instruments”

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 3 below. The other standards did not have material impact on the Group’s accounting policies and did not require retrospective adjustments.

**(b) Impact of standards issued but not yet applied by the Group**

*HKFRS 16 “Leases”*

*Nature of change*

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

*Impact*

The standard will affect primarily the accounting for the Group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of approximately HK\$3,122,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

*Date of adoption*

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 July 2019. The Group expects to adopt HKFRS 16 on 1 July 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

The Group has commenced an assessment of the impact of the other new and amended standards and interpretations, but is not yet in a position to state whether they would have significant impacts on its results of operations and financial position.

**3. CHANGES IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of HKFRS 9 “Financial Instruments” and HKFRS 15 “Revenue from Contracts with Customers” on the Group’s condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 July 2018, where they are different to those applied in prior periods.

**(a) HKFRS 9 Financial Instruments – Impact on the financial statements**

The reclassifications and the adjustment arising from new impairment rules are therefore not reflected in the condensed consolidated balance sheet as at 30 June 2018, but are recognised in the opening balance sheet on 1 July 2018. As explained in Note 3(d) below, the Group has adopted HKFRS 9 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 30 June 2018 has not been restated – i.e. it is presented, as previously reported, under HKAS 39 and related interpretations.

The following tables shows the adjustments recognised for each individual item. The adjustments are explained in more detail by standard below.

<b>Condensed consolidated balance sheet (extract)</b>	<b>30 June 2018</b>	<b>Adjustments</b>		<b>1 July 2018</b>
	<b>As originally presented</b>	<b>HKFRS 15</b>	<b>HKFRS 9</b>	<b>Restated</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>				
Available-for-sales financial assets ("AFS")	48,632	–	(48,632)	–
Financial assets at fair value through other comprehensive income ("FVOCI")	–	–	48,632	48,632
<b>Current liabilities</b>				
Trade and other payables	27,292	(1,305)	–	25,987
Contract liabilities	–	1,305	–	1,305

**(b) HKFRS 9 Financial Instruments – Impact of adoption**

HKFRS 9 replaces the provision of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 “Financial Instruments” from 1 July 2018 resulted in changes in accounting policies and adjustment to the amounts recognised in the financial statements. The new accounting policies are set out in Note 3(c) below. In accordance with the transitional provisions in HKFRS 9 (7.2.15), comparative figures have not been restated.

(i) Classification and measurements

On 1 July 2018 (the date of initial application of HKFRS 9), the Group’s management has assessed which business models apply to the financial assets held by the Group, classified its financial instruments into the appropriate HKFRS 9 categories and remeasured its financial instruments at fair value. The main effects resulting from this reclassification and remeasurement are as follows:

The impact of these changes on the Group’s equity is as follows:

	<i>Note</i>	<b>Effect on financial assets at FVOCI reserve HK\$'000</b>	<b>Effect on Accumulated losses HK\$'000</b>
Closing balance 30 June 2018 – HKAS 39		–	(1,382,223)
Reclassify unlisted equity securities from AFS to FVOCI	<i>(a)</i>	(5,383)	5,383
Opening balance 1 July 2018 – HKFRS 9 (Restated)		(5,383)	(1,376,840)

(a) Equity investments previously classified as AFS

The Group elected to present in other comprehensive income changes in the fair value of its investments in unlisted equity securities previously classified as AFS, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, financial assets with a fair value of HK\$48,632,000 were reclassified from AFS to FVOCI and impairment losses of HK\$5,383,000 were reclassified from accumulated losses to the financial assets at FVOCI reserve before remeasurement at fair value on 1 July 2018.

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- Trade receivables for sales of goods and from provision of services
- Contract assets relating to sales of goods and from provision of services

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table in Note 3(b) above.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

*Trade receivables and contract assets*

The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled sales of goods and from provision of services and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group has assessed the expected credit loss model applied to the trade receivables and contract assets as at 1 July 2018 and the change in impairment methodologies has no significant impact of the Group's condensed consolidated interim financial information and the opening loss allowance is not restated in this respect.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

*Significant estimates and judgements*

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in above.

**(c) HKFRS 9 Financial Instruments – Accounting policies applied from 1 July 2018**

(i) Investments and other financial assets

Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

*Impairment*

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial application of the receivables.

**(d) HKFRS 15 “Revenue from Contract with Customers” – Impact of adoption**

The Group has adopted HKFRS 15 “Revenue from Contracts with Customers” from 1 July 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in this condensed consolidated interim financial information. In accordance with the transition provisions in HKFRS 15, the Group has adopted the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under HKAS 18, HKAS 11 and related interpretations.

The adoption of HKFRS 15 did not result in any significant impact on the Group's financial position, results of operations and accounting policies based on the current business model.

(i) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the condensed consolidated balance sheet to reflect the terminology of HKFRS 15:

- Contract liabilities primarily relate to the advance consideration received from customers for sales of goods and provision of service were previously presented as other payables (approximately HK\$1,305,000 as at 1 July 2018).

**(e) HKFRS 15 “Revenue from Contract with Customers” – Accounting policies applied from 1 July 2018**

(i) Sales of goods

Revenue is recognised when control of the products transferred, being when the products are delivered to the customers. The customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers’ acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Customers obtain control when the goods are delivered. Invoices are generated and revenue is recognised at that point in time.

(ii) Service fee income

Revenue is recognised over time as those services are provided.

(iii) Interest income

Revenue is recognised on an accrued basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial assets.

(iv) Dividend

Revenue from listed securities investments is recognised when the share price of the investment goes ex-dividend.



#### 4. TURNOVER AND SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has six (2017: six) 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) Logistic services provide general services in palletization, receiving and delivery, and custom clearance for both air and ocean cargoes and warehousing;
- (d) Health care services operates health centres for the provision of hot stone spa and health related services;
- (e) Securities investment and trading is engaged in purchase and sale of securities and investment;
- (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		For the six months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Food and beverage	-	2,347	-	6,379
Money lending	-	2,937	1,663	5,528
Logistic services	383	5,122	2,744	9,376
Health care services	102	324	287	601
Dividend income from a listed security	-	-	14,290	-
<b>Revenue</b>	<b>485</b>	<b>10,730</b>	<b>18,984</b>	<b>21,884</b>
Proceeds from sale of listed securities	-	24,504	925	27,504
<b>Turnover</b>	<b>485</b>	<b>35,234</b>	<b>19,909</b>	<b>49,388</b>



An analysis of the Group's assets and liabilities by segment as at 31 December 2018 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	11,034	-	2,362	274	72,889	38,601	125,160
Unallocated assets							77,288
Total assets							202,448
LIABILITIES							
Segment liabilities	12,955	-	1,470	400	2,701	570	18,096
Unallocated liabilities							35,645
Total liabilities							53,741

An analysis of the Group's assets and liabilities by segment as at 30 June 2018 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	6,556	10,785	4,088	34,006	177,220	40,840	273,495
Unallocated assets							54,066
Total assets							327,561
LIABILITIES							
Segment liabilities	7,406	1	3,270	2,929	30	459	14,095
Unallocated liabilities							34,790
Total liabilities							48,885

**5. OTHER INCOME**

	For the three months ended 31 December		For the six months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Distribution from a former subsidiary	5,000	–	5,000	–
Reversal of written-off of financial assets at fair value through profit or loss	1,494	–	1,494	–
Gain on disposal of financial assets at fair value through profit or loss	–	3,990	–	3,900
Fair value gain of financial assets at fair value through profit or loss	–	4,646	–	–
Interest income	–	–	1	1
Sundries	27	105	27	121
	<b>6,521</b>	8,741	<b>6,522</b>	4,022

**6. OTHER OPERATING EXPENSES**

	For the three months ended 31 December		For the six months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Fair value loss of financial assets at fair value through profit or loss	68,830	–	112,005	27,655
Loss on cessation of health care service operation	12,740	–	12,740	–
Loss on liquidation of a subsidiary (Note 22)	–	–	12,447	–
Loss on disposal of financial assets at fair value through profit or loss	–	–	84	–
Fair value loss on investment property (Note 12)	–	–	1,679	–
Impairment loss on investment fund	–	13,362	–	13,362
Loss on early redemption of promissory notes	–	109	–	283
	<b>81,570</b>	13,471	<b>138,955</b>	41,300

**7. FINANCE COSTS**

	For the three months ended 31 December		For the six months ended 31 December	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Interest on obligations under finance leases	25	20	51	30
Interest on borrowings	1	23	3	34
Interest on promissory note	608	778	1,200	1,687
	<b>634</b>	821	<b>1,254</b>	1,751

**8. 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	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Depreciation	1,839	1,608	3,677	2,803
Operating lease expenses	1,220	2,657	3,035	4,559

**9. INCOME TAX**

No income tax expense incurred for the six months ended 31 December 2018 as no assessable profit was generated. The income tax credit of approximately 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.

**10. DIVIDEND**

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2018 (2017: Nil).

## 11. 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	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Loss attributable to owners of Company for the purpose of calculating basic loss per share ( <i>HK\$'000</i> )	<b>(82,909)</b>	(23,706)	<b>(132,143)</b>	(67,118)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic loss per share ( <i>'000</i> )	<b>1,533,655</b>	1,533,655	<b>1,533,655</b>	1,533,655

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

## 12. INVESTMENT PROPERTY

	At 31 December 2018 <i>HK\$'000</i> (Unaudited)	At 30 June 2018 <i>HK\$'000</i> (Audited)
At the beginning of the period/year	<b>30,462</b>	–
Acquisition of subsidiaries	–	34,395
Fair value loss during the period/year ( <i>Note 6</i> )	<b>(1,679)</b>	(3,933)
Exchange alignment	<b>(288)</b>	–
	<b>28,495</b>	30,462

All of the Groups investment property held to earn rental income or value appreciation are classified and accounted for as investment properties.

All investment property are located in the PRC with medium lease term.

**13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

Financial assets at FVOCI include the following:

	<b>At 31 December 2018 HK\$'000</b>
Financial instruments level 3:	
Equity investments in unlisted entity securities	<b>71,255</b>

Movement of financial assets at FVOCI is analysed as follows:

	<b>At 31 December 2018 HK\$'000</b>
At beginning of period	-
Reclassification from available-for-sale investments on adoption of HKFRS 9 ( <i>Note</i> )	<b>48,632</b>
Fair value gain financial assets at FVOCI	<b>22,623</b>
	<b>71,255</b>

*Note:* For details of the reclassification, please refer to the notes to condensed consolidated financial statements 3(a) "Impact on the financial statements".

**14. 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:

	<b>At 31 December 2018 HK\$'000 (Unaudited)</b>	At 30 June 2018 HK\$'000 (Audited)
0 to 90 days	-	-
91 to 180 days	-	-
181 to 365 days	-	-
Over 1 year	-	-
	-	-
Non-current portion	-	703
Current portion	-	81,862
	-	82,565
Accumulated impairment loss on loan receivables	-	(82,565)
	-	-





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

Notes:

- (i) Intangible assets of approximately HK\$4,592,000 represents customer relationship of approximately HK\$1,492,000 and brand name of approximately HK\$3,100,000 were arising from the acquisition of Volk Favor Group Holding Limited (“**Volk Favor**”) during the year ended 30 June 2018.
- (ii) As at the end of the reporting period, the Directors performed the impairment assessment on intangible assets as detailed below:
- (a) During the year ended 30 June 2018, ACC Logistics Limited (“**ACC**”) has temporary suspended its operation due to its storage had been forced to close down by the landlord. Accordingly, the customers of the ACC had been lost and therefore, impairment loss of HK\$6,233,000 was charged to profit or loss.
- (b) During the year ended 30 June 2018, Volk Favor has ceased its operation due to unfavourable economic condition in the PRC. Accordingly, impairment loss of approximately HK\$977,000 and HK\$2,884,000 has been provided for customer relationship and brand name respectively.

## 17. GOODWILL

	<b>At 31 December 2018 HK\$'000 (Unaudited)</b>	At 30 June 2018 HK\$'000 (Audited)
<b>Cost</b>		
At the beginning of the period/year	-	11,183
Acquisition of subsidiaries ( <i>Note i</i> )	-	2,693
Impairment loss recognised ( <i>Note ii</i> )	-	(13,876)
	<hr/>	<hr/>
At the end of the period/year	-	-
	<hr/>	<hr/>

Note:

- (i) During the year ended 30 June 2018, goodwill of approximately HK\$2,693,000 relates to the acquisition of Volk Favor, which was allocated to the food and beverage segment.
- (ii) For the year ended 30 June 2018, due to (i) the operation of ACC had been forced to suspend; and (ii) the operation of Volk Favor had been ceased aggregate, impairment loss of approximately HK\$13,876,000 was charge to profit or loss.

**18. TRADE AND OTHER RECEIVABLES**

	<b>At 31 December 2018 HK\$'000 (Unaudited)</b>	At 30 June 2018 HK\$'000 (Audited)
Trade receivables	<b>6,815</b>	8,571
Less: Accumulated impairment loss on trade receivables	<b>(3,826)</b>	(3,826)
	<b>2,989</b>	4,745
Other receivables	<b>35,291</b>	39,452
Less: Accumulated impairment loss on other receivables	<b>(634)</b>	(7,963)
	<b>37,646</b>	36,234

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

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

0 to 90 days	-	1,966
Over 90 days	<b>2,989</b>	2,779
	<b>2,989</b>	4,745

The Group's logistics services, food and beverage trading business and health care business are mainly on credit basis with a credit term of 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by the Directors.

**19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>At 31 December 2018 HK\$'000 (Unaudited)</b>	At 30 June 2018 HK\$'000 (Audited)
Listed equity securities	<b>52,957</b>	164,476
Unlisted convertible bond*	<b>37,259</b>	37,259
Less: fair value change on convertible bond	<b>(37,259)</b>	(37,259)
	<b>52,957</b>	164,476
Market value of listed securities and convertible bond	<b>52,957</b>	164,476

\* 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 that their recoverable amount to be nil as at the reporting period end.

**20. TRADE AND OTHER PAYABLES**

	<b>At 31 December 2018 HK\$'000 (Unaudited)</b>	At 30 June 2018 HK\$'000 (Audited)
Trade payables	<b>1,791</b>	671
Other payables	<b>28,137</b>	26,621
	<b>29,928</b>	27,292

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

0 to 90 days	<b>158</b>	–
90 days to 180 days	<b>229</b>	79
Over 180 days	<b>1,404</b>	592
	<b>1,791</b>	671

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

## 21. PROMISSORY NOTE

	<b>At 31 December 2018 HK\$'000</b>	At 30 June 2018 HK\$'000
Balance at beginning of period/year	<b>19,345</b>	19,345
Early redemption of promissory note	-	(2,000)
Loss on early redemption of promissory note	-	126
Imputed interest ( <i>note 7</i> )	<b>1,200</b>	1,883
	<hr/>	<hr/>
Balance at the end of period/year	<b>20,554</b>	19,354
	<hr/>	<hr/>

During the year ended 30 June 2017, the Company issued a promissory note at rate of 5% per annum in the principal amount of HK\$21,800,000 as part of consideration for the acquisition of the 100% equity interest of ACC. The holder of the promissory note is the sole director of the ACC. The promissory note had a two-year term and maturing on 24 February 2019. The fair value of the promissory note was determined at approximately HK\$19,571,000 at the acquisition date, based on an independent valuation carried out by an independent professional valuer. The effective interest rate of the promissory note was determined to be 10.69% per annum.

## 22. LIQUIDATION OF A SUBSIDIARY

On 6 August 2018, the Group appointed a liquidator and placed Grand Faith Finance Limited (“**Grand Faith**”) into Creditors’ voluntary liquidation. Hence, the Group lost its control and Grand Faith was no longer classified as a subsidiary of the Company. More details were set out in the Company’s announcements dated 24 July 2018 and 9 August 2018.

Net assets of Grand Faith at the date of liquidation were as follows:

	<b>At 6 August 2018 HK\$'000 (Unaudited)</b>
Net assets liquidated:	
Property, plant and equipment	<b>3</b>
Accumulated depreciation	<b>(3)</b>
Loan receivables	<b>82,565</b>
Provision of loan receivables	<b>(82,565)</b>
Cash and bank balances	<b>10,719</b>
Other receivables	<b>1,729</b>
Other payables	<b>(1)</b>
	<hr/>
Total identifiable net assets at fair value	<b>12,447</b>
Loss on liquidation of Grand Faith recognised in the condensed consolidated statement of profit or loss ( <i>Note 6</i> )	<b>(12,447)</b>
	<hr/>
	<b>-</b>
	<hr/>

### 23. 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	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Short-term benefits	690	1,089	1,380	1,818

### 24. OPERATING LEASE COMMITMENTS

At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December 2018 HK\$'000 (Unaudited)	At 30 June 2018 HK\$'000 (Audited)
Within one year	2,154	10,949
In the second to fifth years inclusive	968	13,196
After 5 years	-	2,285
	<b>3,122</b>	26,430

### 25. EVENT AFTER REPORTING PERIOD

On 28 January 2019, the Company entered into an agreement with an independent third party in relation to the acquisition of the entire issued share capital of Hope Capital Limited and its subsidiary (the "**Acquisition**"), which include a licensed corporation under the Securities and Future Ordinance to carry out Type 1 (dealing in securities) regulated activity. The consideration of the acquisition is approximately HK\$40.7 million which will be settled by the way of cash by the Company to the Vendor. As at the date of this report, the Acquisition was not yet completed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Prospect

#### *Food and Beverage Trading*

Due to the unfavourable economic condition in the People's Republic of China (“**PRC**”) and the trade tariff, our subsidiary, Volk Favour Food Group Limited and its subsidiaries, ceased their operation during the year ended 30 June 2018. Hence, for the six months ended 31 December 2018 (the “**Period**”), food and beverage trading recorded no turnover, which represented substantial decrease of 100% from the corresponding period in 2017. The Group is currently seeking for feasible opportunities.

#### *Property Investment*

The Group is now holding an investment property in Chaoyang District, Beijing in PRC. Due to the unfavourable economic condition and tightened regulations in PRC, it led to a negative impact on the property market. The property market in PRC is correlated to the regulations implemented by the government. Under this backdrop, the Group adopted a more cautious attitude. The acquisition of the property in Hainan is also influenced by the tightened regulation in PRC during 2018 and will be completed upon obtaining all the relevant certificates, approvals and title documents.

#### *Money Lending*

Since the change of control in the Company at the beginning of 2018, there were changes of board composition in the Company as well. The new management of the Company has reviewed the financial position and the operations of the Group. Given the recent decline in the profitability, the Directors become more cautious about the prospect of money lending. The Directors consider that the poor financial performance of Grand Faith would adversely affect its reputation and thus its business development. Accordingly, the Directors consider it is prudent for the Group to liquidate Grand Faith Finance Limited (“**Grand Faith**”) and reallocate its resources to set up a new vehicle which principally engages in money lending business. Hence, the Group decided to place Grand Faith into creditors' voluntary liquidation.

Interest income recorded by the Group up to the date of the loss of control of Grand Faith amounted to approximately HK\$1.7 million, which represents a decrease of approximately 69.9% from the corresponding period in 2017.

During the Period, the Company received a first interim dividend distribution of HK\$5.0 million arising out of the Company's admitted ordinary claims against Grand Faith.

The Group will assess the recoverability of the loan portfolio with the liquidator from time to time.

For further details, please refer to the Company's announcements dated 24 July 2018, 9 August 2018 and 28 December 2018.

### ***Securities Investment and Trading***

During the six months ended 31 December 2018, the stock market witnessed a sustaining pullback. As a result, the Group implemented a more cautious approach to securities trading and only recorded proceeds from sale of listed securities of approximately HK\$0.9 million during the six months ended 31 December 2018 (for the six months ended 31 December 2017: approximately HK\$27.5 million) and resulted in a loss on disposal of approximately HK\$84,000 (for the six months ended 31 December 2017: a gain on disposal of approximately HK\$3.9 million). Furthermore, a dividend income from a listed security was approximately HK\$14.3 million (for the six months ended 31 December 2017: nil). The Group will continue to adopt the cautious approach in making investment decision in securities trading so as to obtain a balance between risk and return.

For the six months ended 31 December 2018, the Group recorded a fair value loss of financial assets at fair value through profit or loss of approximately HK\$112.0 million (for the six months ended 31 December 2017: approximately HK\$27.7 million) and the aggregate fair value of the listed securities as at 31 December 2018 amounted to approximately HK\$53.0 million (30 June 2018: approximately HK\$164.5 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 six months ended	
		31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
		2018	2017	2018	2017	2018	2017	2018	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0279	Freeman FinTech Corporation Limited (Provision of securities and futures, insurance brokerage and financial services)	-	100,000	-	52,000	-	52,000	-	-
0530	Goldin Financial Holdings Limited (Provision of factoring service, investment, winery business; property development and investment)	-	5,306	-	18,828	-	21,754	-	2,926
0718	Tai United Holdings Limited (Investment and assets management and holding the mining right and exploration and evaluation assets)	50,000	-	38,000	-	14,250	-	(23,750)	-
0943	eForce Holdings Limited (Manufacture and sale of healthcare and household products, and coal mining)	56,605	56,605	11,321	3,750	6,340	5,887	(4,981)	2,137
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)	66,500	55,960	83,790	27,339	5,320	36,934	(78,470)	9,595
1116	Mayer Holdings Limited (Manufacture and trading of steel and related product and investment listed equity securities)	6,000	-	1,494	-	1,230	-	(264)	-
8103	hmvd Limited (Systems development, professional services, proprietary trading, money lending, property investment and OTT Service)	7,020	7,020	14,251	13,449	9,547	11,934	(4,704)	(1,515)



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 six months ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
8153	Code Agriculture (Holdings) Limited (Provision of digital television services, provision of car beauty services and money lending)	60,185	61,505	6,380	17,866	4,333	11,686	(2,047)	(6,180)
8202	Inno-Tech Holdings Limited (Buses and bus stations advertising business in the People's Republic of China)	49,122	48,862	9,726	42,169	11,937	7,818	2,211	(34,351)
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	-	1,751	-	1,035	-	(716)
				<b>164,962</b>	178,230	<b>52,957</b>	150,575	<b>(112,005)</b>	(27,655)

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 recognised at the end of the respective periods. The gain/(loss) on change in fair value of the listed securities for the six months ended 31 December 2018 and 31 December 2017 excluded those amount being recognised in prior periods.

Details of the listed securities disposed of are as follows:

Stock code	Name of the investee company	Six months ended 31 December 2018		Six Months ended 31 December 2017	
		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
0530	Goldin Financial Holdings Limited	-	-	1,750	754
1166	Solartech International Holdings Limited	-	-	19,500	3,833
2112	CAA Resources Limited	-	-	1,700	18
8103	hmvod Limited	-	-	1,500	(90)
8153	Code Agriculture (Holdings) Limited	-	-	8,800	(603)
8228	National Arts Entertainment and Culture Group Limited	2,840	(84)	1,360	(12)
			(84)		3,900

#### **Health care services**

Health care services mainly provide hot stone spa and health related services. Revenue of health care services contributed from an indirect-owned subsidiary of the Company, Sharp Elegant Limited and its subsidiary (collectively the “**Sharp Elegant Group**”), which established a health centre in Shanghai.

Revenue generated from this business segment during the Period amounted to approximately HK\$287,000, representing a decrease of approximately 52.2% from that of approximately HK\$601,000 recorded for the corresponding period in 2017.

In light of the continuously down-turning performance of the operation of this business segment and a lot of efforts to obtain necessary approvals for the health centre in Shanghai, the Company had determined to cease the operation of Sharp Elegant Group on 19 December 2018.

As a result of the cessation of the operation, loss on cessation of health care service operation incurred for the six months ended 31 December 2018 amounted to approximately HK\$12.7 million (for the six months ended 31 December 2017: nil).

The Company may seek for any potential opportunity for health care services.

For further details please refer to the Group’s announcement dated 19 December 2018.

### **Logistic services**

The operation of logistics has temporarily suspended due to its storage forced to closed down by the landlord and it hence limited the scale of the operation. During the six months ended 31 December 2018, the turnover generated by this business unit was approximately HK\$2.7 million, representing a decrease of approximately 71.3% from approximately HK\$9.4 million during the corresponding period in 2017. The Group is seeking for the storage place in order to resume the operation.

### **Prospects**

In light of the uncertainty of the global economy including risk of increasing the interest rate and trade tariff, the Company will encounter uncertain factors in the coming future. The Board will be prudent to assess and review the existing businesses and look for new investment opportunities in order to generate more resources and make better efforts to develop the profitable businesses with an aim to achieve more sustainable growth for the Group as a whole.

### **Financial Review**

#### **Turnover**

For the Period, the Group recorded an unaudited turnover of approximately HK\$19.9 million, representing a decrease of approximately 59.7% from approximately HK\$49.4 million for the corresponding period in 2017. The decrease in revenue was mainly attributable to the decrease in proceeds generated from sale of listed securities.

#### **Cost of Sales**

The cost of sales and services for the Period decreased by approximately HK\$10.1 million as compared to approximately HK\$16.6 million for the six months ended 31 December 2017.

#### **Gross Profit**

The Group significantly improved its gross profit to approximately HK\$12.4 million for the Period from approximately HK\$5.2 million for the corresponding period in 2017. The Group's gross profit margin was approximately 65.3% for the Period.

#### **Administrative Expenses**

Administrative expenses for the Period were approximately HK\$10.9 million, as compared to approximately HK\$32.9 million for the corresponding period in 2017. 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.

## **Other Operating Expenses**

For the Period, the Group incurred a substantial loss of approximately HK\$112.0 million (for six months ended 31 December 2017: loss of approximately HK\$27.7 million) on the change in fair value of financial assets at fair value through profit or loss. Moreover, a loss on liquidation of a subsidiary amounted to approximately HK\$12.4 million was incurred during the Period. Due to the cessation of operation of health care services, loss on cessation of health care service operation amounted to approximately HK\$12.7 million was incurred for the Period.

## **Share of Loss of an Associate**

For the six months ended 31 December 2018, no share of loss of an associated was incurred. The investment in an associate was fully impaired as at 30 June 2018. For the six months ended 31 December 2017, 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. Ng Lok Shing, Ronald. 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 2018, the Group held total assets of approximately HK\$225.1 million (30 June 2018: approximately HK\$327.6 million), including cash and bank balances of approximately HK\$22.1 million (30 June 2018: approximately HK\$22.0 million).

As at 31 December 2018, the Group had total liabilities of approximately HK\$53.7 million (30 June 2018: HK\$48.9 million) which mainly comprise of trade and other payables amounting to approximately HK\$29.9 million (30 June 2018: approximately HK\$27.3 million) and promissory note of approximately HK\$20.6 million (30 June 2018: approximately HK\$19.4 million).

As at 31 December 2018, the gearing ratio, expressed as a percentage of total debts over total assets was about 23.9% (30 June 2018: 14.9%). The increase in gearing ratio was mainly resulted from the decrease in total assets in the six months ended 31 December 2018.

## **Contingent Liabilities**

As at 31 December 2018, the Group had no contingent liabilities (30 June 2018: 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 2018.

### **Charge on Group Assets**

As at 31 December 2018, the Group did not have any charge on its assets (30 June 2018: Nil).

### **Capital Structure**

As at 31 December 2018, the total number of issued shares of the Company was 1,533,654,788 ordinary shares of HK\$0.0001 each (30 June 2018: 1,533,654,788 ordinary shares of HK\$0.0001 each).

### **Material Acquisition and Disposal**

Save as disclosed elsewhere in this report, there was no material acquisition or disposal of subsidiaries and associated companies by the Group for the six months ended 31 December 2018.

### **Significant Investments**

As at 31 December 2018, the Group had investments in the following:

- Financial assets at fair value through other comprehensive income amounting to approximately HK\$71.3 million (classified as available-for-sale investments as at 30 June 2018: HK\$48.6 million);
- Financial assets at fair value through profit or loss amounting to approximately HK\$53.0 million (30 June 2018: approximately HK\$164.5 million).

Save as disclosed above, the Group did not have any significant investment as at 31 December 2018.

### **Employees, Remuneration policies and Share Option Scheme**

As at 31 December 2018, the Group had 26 employees (31 December 2017: 60). The aggregate staff costs and Director's remuneration for the six months ended 31 December 2018 amounted to approximately HK\$5.6 million (six months ended 31 December 2017: HK\$8.5 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.

## Interim Dividend

The Board has resolved not to declare any interim dividend for the Period (for the six months ended 31 December 2017: Nil).

## 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 2018, the interests and short positions 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 required to be 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 recorded 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, were as follows:

### Long position in ordinary shares of the Company

Name of Director	Capacity in which interests are held	Number of issued ordinary shares held	Approximate percentage of shareholdings
Ng Kwok Wing Michael	Interest of controlled corporation	991,689,459 (note)	64.66%

Note: 991,689,459 shares of the Company are held by Nieumarkt Investments Ltd, a company incorporated in the Republic of Marshall Island, which is a company wholly owned by Mr. Ng Kwok Wing, Michael, the Chairman of the Company. Mr. Ng Kwok Wing, Michael is deemed to be interested in such shares under the SFO.

Save as disclosed above, none of the Directors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules as at 31 December 2018.

**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 was no share option granted under the share option scheme throughout the Period. There was no outstanding share option as at 31 December 2018.

**DIRECTOR'S RIGHTS TO PURCHASE SHARES OR DEBENTURES**

Save as disclosed in the above section headed "SHARE OPTION SCHEME", at no time during the Period 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 2018, 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:

**Long positions in shares and underlying shares of the Company**

<b>Name of Shareholder</b>	<b>Capacity in which interests are held</b>	<b>Number of issued ordinary shares held</b>	<b>Approximate percentage of shareholdings</b>
Nieumarkt Investments Ltd <i>(Note)</i>	Beneficial owner	991,689,459	64.66%

*Note:* The entire issued share capital of Nieumarkt Investments Ltd, a company incorporated in the Republic of Marshall Island, which is owned by Mr. Ng Kwok Wing, Michael, the Chairman of the Company.

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

During the Period, 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 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 Mr. Chow Chi Wah, Vincent, Ms. Chow Mun Yee and Mr. Ma Ka Ki. Mr. Chow Chi Wah, Vincent is the chairman of the audit committee. The Group's unaudited condensed consolidated results for the Period 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 were made.



**CORPORATE GOVERNANCE**

The Company had complied with the Code on Corporate Governance Practice set out in Appendix 15 of the GEM Listing Rules during the Period.

By Order of the Board  
**CELEBRATE INTERNATIONAL HOLDINGS LIMITED**  
譽滿國際(控股)有限公司  
**Ng Kwok Wing Michael**  
*Chairman*

Hong Kong, 30 January 2019

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

***Executive Directors***

*Mr. Ng Kwok Wing, Michael (Chairman)*

*Mr. Suen Yick Lun, Philip*

***Independent Non-executive Directors***

*Mr. Chow Chi Wah, Vincent*

*Ms. Chow Mun Yee*

*Mr. Ma Ka Ki*

*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>.*