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CELEBRATE INTERNATIONAL HOLDINGS LIMITED

譽滿國際（控股）有限公司*

(In Receivership)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8212)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018
AND
REMAINING BALANCE OF THE PROCEEDS FROM RIGHTS ISSUE**

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the annual results announcement of Celebrate International Holdings Limited (the “**Company**”) and its subsidiaries (together referred as the “**Group**”) for the year ended 30 June 2018 published on 28 September 2018 (the “**Annual Results Announcement**”) and the annual report of the Company for the year ended 30 June 2018 (the “**Annual Report**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Annual Results Announcement.

The Board of Directors of the Company (the “**Board**”) would like to provide shareholders of the Company and potential investors with further information regarding the Annual Results Announcement and the Annual Report as follows:

* *For identification purposes only*

IMPAIRMENTS

Impairment loss on investment in an associate

For the year ended 30 June 2018 (the “**Year 2018**”), the Company reviewed the financial results of Baron which is operated by Mr. Ng Lok Shing Ronald (a composer in Hong Kong) and the Company noted that the business operation of Baron is continuously making losses which is reflected by endless sharing of losses from Baron since the completion of the acquisition of 49% of equity interest in Baron. The Company has also considered the ability of Baron to generate sufficient working capital for its musical business, however, no new plan is available for its musical business. In addition, the sharing of loss of each financial year has clearly indicated that Baron is not able to enlarge its scale of business. Moreover, another major factor leading to an impairment loss recognized for the Year 2018 mainly attributed to a significant decrease in the income streams because of the poor performance of its music consultancy services and the unsuccessful launch of the corporation’s education programmes.

Based on the business valuation report, three valuation approaches including the market approach, the income approach and the asset approach are taken into consideration to assess the fair value of Baron. The valuation is based on fair value in accordance with the Hong Kong Financial Reporting Standard 13 – Fair Value Measurement. The major assumptions adopted in the valuation are, among others, as follows:

- the information provided with regard to Baron’s financial and business affairs are accurate and reliable;
- there are, or will have, adequate human capital and capacity required for the provision of the services of Baron, and the required human capital and capacity will be acquired in a timely manner that will not affect its operation;
- there are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of Baron as the date of valuation;
- the policy on tax rate applicable will not materially change; and
- apart from the figures shown in the financial statements available to the valuer, Baron has no material asset and liability as of the date of the valuation.

According to HKAS 36 “Impairment of Assets”, the reporting entity should compare the carrying amount of the assets with its recoverable amount, being the higher of value in use and fair value less cost of disposal. The Company’s auditor hence stated in the Annual Report to show such basis.

The asset approach is the method adopted by Access Partner Consultancy & Appraisals Limited (the “Valuer”) to determine the fair value of the business unit so that the Company can figure the fair value of the business unit, the recoverable amount that stated in the HKAS.

On the basis that the summation of market value of the individual assets represents the total value of the Target, the value of the equity interest can be derived by subtracting the market value of the total liabilities from the total assets. In addition, as advised by the management of Baron, Baron does not have any intangible asset.

As Baron has a loss making performance since 2016 and its net liabilities amount to HK\$9,802,123 as of 30 June 2018. The management of Baron has no future business plan to improve its performance and concluded that no foreseeable profit could be made. Therefore, the Valuer decided to use asset approach instead of income approach.

The valuation report concluded that as Baron has been loss making since 2016 and has negative net asset value, therefore the market approach may not be an appropriate valuation method. Also Baron did not structure any development plan to improve its performance, thus, the income approach may not be an appropriate valuation method. Lastly, taking into consideration the asset approach, given that Baron has a negative net asset value, it is considered that Baron has no commercial value.

Therefore, the impairment loss of HK\$3,525,000 is made against the carrying value of the entire equity interest in Baron.

Impairment loss on trade and other receivables

As at 30 June 2018, the Group’s trade and other receivables amounted to approximately HK\$36,324,000, and the Group posted an impairment loss on trade and other receivables of approximately HK\$8,880,000.

Trade Receivable – HK\$993,000

Reference is made to the announcement dated 9 August 2018, since the change of control in the Company in the beginning of last year, there were changes of board composition in the Company as well. The Company has reviewed the financial position and the operations of the Group. For the financial year ended 30 June 2017, the Company noted a reduction in revenue from the food and beverage trading business of approximately 29.4% compared to that of the financial year ended 30 June 2016. The reduction was mainly due to decrease in trading of wine and spirits.

During the Year 2018, the revenue generated from trading of wine and spirits remains at a small scale, and the revenue is not anticipated to grow any further. Accordingly, the impairment is made on those receivables that have been overdue for over 365 days on a prudent basis.

Other Receivables – Loan Interest Receivable – HK\$7,791,000

Reference is made to the announcements of the Company dated 24 July 2018 and 9 August 2018, where it was noted that Grand Faith Finance Limited (“**Grand Faith**”) was placed into voluntary liquidation (the “**Liquidation**”). The Company has considered that:

- (a) due to the financial position and the operations of the Grand Faith and given the recent decline in the profitability of Grand Faith, the directors become more cautious about the prospect of money lending;
- (b) it is more prudent for the Group to liquidate Grand Faith and reallocate its resources to set up a new vehicle which principally engages in money lending business;
- (c) the poor financial performance of Grand Faith would adversely affect its reputation and thus its business development ability;
- (d) the Company has also considered the view of insolvency of Grand Faith as of 31 March 2018 and 30 June 2017; and
- (e) although Grand Faith was placed into the Liquidation after the Year 2018, the Company believed that the controls over the operation and management of Grand Faith have passed to the liquidator on 24 July 2018.

Therefore, the impairment is made against the entire loan interest receivable for the Year 2018 on an as if Grand Faith is liquidated.

Reference is made to the announcement of the Company dated 24 July 2018 on the Voluntary Winding-up of a Subsidiary and Business Update for more information regarding the poor performance and insolvency of Grand Faith.

Other Receivables – HK\$96,000

The impairment represents other receivables of Volk Favor. Volk Favor has ceased its operation due to unfavorable economic conditions in the People’s of Republic of China (“**PRC**”). And the Company also believed that it is very difficult for Volk Favor to collect such outstanding amount in PRC. Therefore, an impairment is made for the Year 2018 on a prudent basis. The current management of the Company has engaged liquidators to voluntarily wind up the Volk Favour Group to recoup its losses as best as possible, including the profit guarantee.

Impairment loss on loan receivable

During the Year 2018, the impairment of HK\$72,680,000 is made for the entire loan receivable as result of the Liquidation. For more information, please refer to the above section on “Other Receivables – Loan Interest Receivable”.

INTANGIBLE ASSETS AND GOODWILL

The intangible assets and goodwill arose from the acquisition of the ACC Logistics Limited (“**ACC**”) and Volk Favor Group Holdings Limited (“**Volk Favor**”). The intangible assets comprised of customer relationship and brand name.

ACC

Save as disclosed in the announcement dated 24 February 2017, the valuation of the ACC was based on the market approach. The brand name, customer relationship and goodwill were created from the acquisition of ACC (including the ACC’s clientele).

Save as disclosed in the result announcement dated 28 September 2018, the competition of the logistics industry was very intensive in Hong Kong and the operation of logistics was temporarily suspended due to the lack of place for storage purpose. In addition, the management of ACC did not have any feasible plan to re-activate the operation and as a result, the turnover during the last quarter of the Year 2018 significantly dropped, and the Company also noted that a significant amount of clientele of ACC has been lost.

Moreover, the Company noted the attrition rate and growth rate for the valuation of customer relationship was 15% and 2% respectively based on the historical customer list. As there has been a significant loss in clientele during the last quarter of the Year 2018, the historical attrition rate and growth rate are no longer appropriate for use, no valuation report on customer relationship for the Year 2018 can be properly conducted. Therefore, impairment loss of HK\$6,233,000 in relation to the customer relationship has been made. Furthermore, as the clientele of ACC has been lost and the management of ACC did not have any feasible plan to re-activate the operation for cashflow forecast, impairment losses of HK\$11,183,000 in relation to goodwill has also been made.

Volk Favor

Volk Favor assets mainly comprise account receivables, cash and office equipment, without any intangible assets. Since the liabilities cannot be forfeited, no adjustment of net asset value is to be expected (e.g., increase total assets amount or decrease total liabilities amount) with negative net asset value.

Volk Favor has ceased its operation since April 2018 due to unfavourable economic conditions in the PRC. As the business operation has been ceased, no more revenue could be generated from the customers and the intangible assets stemming from the Customer Relationship should be impaired to zero to reflect it won't bring any economic inflow to the Group. Therefore, no business valuation on the customer relationship and goodwill for the Year End was conducted for the reason that the operation of Volk Favour had ceased.

However, a valuation report was prepared by the Valuer to assess on whether the value of Volk Favor can be quantified. The valuation is based on fair value in accordance with the Hong Kong Financial Reporting Standard 13 – Fair Value Measurement. The valuer considered three generally accepted approaches and has adopted the asset-based approach in valuing the fair value of Volk Favor. The major assumptions adopted by in the valuation are, among others, as follows:

- the information provided with regards to Volk Favor's financial and business affairs are accurate and reliable;
- there are, or will have, adequate human capital and capacity required for the provision of the services of Volk Favor, and the required human capital and capacity will be acquired in a timely manner that will not affect its operation;

- there are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of Volk Favor as of the date of the valuation;
- the policy on tax rate applicable will not materially change; and
- apart from the figures shown in the financial statements available to the valuer, Volk Favor group has no material asset and liability as of the date of the valuation.

The acquisition of Volk Favor was completed on 7 July 2017 (the “Completion”). At the Completion, the Company was required to assess the fair value of the Brand Name and Customer Relationship according to the Financial Reporting Standard “Business Combinations” made reference to the information of Volk Favor as at 7 July 2017. In the valuation report, the valuer only applied two methods under the income approach on the basis that the Brand Name and the Customer Relationship could possibly bring economic inflow to Volk Favor in the future. Therefore, the initial valuation for both Brand Name and Customer Relationship were recognized based on the final valuation report dated 28 September 2018 as of the Completion.

On the other hand, the performance of Volk Favor did not meet expectation in the second-half of 2017/2018, and the Company believed that the fair value of the Brand Name and Customer Relationship have to be re-accessed as of 30 June 2018 for the annual audit. Therefore, a valuation report was conducted by the Valuer as of 30 June 2018. In short, the Valuer considered three general valuation approaches and decided that both the income approach and market approach were inappropriate as Volk Favor Group did not generate any revenue since April 2018 and has negative net asset value, therefore the Valuer applied the asset approach to determine the commercial value.

The subsequent change of the valuation method adopted was based on the on-going assessments on Volk Favor during the year.

Given that Volk Favor has not generated any revenue since April 2018 and has negative net asset value, the market approach may not be an appropriate valuation method. Moreover, as Volk Favor has ceased operation and did not generate any revenue after April 2018, the income approach may not be an appropriate valuation method either. The valuer having considered the abovementioned, it was deemed that Volk Favor group would have no commercial value due to its current financial performance and position. On the basis that the summation of market values of the individual assets represents the total value of Volk Favor, the value of the equity interest can be derived by subtracting the market value of the total liabilities from the total assets. As such, no adjustment would be made to the net asset value of Volk Favor, and with no intangible asset since the business operation has been ceased, Volk Favor would have no commercial value under the asset-based approach. Base on the valuation report, impairment loss of HK\$976,000 and HK\$2,883,000 and HK\$2,693,000 in relation to the customer relationship, brand name and goodwill have been made respectively.

SIGNIFICANT INVESTMENTS

The Company would like to provide a further discussion on the performance and prospects of the Group's significant investments as follows:-

AVAILABLE-FOR-SALES INVESTMENT

PAM Real Estate Opportunities Fund LP (“the Fund”)

Save as disclosed in the announcement dated 27 June 2017, the Fund is managed by DBS Bank Limited (the “**Fund Administrator**”), and the capital contribution was US\$2,561,049 (equivalent to approximately HK\$20,000,000).

On a regular basis, a statement of the Fund (the “**Statement**”) is provided by the Fund Administrator. According to the Statement dated 1 August 2018, the total portfolio value of the Fund (the “**Portfolio**”) as at 30 June 2018 was USD486,316.53 (equivalent to approximately HK\$3,815,000), and the loss in Portfolio as at 30 June 2018 was US\$2,074,732.48 (equivalent to approximately HK\$16,185,000). Based on the Statement, the loss in Portfolio has been recognized as impairment loss.

Co-Lead Holdings Limited (“Co-Lead”)

Co-Lead principally engages in securities trading and investment holding businesses. Its investment portfolio consists of listed and unlisted securities.

The Board is of the view that investment in Co-Lead would enable the Group to invest in different sectors and diversify the market coverage and risk exposure of the Group.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Freeman FinTech Corporation Limited (“FFC”) (formerly known as Freeman Financial Corporation Limited) (Stock Code: 279)

FFC principally engages in the financial services sector, including the provision of securities and futures brokerage services, the provision of placing, underwriting and margin financing services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, the trading of securities and futures, the provision of finance, as well as investment holding.

FFC completed the Acquisition of Wins Finance in August 2017 so to expand its finance leasing and factoring business. In view of the recent uncertain economic outlook in global markets, FFC will continue to take attentive but sensible approach towards new investment opportunities so that to enhance the values to the shareholders.

Tai United Holdings Limited (“Tai United”) (Stock code: 718)

The major businesses of the Tai United and its subsidiaries include investment and asset management, financial services, and mining and exploitation of natural resources.

Going forward, Tai United will seize market opportunities brought by national policies, continue to consolidate the development results of each business segment, optimise assets allocation, reinforce internal control management and build its core competitiveness, aiming to achieve sustainable business development and bring continuous valuable returns to the shareholders of Tai United.

Solartech International Holdings Limited (“Solartech”) (Stock code: 1166)

Solartech principally engages in the cables and wires business, copper rod business, metallurgical grade bauxite trading business, property investment business, mining business, securities business and advertising business.

In the future, Solartech will pay close attention to the changing market conditions and review consolidation proposals for the cables and wires business with the aim of strengthening its market position and enhancing its profitability in the cables and wires business.

hmvod Limited (“hmvod”) (Stock code: 8103)

hmvod and its subsidiaries principally engage in six operating segments including (i) systems development; (ii) professional services; (iii) proprietary trading; (iv) money lending; (v) property investment; and (vi) over the top (“OTT”) services.

hmvod is expected to broaden its business beyond the IT sector and potentially invest into and/or perform acquisitions in other industries, including renewable energy and other “green” businesses, the financial industry, and more traditional non-IT businesses.

Inno-Tech Holdings Limited (“Inno-Tech”) (Stock code: 8202)

Inno-Tech and its subsidiaries principally engage in the provision of outdoor advertising on buses and bus stations and television advertising operation in the People’s Republic of China and event management and marketing services in Hong Kong.

Inno-Tech will take a cautious and conservative approach to explore and evaluate new businesses in the future.

| Name of Investee | Number of shares held by the Group | | Percentage of share capital owned by the Group | | Investment cost | | Gain/(loss) on disposal during the year | | Impairment provided for the year ended | |
|--|---------------------------------------|--------------|---|-----------|------------------|------------------|--|------------------|---|------------------|
| | 2018 '000 | 2017 '000 | 2018 % | 2017 % | 2018 HK\$'000 | 2017 HK\$'000 | 2018 HK\$'000 | 2017 HK\$'000 | 2018 HK\$'000 | 2017 HK\$'000 |
| <i>Available-for-sale investments</i> | | | | | | | | | | |
| Co-Lead Holdings Limited | 155 | 155 | 1.50 | 2.86 | 50,000 | 50,000 | - | - | - | (5,183) |
| <i>Financial assets at FVTPL</i> | | | | | | | | | | |
| Freeman FinTech Corporation Limited (Stock Code: 279) | - | 100,000 | - | 0.64 | - | 41,000 | (2,000) | - | - | - |
| Tai United Holdings Limited (Stock code: 718) | 50,000 | - | 0.95 | - | 46,000 | - | - | - | - | - |
| Solartech International Holdings Limited (Stock code: 1166) | 66,500 | 52,340 | 2.84 | 2.22 | 36,023 | 21,025 | 5,812 | 3,530 | - | - |
| hmvod Limited (Stock code: 8103) | 7,020 | 5,200 | 4.93 | 3.66 | 13,449 | 5,700 | (90) | - | - | - |
| Inno-Tech Holdings Limited (Stock code: 8202) | 49,122 | 48,172 | 4.67 | 4.82 | 33,164 | 34,346 | (9,248) | (1,040) | - | - |
| Others | | | | | 45,414 | 41,035 | 344 | (30,547) | (16,185) | - |

| Name of Investee | Gain/(loss) on the change in | | | | The size of FV to the total | | Any dividend income | |
|---|------------------------------|----------|--------------------------|----------|-----------------------------|-------|---------------------|------|
| | FV for the year ended | | Fair value as at 30 June | | assets of the Group | | received | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | % | % | | |
| <i>Available-for-sale investments</i> | | | | | | | | |
| Co-Lead Holdings Limited | - | - | 44,817 | 44,817 | 13.68 | 9.64 | No | No |
| <i>Financial assets at FVTPL</i> | | | | | | | | |
| Freeman FinTech Corporation Limited (Stock Code: 279) | - | 2,500 | - | 52,000 | - | 15.87 | No | No |
| Tai United Holdings Limited (Stock code: 718) | (8,000) | - | 38,000 | - | 11.60 | - | No | No |
| Solartech International Holdings Limited (Stock code: 1166) | 47,767 | 577 | 83,790 | 22,245 | 25.58 | 6.79 | No | No |
| hmvod Limited (Stock code: 8103) | 801 | 4,975 | 14,251 | 10,712 | 4.35 | 3.27 | No | No |
| Inno-Tech Holdings Limited (Stock code: 8202) | (23,438) | 7,562 | 9,726 | 41,910 | 2.97 | 12.79 | No | No |
| Others | (3,295) | (3,353) | 22,524 | 36,037 | 6.88 | 4.90 | | |

The objective of the Company's securities investment is capital appreciation. The Company's prospects of each of the significant investments will be disclosed in the result announcement with reference to the latest investment held as of 30 June 2019.

REMAINING BALANCE OF THE PROCEEDS FROM RIGHTS ISSUE

Reference is also made to the prospectus of the Company dated 26 May 2017 in relation to the rights issue of three rights shares for every one share of the Company in issue held on the record date at the subscription price of HK\$0.168 per rights share (the "Rights Issue") and the announcement of the Company dated 7 September 2017 in relation to the change in use of proceeds from the Rights Issue.

The Company would like to clarify that it was incorrectly mentioned in the last paragraph on page 20 of the Annual Report that the remaining balance of the proceeds from the Rights Issue of approximately HK\$20.3 million was maintained in the bank accounts of the Group. The abovementioned HK\$20.3 million has in fact been utilized during the first quarter of 2017/2018 to finance the Company's securities investments. The Company hereby clarify and further disclose the actual use of the said HK\$20.3 million and the timeline as follows:–

| Balance of net proceeds | Intended use of the balance of net proceeds | Actual use of the balance of net proceeds used | Timeline of use of proceeds |
|--------------------------------|--|---|---|
| Approximate HK\$20,300,000 | General working capital | Securities investment | During the first quarter of 2017/2018, the remaining proceeds had been fully utilised |

The Group has endeavoured in exploring opportunities for potential investments with a view to diversify the investment portfolio held and mitigate the market risks of the Group's investments. The change of use of the balance of the net proceeds can effectively diversify our investment portfolio of the Company and increase investment turnover.

OTHERS

There was referring typo for the note of intangible assets. Notes (ii) and (iii) on page 187 of the Annual Report should be consolidated as part of the elaboration of the valuation method for the acquisition. Accordingly, Note (iv) on page 187 should be read as Note (iii) as it explained the rationale of the impairment loss made during the year.

The supplementary information provided in this announcement does not affect the information contained in the Annual Report, and save as disclosed above, the contents of the Annual Report remain unchanged.

For and on behalf of
Celebrate International Holdings Limited
譽滿國際(控股)有限公司
(Receiver Appointed)
Tang Shing Tung
Receiver

By Order of the Board
Celebrate International Holdings Limited
譽滿國際(控股)有限公司
(Receiver Appointed)
Suen Yick Lun Philip
Executive Director

Hong Kong, 3 October 2019

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

Executive Directors

Mr. Woo Eddie (Chairman)

Mr. Suen Yick Lun Philip

Mr. Au Wai June

Independent Non-executive Directors

Mr. Chow Chi Wah Vincent

Ms. Chow Mun Yee

Mr. Ma Ka Ki

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for 7 days from the date of its publication and on the Company’s website at <http://www.ciholdings.com.hk>.

The English text of this announcement shall prevail over its Chinese text.