

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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 MARCH 2020

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* For identification purposes only

RESULTS

The board of Directors (the “**Board**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and nine months ended 31 March 2020, together with comparative unaudited figures for the same corresponding period in 2019 were as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 31 March		For the nine months ended 31 March	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Turnover	3	<u>9,470</u>	<u>16,741</u>	<u>113,421</u>	<u>36,649</u>
Revenue	3	59	125	1,709	19,109
Cost of sales		<u>-</u>	<u>(1,338)</u>	<u>-</u>	<u>(7,881)</u>
Gross profit/(loss)		59	(1,213)	1,709	11,228
Other income	4	9,715	46,805	29,795	11,526
Administrative expenses		(9,089)	(5,704)	(24,124)	(16,603)
Other operating expenses	5	(24,998)	(40,240)	(88,836)	(137,394)
Loss from operations		(24,313)	(352)	(81,456)	(131,243)
Finance costs		(810)	(728)	(5,369)	(1,982)
Loss before taxation		(25,123)	(1,080)	(86,825)	(133,225)
Income tax	6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the periods		<u>(25,123)</u>	<u>(1,080)</u>	<u>(86,825)</u>	<u>(133,225)</u>
Attributable to:					
Owners of the Company		(25,123)	(1,080)	(86,825)	(133,223)
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
		<u>(25,123)</u>	<u>(1,080)</u>	<u>(86,825)</u>	<u>(133,225)</u>
Loss per share attributable to owners of the Company					
Basic and diluted (HK cents)	8	<u>(1.64)</u>	<u>(0.07)</u>	<u>(5.66)</u>	<u>(8.69)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For the three months ended 31 March		For the nine months ended 31 March	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the periods	<u>(25,123)</u>	<u>(1,080)</u>	<u>(86,825)</u>	<u>(133,225)</u>
Other comprehensive (loss)/income for the periods				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference on translation of financial statements	–	481	(192)	108
Release of exchange reserve to profit or loss upon liquidating/cessation of subsidiaries	–	–	(1,691)	2,548
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Fair value (loss)/gain on financial assets at fair value through other comprehensive income (“FVTOCI”)	<u>–</u>	<u>(1,198)</u>	<u>(1,397)</u>	<u>21,425</u>
Total comprehensive loss for the periods	<u>(25,123)</u>	<u>(1,797)</u>	<u>(90,105)</u>	<u>(109,144)</u>
Attributable to:				
Owners of the Company	(25,123)	(1,797)	(90,105)	(109,142)
Non-controlling interests	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2)</u>
	<u>(25,123)</u>	<u>(1,797)</u>	<u>(90,105)</u>	<u>(109,144)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2020

	Attributable to owners of the Company								
	Share capital	Share premium	Capital reserve	Exchange reserve	Investment revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2019 (Audited)	153	1,589,573	15,826	1,883	(7,475)	(1,529,341)	70,619	55,923	126,542
Loss for the period	-	-	-	-	-	(86,825)	(86,825)	-	(86,825)
Other comprehensive loss for the period:									
Exchange difference on translation of financial statements	-	-	-	(192)	-	-	(192)	-	(192)
Release of exchange reserve to profit or loss upon liquidating of subsidiaries	-	-	-	(1,691)	-	-	(1,691)	-	(1,691)
Fair value loss in financial assets at FVTOCI	-	-	-	-	(1,397)	-	(1,397)	-	(1,397)
Total comprehensive loss for the period	-	-	-	(1,883)	(1,397)	(86,825)	(90,105)	-	(90,105)
At 31 March 2020 (Unaudited)	<u>153</u>	<u>1,589,573</u>	<u>15,826</u>	<u>-</u>	<u>(8,872)</u>	<u>(1,616,166)</u>	<u>(19,486)</u>	<u>55,923</u>	<u>36,437</u>
At 1 July 2018 (Audited)	153	1,589,573	15,826	(578)	-	(1,382,223)	222,751	55,925	278,676
Initial application of HKFRS 9	-	-	-	-	(5,383)	5,383	-	-	-
At 1 July 2018 (Restated)	<u>153</u>	<u>1,589,573</u>	<u>15,826</u>	<u>(578)</u>	<u>(5,383)</u>	<u>(1,376,840)</u>	<u>222,751</u>	<u>55,925</u>	<u>278,676</u>
Loss for the period	-	-	-	-	-	(133,223)	(133,223)	(2)	(133,225)
Other comprehensive income for the period:									
Exchange difference on translation of financial statements	-	-	-	108	-	-	108	-	108
Release of exchange reserve to profit or loss upon cessation of a subsidiary	-	-	-	2,548	-	-	2,548	-	2,548
Fair value gain on financial assets at FVTOCI	-	-	-	-	21,425	-	21,425	-	21,425
Total comprehensive income/(loss) for the period	-	-	-	2,656	21,425	(133,223)	(109,142)	(2)	(109,144)
At 31 March 2019 (Unaudited)	<u>153</u>	<u>1,589,573</u>	<u>15,826</u>	<u>2,078</u>	<u>16,042</u>	<u>(1,510,063)</u>	<u>113,609</u>	<u>55,923</u>	<u>169,532</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 March 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated results (the “**Results**”) for the nine months ended 31 March 2020 (the “**Period**”) have been prepared in accordance with the applicable disclosure requirements set out in the Chapter 18 of the GEM Listing rules and the Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Results for the Period have been prepared under the historical cost convention except for the valuation of certain financial instruments, which are measured at fair value, as appropriate. The accounting policies used in the preparation of the Results for the Period are consistent with those used in the Group’s audited financial statements for the year ended 30 June 2019, except for the adoption of the new HKFRSs and amendments to HKFRSs that are relevant and effective for the annual period beginning on 1 July 2019.

On 3 July 2019, the Company received a notice from its creditor, Citizens Money Lending Corporation Limited (“**Creditor**”) that events of default have occurred under the debenture granted by the Company to the Creditor dated 25 January 2019 (“**Debenture**”), and thereby the Creditor has appointed Mr. Tang Shing Tung as the receiver (the “**Receiver**”) to all of the property and assets of the Company. Under the terms of the Debenture, the Receiver has power to take possession of, or collect, and get in all or any of the Group’s property and assets and sell or otherwise dispose of all or any of the Group’s property and assets.

The Directors have given careful consideration to the right of the Receiver to realise the Group’s property and assets in assessing whether the Group is able to continue as a going concern. If the Receiver exercise his power to realise the Group’s property and assets, it may not be able to continue to operate as a going concern, and adjustments would have to be made to adjust the carrying values of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. As such, the Directors have closely communicated with the Receiver about the Group’s property and assets, and current operations.

The Company is optimised that future dividends from liquidating of Grand Faith and Power Elite Group would bring in additional funds to the Group for its working capital and repayment of the outstanding loan amount. For the Period, the Company received dividends of approximately HK\$28.9 million (for the same period in 2019: approximately HK\$5.0 million). The dividends received have been used as working capital.

The Board has taken measures to tighten the operating cash outflows through cutting costs and capital expenditures, these measures included (i) freezing headcount of the Group by pausing recruitment of new employees and replacement of resigned employees; (ii) slowing down settlement of operating costs by fully utilising the credit period granted by service providers; and (iii) slowing down capital expenditures.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the unaudited condensed consolidated financial statements on a going concern basis. The unaudited condensed consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to operate as a going concern.

The Results of the Group for the three months ended 31 March 2020 and the Period are unaudited, but have been reviewed by the audit committee of the Company.

2. APPLICATION OF NEW AND REVISED HKFRSs

A number of new or amended standards became applicable for the Period and the Group had to change its accounting policies and make adjustments as a result of adopting HKFRS 16 “Leases”. The impact of the adoption of this standard and the new accounting policies were disclosed in the 2019/2020 Interim Report. The other standards did not have material impact on the Group’s accounting policies and did not require retrospective adjustments.

3. TURNOVER AND REVENUE

For management purposes, the Group is organised into business units based on their products and services and remain two (2019: six) reportable operating segments as follows:

- (a) Money lending segment provides funds to clients and receives loan interest income in return;
- (b) Securities investment and trading is engaged in purchase and sale of securities and investment;

The following are other four reportable segments in 2019:

- (c) Trading of food and beverage segment is a strategic business unit which is engaged in the provision of quality food and beverage;
- (d) Logistic services provide general services in palletization, receiving and delivery, and custom clearance for both air and ocean cargoes and warehousing;

- (e) Health care services operate health centres for the provision of hot stone spa and health related services;
- (f) Property investment is engaged in investment in properties.

An analysis of the Group's turnover and revenue by reportable segments is as follows:

	For the three months ended 31 March		For the nine months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Food and beverage trading	-	-	-	-
Money lending	59	-	865	1,663
Logistic services	-	125	-	2,869
Health care services	-	-	-	287
Dividend income from listed securities	-	-	844	14,290
Revenue	59	125	1,709	19,109
Proceeds from sales of listed securities	9,411	16,616	111,712	17,540
Turnover	9,470	16,741	113,421	36,649

4. OTHER INCOME

	For the three months ended 31 March		For the nine months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Distribution from a liquidating subsidiary	8,936	-	28,936	5,000
License fee income	348	-	348	-
Reversal of expected credit loss	276	-	276	-
Gain on lease modification	155	-	155	-
Gain on disposal of property, plant and equipment	-	4	79	4
Interest income	-	-	1	1
Fair value gain on the contingent consideration	-	5,000	-	5,000

	For the three months ended 31 March		For the nine months ended 31 March	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Reversal of written-off of financial assets at fair value through profit or loss (“FVTPL”)	-	-	-	1,494
Sundries	-	-	-	27
Gain on fair value change of investment property	-	553	-	-
Fair value gain of financial assets at FVTPL	-	41,248	-	-
	<u>9,715</u>	<u>46,805</u>	<u>29,795</u>	<u>11,526</u>

5. OTHER OPERATING EXPENSES

	For the three months ended 31 March		For the nine months ended 31 March	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Loss on disposal of financial assets at FVTPL	4,989	40,219	39,415	40,303
Fair value (gain)/loss of financial assets at FVTPL	(1,485)	-	539	70,757
Loss on loss of control of liquidating subsidiaries	21,494	-	48,644	12,447
Loss on cessation of health care service operation	-	-	-	12,740
Written-off of property, plant and equipment	-	-	238	-
Fair value loss on investment property	-	-	-	1,126
Sundries	-	21	-	21
	<u>24,998</u>	<u>40,240</u>	<u>88,836</u>	<u>137,394</u>

6. INCOME TAX

No income tax expenses incurred for both the Period and the nine months ended 31 March 2019 (the “Corresponding Period”) as no assessable profit was generated.

7. DIVIDEND

The Board do not recommend the payment of any dividend for the Period (for the Corresponding Period: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	For the three months ended 31 March		For the nine months ended 31 March	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company for the purpose of calculating basic loss per share (<i>HK\$'000</i>)	<u>(25,123)</u>	<u>(1,080)</u>	<u>(86,825)</u>	<u>(133,223)</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (<i>in thousands</i>)	<u>1,533,655</u>	<u>1,533,655</u>	<u>1,533,655</u>	<u>1,533,655</u>

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

9. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospect

For the Period, the principal businesses of the Group are money lending and securities investment and trading.

For the Corresponding Period, the principal businesses of the Group were money lending, securities investment and trading, logistic services, property investment, food and beverage trading and healthcare services.

Money Lending

Since the commencement of liquidation of Grand Faith Finance Limited (“**Grand Faith**”), the Group has received a number of status updates from the liquidator. The following is the summary of the latest status:

Summary of loan accounts of Grand Faith (as of 24 January 2020 – the latest reporting date for the Period).

<i>Category</i>	<i>Principle amount HK\$'000</i>	<i>% rounded</i>	<i>No. of account</i>
1. On-going debt collection action	–	–	–
2. Making monthly repayment	13,108	16%	2
3. Fully settled	23,860	29%	8
4. Statutory Demand – serving	6,252	8%	5
5. Statutory Demand served – in bankruptcy proceedings	25,000	30%	7
6. Statutory Demand served – in winding-up proceedings	10,295	12%	4
7. Write off	4,000	5%	2
Total	<u>82,515</u>	<u>100%</u>	<u>28</u>

For the Period, a total amount of approximately HK\$28.9 million (for the Corresponding Period: approximately HK\$5.0 million) has been distributed from the client’s liquidation account which is managed by the liquidator. The distribution has been used as working capital of the Group.

Last year, the Group acquired a money lending company with the aim of creating a new vision for the Group and elevating its money lending business to be fully integrated in its financial services business. Since then, the Group also invested in other money lending companies. The aim is to enhance its money lending business.

For the Period, the Group recorded a total amount of loan interest income of approximately HK\$0.9 million (for the Corresponding Period: approximately HK\$1.7 million). In view of the recent development of the Group, no further funding was allocated to the money lending business. No provision of doubtful or bad debt was recorded for the Period.

Securities Investment and Trading

For the Period, the Group recorded proceeds from sale of listed securities of approximately HK\$111.7 million (for the Corresponding Period: approximately HK\$17.5 million) and a loss on disposal of financial assets at FVTPL approximately HK\$39.4 million (for the Corresponding Period: a loss of approximately HK\$40.3 million). Moreover, the Group posted a fair value loss of financial assets at FVTPL of approximately HK\$0.5 million (for the Corresponding Period: a loss of approximately HK\$70.8 million).

For the Period, a dividend income from listed securities of approximately HK\$0.8 million (for the Corresponding Period: approximately HK\$14.3 million) was earned.

The Group implemented a cautious approach in making investment decision in securities investment and trading and 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 to provide investment return to the Group.

Reference is made to the announcement dated 16 January 2020, True Wonder has been placed into voluntary winding-up. Terms defined in the announcement shall have the same meaning herein unless otherwise defined. Following the commencement of the voluntary winding-up, True Wonder and its subsidiary have ceased to be subsidiaries of the Company and effectively has carved out from the Group. The financial results and position of True Wonder and its subsidiary shall be deconsolidated from those of the Group. Such liquidation resulted a loss on loss of control of liquidating subsidiaries of approximately HK\$22.8 million. As a result of the voluntary winding-up of True Wonder, the remaining principal activity of the Group has become the investment in equity shares.

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		Percentage of share capital owned by the Group		Investment cost (Note a)		Fair value		Percentage to the Group's net assets		Gain/(loss) on change in fair value for the nine months ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		'000	'000	%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	%	HK\$'000	HK\$'000
0613	Planetree International Development Limited (Treasury management, property leasing, money lending and brokerage related services)	-	-	-	-	-	-	-	-	-	-	(563)	-
0718	Tai United Holdings Limited (Financial services and asset management, commodity and medical equipment trading, property investment and mining and exploitation of natural resources)	-	50,000	-	0.95	-	38,000	-	20,750	-	12.31	(57)	(17,250)
0943	eForce Holdings Limited (Land development, money lending business, coal mining business and manufacture and sales of healthcare and household products)	-	53,437	-	0.50	-	10,687	-	8,871	-	5.26	-	(1,816)
1166	Solartech International Holdings Limited (Manufacture and trading of cable and wires, trading of copper rods and metallurgical grade bauxite, and investment properties)	-	36,740	-	1.55	-	46,292	-	3,637	-	2.16	-	(42,655)
1224	CC Land Holdings Limited (Property development and investment; and treasury investment)	-	-	-	-	-	-	-	-	-	-	(5)	-
1332	China Touyun Tech Group Limited (QR code business, manufacture and sale of packaging products and treasury investment)	-	-	-	-	-	-	-	-	-	-	(26)	-

Stock code	Name of the investee company and its principal activities	Number of shares held		Percentage of share capital owned by the Group		Investment cost (Note a)		Fair value		Percentage to the Group's net assets		Gain/(loss) on change in fair value for the nine months ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		'000	'000	%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	%	HK\$'000	HK\$'000
1387	China Dili Group (Operation of agriculture wholesale markets in PRC)	-	-	-	-	-	-	-	-	-	-	112	-
6060	ZhongAn Online P&C Insurance Co., Ltd (Insurance service and technology services)	-	901	-	0.19	-	25,689	-	25,419	-	15.08	-	(270)
8103	hmvod Limited (Professional services, money lending business, and OTT Service)	-	7,020	-	4.93	-	14,252	-	9,828	-	5.83	-	(4,424)
8202	Inno-Tech Holdings Limited (Outdoor advertising, sales and distribution of seafood, event management and marketing services and money lending)	-	35,592	-	3.38	-	7,047	-	2,705	-	1.61	-	(4,342)
						-	141,967	-	71,210	-	42.25	(539)	(70,757)

Note:

- (a) 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 nine months ended 31 March 2020 and 31 March 2019 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	Nine months ended 31 March 2020		Nine months ended 31 March 2019	
		Number of shares disposed of '000	Gain/(loss) on disposal HK\$'000	Number of shares disposed of '000	Gain/(loss) on disposal HK\$'000
0005	HSBC Holdings plc	200	(910)	–	–
0045	The Hong Kong and Shanghai Hotels, Limited	411	48	–	–
0064	Get Nice Holdings Limited	24,516	(2,039)	–	–
0136	HengTen Networks Group Limited	21,032	(1,357)	–	–
0379	China Ever Grand Financial Leasing Group Co. Ltd	23,420	(146)	–	–
0622	Oshidori International Holdings Limited	44,946	(5,584)	–	–
0718	Tai United Holdings Limited	50,055	(1,702)	–	–
0943	eForce Holdings Limited	53,437	(107)	3,168	(270)
1116	Mayer Holdings Limited	–	–	6,000	(355)
1166	Solartech International Holdings Limited	–	–	29,760	(35,518)
1141	CMBC Capital Holdings Limited	90,000	(5,400)	–	–
1293	Grand Baoxin Auto Group Limited	8,665	(12,808)	–	–
1466	Affluent Partners Holdings Limited	7,940	(6,062)	–	–

Stock code	Name of the investee company	Nine months ended 31 March 2020		Nine months ended 31 March 2019	
		Number of shares disposed of '000	Gain/(loss) on disposal HK\$'000	Number of shares disposed of '000	Gain/(loss) on disposal HK\$'000
1571	Xin Point Holdings Limited	571	(218)	–	–
1800	China Communications Construction Company Limited	210	(194)	–	–
6060	ZhongAn Online P&C Insurance Co., Ltd	–	–	286	503
8103	hmvod Limited	7,020	(2,808)	–	–
8153	Code Agriculture (Holdings) Limited	–	–	60,185	(4,089)
8173	Union Asia Enterprise Holdings Limited	7,320	411	–	–
8202	Inno-Tech Holdings Limited	50,000	(539)	13,530	(490)
8228	National Arts Entertainment and Culture Group Limited	–	–	2,840	(84)
			(39,415)		(40,303)

Logistic Service

The logistic service was operated by ACC Logistic Limited. The Group acquired the logistic business in 2017.

Since 2018, the lack of inventory warehouse led to devastating impact on logistic operations associated with customer abandonment. The operation was ceased in 2019. As a result, no income was generated from the logistic services for the Period (for the Corresponding Period: approximately HK\$2.9 million).

In order to find a suitable solution, the Company has sought for liquidators. On 12 August 2019, Ernst and Young was appointed as the liquidator to facilitate the liquidation. The excerpts are contained under the section headed “Liquidation of Power Elite Holdings Limited (“Power Elite”)” on pages 18 to 21 of this announcement.

Food and Beverage Trading

The food and beverage trading was operated by Volk Favor Food Group Limited and its subsidiaries (“**Volk Favor**”, collectively “**Volk Favor Group**”). The Group acquired the operation in 2017.

The operations were ceased in 2018 due to the unfavorable economic condition in the People’s Republic of China (the “**PRC**”). Since then, no revenue was recorded from both the Period and the Corresponding Period.

Save as disclosed in the announcement dated 7 July 2017, the Group completed the acquisition of 100% equity interest in Volk Favor Group for a cash consideration of HK\$1.0 million (the “**Cash Consideration**”) and an issuance of promissory note of HK\$19.0 million (the “**PN**”). In 2018, the Group has settled approximately HK\$15.2 million of Volk Favor’s PN as to HK\$4.5 million in cash and approximately HK \$10.7 million by way of assignment of loan receivables (the “**Settlements**”). According to the sale and purchase agreement, if the actual audited consolidated net profit after tax of the Volk Favor Group for the period within 12 months from the completion date was less than the Profit Guarantee, Cosmic Lane Limited (the “**Vendor**”) shall compensate the Company with an amount in respect of the shortfall calculated according to the formula. As Volk Favor Group failed to meet the profit guarantee, the Vendor shall compensate the Company with a total amount of HK\$16.2 million (the “**Shortfall**”) which represents the sum of Cash Consideration and the Settlements.

In respect of the profit guarantee and the Shortfall, the Company has decided to engage an independent third party to recover the amount of profit guarantee and shortfall from the vendor.

Last year, the Company has sought for liquidators. On 12 August 2019, Ernst and Yong was appointed as the liquidator to facilitate the liquidation. The excerpts are contained under the section headed “Liquidation of Power Elite Holdings Limited (“Power Elite”)” on pages 18 to 21 of this announcement.

Property Investment

The investment property in Beijing (“**Beijing Property**”) was acquired on 18 January 2018. Last year, the Company suspected that the Beijing Property has been occupied by unknown occupant without the authorisation of the Group. A legal opinion was obtained in respect of the right to use the Beijing Property. No revenue was posted from both the Period and the Corresponding Period.

For the investment property in Hainan (“**Hainan Property**”), the property was acquired on 14 September 2016. Since then, the property developer was not able to provide the property right certificate to the Group. Last year, the Company has sought for a legal opinion in respect of the legal title of the Hainan Property.

Due to the abovementioned deficiency, the Company has sought for liquidators. On 12 August 2019, Ernst & Young was appointed as the liquidator to facilitate the liquidation. The excerpts are contained under the section headed “Liquidation of Power Elite Holdings Limited (“Power Elite”)” on pages 18 to 21 of this announcement.

Health Care Services

The operation of healthcare services, which mainly includes hot stone spa and health related services, has been commenced in February 2015 under Sharp Elegant Limited (“**Sharp Elegant**”). Since the commencement, a huge amount (approximately HK\$80.6 million) was invested in hot stone spa business.

Considering that the hot stone spa business was stagnant while huge amount of capital had been invested, the Company conducted a comprehensive provision in 2018 and 2019 and concluded that Sharp Elegant had been mismanaged by the former directors and/or management team (including Ms. Su Ying-Hsi (previous name: Ms. Su Tsu Hsien)). No revenue was generated for the Period (for the Corresponding Period: approximately HK\$0.3 million).

Therefore, the Company has engaged Ernst & Young as the liquidator to voluntarily wind up Sharp Elegant, so as to investigate the huge amount of capital investment, transactions and to recoup its losses as much as possible from all parties related to Sharp Elegant last year. The excerpts are contained under the section headed “Liquidation of Power Elite Holdings Limited (“Power Elite”)” on pages 18 to 21 of this announcement.

Liquidation of Power Elite Holdings Limited (“Power Elite”)

Reference is made to the announcement dated 12 August 2019, Power Elite Group has been placed into voluntary liquidation. Capitalised terms used herein shall have the same meanings as defined in the announcement unless the context requires otherwise.

The Board has reviewed the operations of the Group and resolved to voluntarily wind up Power Elite Group. Power Elite Group is a group of subsidiaries with disappointing financial performance. In order to reduce the Company’s exposures over the matters relating to Power Elite Group, the Directors consider that it is in the best interests of the Company and the Shareholders to engage professionals with relevant experience to be the joint and several liquidators of Power Elite Group for liquidating and recovering the value of Power Elite Group, and making further review for the company records including the previous transactions of Power Elite Group. Following the commencement of the voluntary liquidation, Power Elite Group has ceased to be a subsidiary of the Company and its results and net assets are no longer required to be consolidated.

The following six subsidiaries of the Power Elite Group were put into liquidation for the purposes of asset recoveries and winding up. Ernst & Young Transactions Limited was appointed as the liquidators of the following subsidiaries:

Number	Subsidiaries	Principal business	Liquidation Commencement Date
1	Key Success Enterprise Limited	Investment property	30 September 2019
2	Hong Kong Street Food Entrepreneurship Foundation Limited	Investment property	30 September 2019
3	Volk Favor Food Company Limited	Food and beverage trading	30 September 2019
4	ACC Logistics Limited	Logistic services	29 November 2019
5	Yu Man International Food Limited (“Yu Man”)	Food and beverage trading	30 September 2019
6	Sharp Elegant Limited (“Sharp Elegant”)	Health care services	29 November 2019

The liquidators have carried out general investigation into the affairs of Power Elite Group. The following is the summary of the latest status as at 20 December 2019 (the “**Report Date**”):

1. Key Success Enterprise Limited (“Key Success”)

Key Success owns a property in Beijing indirectly via two PRC companies, namely 深圳啟隆信息諮詢有限公司 (“深圳啟隆”) and 北京特倫國際貿易有限公司 (“北京特倫”). The liquidators have written to 北京特倫 informing them of the appointment of the liquidators of Key Success and requesting information on 北京特倫. The liquidators have also engaged a Beijing law firm to obtain information from 北京特倫 and to demand 北京特倫 to do so by 13 December 2019. As at the Report Date, the liquidators have not received any reply from 北京特倫. Further actions will be taken by the liquidators.

The lawyers of the liquidators have conducted site visit at the registered office of 北京特倫 and it appears that it is an address of a service company. The lawyers of the liquidator have also conducted searches with the relevant government departments and been advised that the Beijing property is still under the name of 北京特倫. The liquidator is liaising with the lawyers regarding the necessary action to prevent any unauthorised transfer of shares in 北京特倫 or the Beijing property.

2. Hong Kong Street Food Entrepreneurship Foundation Limited (“H K Street Food”)

港飲港食餐飲管理(深圳)有限公司 (“港飲港食深圳”), a direct subsidiary of H K Street Food, owns a property at Hainan Province. The liquidators have interviewed the legal representative of 港飲港食深圳 and have taken possession of the keys of the Hainan property.

The liquidators will take further action on the preservation, valuation and sale of the Hainan property.

3. *Volk Favor Food Company Limited (“Volk Favor”)*

According to an agreement for sale and purchase of 100% issued shares of Volk Favor dated 7 July 2017 (the “**Agreement**”), Cosmic Lane Limited, the vendor, guaranteed to the Company that the total audited consolidated net profit after tax of Volk Favor Food Group Limited, Volk Favor, Volk Favor Food (Chongqing) Company Limited, 深圳合佳食品連鎖有限公司 and 深圳民聲食品有限公司 (collectively, the “**Volk Favor Group**”) for the period within 12 months from the date of the Agreement shall not be less than HK\$3,000,000 and Cosmic Lane Limited shall compensate to the Company for the shortfall. However, the total audited consolidated net profit after tax of the Volk Favor Group failed to reach HK\$3,000,000.

Based on the available books and records and the Agreement, a sum of HK\$19,180,645 is due from Cosmic Lane Limited to the Company. Accordingly, the liquidators sent demand letters to Cosmic Lane Limited on 18 November 2019 and 11 December 2019. As at the Report Date, no reply has been received.

4. *ACC Logistics Limited (“ACC Logistics”)*

The liquidators have engaged a Hong Kong law firm to obtain information and recover assets from a former sole director of ACC Logistics (the “**Former Director**”).

The liquidators have recovered a truck registered under ACC Logistics which was in the possession of the Former Director. A valuer had been appointed by the liquidators to estimate the forced liquidation value of the truck with an estimated recoverable amount of HK\$220,000. The truck was then sold by public tender at the highest offer of HK\$270,666. After settlement of the outstanding amount pursuant to a hire purchase agreement and the relevant realisation costs, the liquidators estimated the net realisation amount will be HK\$60,000.

As at the Report Date, no particular update on Yu Man and Sharp Elegant was available from the liquidators.

Investigations

The liquidators have recovered the books and records from Power Elite Group.

The liquidators have also written to the auditors of ACC Logistics demanding any books and records in their possession and are waiting for their reply.

The investigation into the affairs of the Power Elite Group are continuing.

Reference is made to the announcement dated 12 February 2020 in relation to a liquidated subsidiary. The Company has been informed the latest status of the liquidated subsidiary which owns the Beijing property. The Company is yet to receive any investigation report from the liquidators. Further announcement(s) will be made by the Company as and when appropriate if there is any material progress including frauds and misconduct, regarding the Voluntary Winding-Up, and take further criminal, disciplinary or civil action as appropriate. Capitalised terms used herein shall have the same meanings as defined in the announcement unless the context requires otherwise.

Since the Report Date, there is no further report from the liquidators.

Commencement of Delisting Procedures

Reference is made to the announcements dated 28 June 2019, 10 July 2019, 3 October 2019, 11 October 2019, 18 October 2019, 31 October 2019, 7 November 2019, 10 January 2020 and 9 April 2020 (the “**Announcements**”) in relation to, among others, the suspension in trading in the shares of the Company (the “**Shares**”) on Stock Exchange since 6 June 2019 and a number of updates on the listing status of the Company. Terms defined in the Announcements shall have the same meaning herein unless otherwise defined or the context otherwise required.

On 28 June 2019, the Company has received a letter from the Stock Exchange, which served as a notice pursuant to Rule 9.15 of the GEM Listing Rules. The Stock Exchange has decided to suspend trading of the Shares under Rule 9.04 of the GEM Listing Rules and proceed with the cancellation of the Company’s listing under Rule 9.14 of the GEM Listing Rules (the “**Decision**”). The Stock Exchange requires the Company to re-comply with Rule 17.26 of the GEM Listing Rules. If the Company fails to do so by the expiry of the twelve-month period, the Stock Exchange will proceed with cancellation of the Company’s listing.

On 10 July 2019, the Company filed an application for a review by the GEM Listing Committee in relation to the Decision (the “**Review**”).

The GEM Review Hearing was heard on 2 October 2019 by the Committee to review the Decision.

On 3 October 2019, the Company received a letter from the Stock Exchange, in which the Stock Exchange sets out a list of resumption guidance for the Company. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. In addition, under Rule 9.14(A)(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of twelve-months, which will be expired on 5 June 2020.

On 11 October 2019, the first quarterly update was published.

On 18 October 2019, the Company received a decision letter from the Stock Exchange which mentioned, inter alia, that after considering all the submissions (both written and oral) made by the Company and the Listing Department, the Committee was of the view that the Company has failed to maintain a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Shares and the Committee therefore decided to uphold the Listing Department's Decision. Also, in relation to the Subscription Agreement, the Company has been unable to obtain all the necessary approvals as per the conditions precedent as at Long Stop Date. Therefore, the Subscription Agreement has lapsed and the parties shall have no further obligation to each other in accordance with the terms of the Subscription Agreement.

On 31 October 2019, after considering legal and professional advice, the Company does not intend to submit a request for the Decision to be referred to the GEM Listing Review Committee of the Stock Exchange for a further and final review pursuant to Rule 4.06(2) of the GEM Listing Rules.

As such, the Company is required to re-comply with the Rule 17.26 of the GEM Listing Rules, i.e. to carry out a business with sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of the Shares.

On 7 November 2019, the Company received another letter from the Stock Exchange. The Stock Exchange sets out additional resumption guidance, to demonstrate the Company's compliance with GEM Rule 17.26.

On 10 January 2020, the second quarterly update was published.

On 9 April 2020, the third quarterly update (the latest update for the Period) was announced. The resumption guidance are as following:

- (a) to publish the inside information announcement in relation to the possible subscription of new shares (fulfilled on 18 October 2019);
- (b) to publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications;
- (c) to announce all material information for the shareholders and investors to appraise its position; and
- (d) to demonstrate the compliance with GEM Rule 17.26.

The Company is taking appropriate steps to fulfil the resumption guidance and will keep the shareholders and the public on update, among others the progress as and when necessary.

Prospects

The present situation of the Company is depicted by the delisting decision and the shareholders' dispute in between Nieumarkt Investments Ltd and the new purported receiver.

Financial Review

Turnover and revenue

Turnover increased by approximately HK\$76.8 million or 2.1 times from approximately HK\$36.6 million for the Corresponding Period to approximately HK\$113.4 million for the Period.

Revenue decreased by approximately HK\$17.4 million or 91.1% from approximately HK\$19.1 million for the Corresponding Period to approximately HK\$1.7 million for the Period. The operations of food and beverage trading, property investment, logistic services and health care services were ceased, and thus no revenue was recorded. The remaining operations of the Group are money lending business and securities investment and trading. The Group recorded a revenue of approximately HK\$1.7 million in which approximately HK\$0.9 million was attributable to money lending business and the remaining of approximately HK\$0.8 million was attributable to dividend income from securities investment and trading business.

Cost of Sales

As a result of cessation of operations over food and beverage trading, property investment, logistic services and health care services, zero cost of sales and services was recorded for the Period. Therefore, cost of sales decreased by approximately HK\$7.9 million or 100% from approximately HK\$7.9 million for the Corresponding Period to zero for the Period.

Gross Profit

Gross profit decreased by approximately HK\$9.5 million or 84.8% from approximately HK\$11.2 million for the Corresponding Period to approximately HK\$1.7 million for the Period. The significant decrease was attributable to cessation of operations over food and beverage trading, property investment, logistic services and health care services.

Other Income

Other income increased by approximately HK\$18.3 million or 1.6 times from approximately HK\$11.5 million for the Corresponding Period to approximately HK\$29.8 million for the Period. The significant increase was mainly attributable to distributions from the client's liquidation account, which is managed by the liquidator, in respect of the liquidation of Grand Faith. The distributions for the Period was approximately HK\$28.9 million (for the Corresponding Period: approximately HK\$5.0 million). The distributions have been used as working capital of the Group.

Administrative Expenses

Administrative expenses mainly consist of staff costs and Director's remuneration, depreciation, operating lease rentals for office and professional fees.

Administrative expenses increased by approximately HK\$7.5 million or 45.2% from approximately HK\$16.6 million for the Corresponding Period to approximately HK\$24.1 million for the Period. It was mainly attributable to (i) professional fees increased by approximately HK\$5.6 million or 78.9% from approximately HK\$1.5 million for the Corresponding Period to approximately HK\$7.1 million for the Period, the increase in professional fees was mainly attributable to liquidation of subsidiaries and delisting procedures and related matters; and (ii) depreciation increased by approximately HK\$2.6 million or 1.1 times from approximately HK\$2.3 million for the Corresponding Period to approximately HK\$4.9 million for the Period as a result of relocation of principal place of business of the Group.

The Group will continue to adopt the stringent cost controls in administrative expenses.

Other Operating Expenses

Other operating expenses decreased by approximately HK\$48.6 million or 35.4% from approximately HK\$137.4 million for the Corresponding Period to approximately HK\$88.8 million for the Period. It was mainly attributable to the Group's financial assets at FVTPL which decreased by approximately HK\$71.2 million or 100% from approximately HK\$71.2 million as at 31 March 2019 to nil as at 31 March 2020, as a result, the change in fair value loss of financial assets at FVTPL decreased by approximately HK\$70.3 million or 99.3% from approximately HK\$0.5 million for the Corresponding Period to approximately HK\$70.8 million for the Period.

On the other hand, the Group's loss on disposal of financial assets at FVTPL decreased by approximately HK\$0.9 million from approximately HK\$40.3 million for the Corresponding Period to approximately HK\$39.4 million for the Period.

Power Elite and True Wonder have been placed into the liquidation, as a result the Group recorded a loss on loss of control of liquidating subsidiaries amounted to approximately HK\$48.6 million. For the Corresponding Period, Grand Faith was placed into the liquidation and the loss on loss of control of a liquidating subsidiary amounted to approximately HK\$12.4 million.

Finance Costs

Finance costs increased by approximately HK\$3.4 million or 1.7 times from approximately HK\$2.0 million for the Corresponding Period to approximately HK\$5.4 million for the Period. It was mainly attributable to interest on margin financing and interest on revolving loan.

Share of Loss of an Associate

For both the Period and the Corresponding Period, no share of loss of an associate was incurred. The investment in an associate was fully impaired during the year ended 30 June 2018.

Loss for the Period

Loss for the Period decreased by approximately HK\$46.4 million or 34.8% from approximately HK\$133.2 million for the Corresponding Period to approximately HK\$86.8 million for the Period. It was mainly attributable to significantly decrease in fair value loss of financial assets at FVTPL.

OTHER INFORMATION

Appointment of a Receiver

Reference is made to the announcement dated 4 July 2019, the Company received a notice from its Creditor that events of default (the Decision) have occurred under the Debentures, and thereby the Creditor has appointed a Receiver to all of the property and assets of the Company on 3 July 2019. The Receiver is appointed by the Creditor to enforce and preserve the assets charged under the Debenture. Capitalised terms used herein shall have the same meanings as defined in the announcement unless the context requires otherwise. The receiver shall have the powers conferred on him/she under the Debentures including but not limited to, among others, (i) take possession of, or collect, and get in all or any of the charged assets; and (ii) to sell or otherwise dispose of all or any of the charged assets.

Termination of the acquisition of Hope Capital

Reference is also made to the announcement dated 23 August 2019, pursuant to the Agreement, completion of the Acquisition is conditional upon certain conditions being satisfied or waived. As the parties to the Agreement were of the view that those conditions in the Agreement could not be fully satisfied on or before 31 August 2019 (which being the long stop date for satisfaction of the conditions as per the parties' latest agreement) or in the near future, it has been mutually agreed to terminate the Agreement effective on 23 August 2019. The Deposit previously paid pursuant to the Agreement has been returned to the Group. Capitalised terms used herein shall have the same meanings as defined in the announcement unless the context requires otherwise.

Supplemental information for the financial year ended 30 June 2018

Reference is made to the announcement dated 3 October 2019 (the “**Supplemental Announcement**”), the Company would like to provide shareholders and potential investors with further information for the annual results announcement of the Group for the year ended 30 June 2018 published on 28 September 2018 and the annual report of the Company for the year ended 30 June 2018. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Supplemental Announcement.

The Supplemental Announcement provides further information and analysis in relation to impairments on (i) investment in an associate; (ii) trade and other receivables; (iii) loan receivable; and (iv) others.

In addition, a further analysis is provided for impairments on intangible and goodwill which arisen from acquisitions of Volk Favor and ACC Logistic. The Company also provides a further discussion on the performance and prospects of the Group's significant investments in relation to available-for-sale investments and financial assets at FVTPL.

Shareholders and potential investors are recommended to read the 2018 Annual Results Announcement and 2018 Annual Report in conjunction with the Supplemental Announcement.

The Purported Receivers

Reference is made to the announcement dated 10 January 2020, the Company has received a Notice in respect of the purported appointment of the Purported Receivers over the Subject Shares, which should have amounted to approximately 64.66% of the Company's existing issued share capital. Capitalised terms used herein shall have the same meanings as defined in the announcement unless the context requires otherwise.

In the Notice, the Purported Receivers refer to a Deed of Mortgage and Assignment dated 24 November 2017 said to have been entered into between Nieumarkt and Southwest Securities and their appointment is, according to the Notice, made pursuant to a Deed of Appointment of Receivers dated 26 November 2019. The Company was not provided with a copy of the Deed of Mortgage and Assignment and is not in a position to know whether the Subject Shares were subject matter of it.

In subsequent enquiries, the Company is noted that:

- (i) a writ of summons in High Court Action No. HCA 1200 of 2019 is in place in which Southwest Securities is the Plaintiff seeking an order against, inter alia, Nieumarkt for the repayment of the loan facilities allegedly advanced to it. There is no mention in the writ of summons that the repayment of the loan facilities was secured by any collateral, in particular the mortgage of the Subject Shares; and
- (ii) Nieumarkt has filed a defence and counterclaim against Southwest Securities for its claim of outstanding loan facilities. In gist, it is denied, among other things, by Nieumarkt that it has owed to Southwest Securities the alleged outstanding loan facilities and it further asserts that the alleged advance of the loan facilities was to enable it to acquire the controlling shares of the Company as its agent and proxy during the general offer exercise that took place in around December 2017 to January 2018.

The Company does not want to take position in the dispute between Southwest Securities and Nieumarkt, which is still a subject matter of the on-going High Court action. Suffice it to say, if Nieumarkt is right in that it was the agent of Southwest Securities in the acquisition of the controlling shares during the general offer exercise, Southwest Securities should have taken proper steps then to comply with the statutory requirements under the Codes on Takeovers and Mergers and Share Buy-backs. The Company's record does not show that Southwest Securities was/is the beneficial owner of the Subject Shares.

Before the resolution of the dispute between Southwest Securities and Nieumarkt, the Company is advised by its lawyer that it should not take action in response to the Notice.

The New Purported Receivers

Reference is made to the announcement dated 8 April 2020, the Company has received letters and individual substantial shareholder notices (pursuant to section 324 of Part XV of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (“SFO”)) from the Purported Receivers and the New Purported Receivers in relation to the Subject Shares. Terms used herein shall have the same meanings as defined in the announcement unless otherwise specified.

The Purported Receivers notified the Company that they have ceased to act as receivers of the Subject Shares with effect from 30 March 2020.

On the other hand, the Company received a letter in respect of the purported appointment of the New Purported Receivers on 7 April 2020. In their letter, the New Purported Receivers represented that they have been appointed by Southwest Securities to replace the Purported Receivers to act as the joint and several receivers pursuant to the Mortgage and Assignment with effect from 6 April 2020.

On 27 April 2020, the Board and the Receiver received a letter directly from Southwest Securities with a multitude of allegations against the Company and parties unrelated to the Company.

Amongst the wide-ranging allegations, Southwest Securities allege that the Board and the Receiver have committed crimes. Southwest Securities allege that the Board and Receiver are obstructing the enforcement of the rights of Southwest Securities and/or the New Purported Receivers in the Subject Shares by way of security, and/or refusing, delaying or denying the rights of Southwest Securities under a facility agreement entered into by it with Nieumarkt Investments Ltd and Mr. Ng Kwok Wing Michael. Southwest Securities claim that the Board and the Receiver have aided and abetted criminal fraud and/or have conspired to defraud Southwest Securities. The Board and the Receiver vigorously deny such wholly unfounded and vicious allegations against them by Southwest Securities and are in the process of taking legal advice and hereby expressly reserve all their respective rights, including but not limited to taking legal action against Southwest Securities for defamation and/or malicious prosecution. For further details, please refer to the Company's announcement dated 6 May 2020.

Liquidation of a wholly-owned subsidiary

Reference is made to the announcement dated 16 January 2020, the Board has reviewed the operations of True Wonder and is of the view that it is in the best interests of the Company and the Shareholders to wind up True Wonder and to use the distribution from winding up for the working capital of the Group. The Board considered that the appointment of Ernst & Young Transactions Limited as the liquidator will facilitate proper handling as soon as possible and exercise professional judgment to deal with True Wonder on an independent basis.

Following the commencement of the said voluntary winding-up, True Wonder and its subsidiary have ceased to be subsidiaries of the Company and effectively has carved out from the Group. The financial results and position of True Wonder and its subsidiary shall be deconsolidated from those of the Group.

The remaining principal activity of the Group has become the investment in equity shares.

Adjournment of the 2019 AGM

Reference is made to the circular and the notice of annual general meeting both dated 13 December 2019 and the announcements dated 10 January 2020 and 17 January 2020, after the commencement of the 2019 AGM, the chairman of meeting declared that the 2019 AGM be adjourned to a time and place to be determined later due to a dispute as to the validity of the purported appointment of the Purported Receivers over the Subject Shares. Terms used herein shall have the same meanings as defined in the announcements unless otherwise specified. Further details have been set out in the announcements.

As more time is needed to further understand the nature of the competing claims and the New Purported Receivers, the Board is of the view that it is in no position at present to properly hold the 2019 AGM and allow potentially competing parties to vote on the tabled resolutions which may adversely affect both the proper running of the Company and the interests of parties of the dispute. Further announcement(s) will be made by the Company in respect of details of the adjourned 2019 AGM and/or any material development of the aforesaid dispute, as and when appropriate and in accordance with the GEM Listing Rules and other applicable regulatory requirements.

The Chairman of the Board was not able to attend the 2019 AGM due to his other engagements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2020, none of the Directors nor the chief executives and their respective associates had any interests and short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as set out in Rule 5.46 to 5.67 of the GEM Listing Rules.

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 or exercised under the share option scheme throughout the Period. And there was no outstanding share option as at 31 March 2020.

DIRECTOR'S RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the above "SHARE OPTION SCHEME", at no time for 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 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, or had exercised any such right for the Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2020, so far as is known to the Directors and the chief executives, the interests and short positions of the persons or corporations in the Shares, underlying Shares and debentures 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, underlying Shares or debentures of the Company

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

Note: Mr. Ng Kwok Wing Michael is deemed to be interested in Shares through his interest in Nieumarkt Investments Ltd.

Reference is made to the announcement dated 8 April 2020, the Company has received letters and individual substantial shareholder notices (pursuant to section 324 of Part XV of SFO) from the Purported Receivers, namely Anson Li and Cosimo Borrelli, and the New Purported Receivers, namely Ho Man Kit and Mok Kwan Leong, in relation to the Subject Shares, which should have amounted to approximately 64.66% of the Company's existing issued share capital. The excerpts are contained under the section headed "The Purported Receivers" and "The New Purported Receivers" on pages 27 to 28 and 28 to 29 of this announcement.

On 23 April 2020 Southwest Securities (capacity as person having a security interest in shares) and Southwest Securities International Securities Limited (capacity as interests of corporation controlled) respectively filed their corporate substantial shareholder notices in respect of interest in the Subject Shares, which should have amounted to approximately 64.66% of the Company's existing issued share capital with a date of relevant event of 24 December 2019. In the notices, both Southwest Securities and Southwest Securities International Securities Limited enforced their right in the Subject Shares by way of security as a qualified lender.

Save as disclosed above, as at 31 March 2020, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying Shares or debentures which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

TAKEOVERS CODE

Reference is made to the announcements dated on 10 January 2020, 30 January 2020, 28 February 2020, 30 March 2020 and 8 April 2020 (the “**Announcements**”) in relation to the Purported Receivers and the New Purported Receivers. Unless otherwise specified, capitalised terms used herein shall have the same meanings as defined in the Announcements.

Possible Mandatory General Offer

As set out in the Announcements, the Purported Receivers or the New Purported Receivers alleged that they have been appointed as the joint and several receivers over the Subject Shares. The appointment may result in the sale of the Subject Shares to other third-party purchasers, which may in turn trigger a mandatory general offer. Such an alleged appointment may or may not lead to an offer.

Further announcements have been made on a monthly basis in compliance with Rule 3.7 of the Takeovers Code to keep the shareholders and potential investors updated on this matter. This obligation continues until announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or a decision not to proceed with an offer is made. The Company will make further announcement as and when required under the GEM Listing Rules and/or the Takeovers Code in case any update information obtained on this matter.

Rule 3.8 of the Takeovers Code

In compliance with Rule 3.8 of the Takeovers Code, the relevant securities in issue are 1,533,654,788 ordinary shares (the “**Relevant Securities**”) and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at 30 January 2020.

The associates (within the meaning ascribed thereto under the Takeovers Code, including but not limited to any person holding 5% or more of a class of the Relevant Securities) are hereby reminded to disclose their dealings in the Relevant Securities under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

For the purpose of the Takeovers Code, the offer period is deemed to commence on 10 January 2020.

Other Matters

Whilst the Company is unable, at this stage, to announce and provide further information regarding the validity of the alleged appointments of the joint and several receivers of the Subject Shares, it has come to the Company's attention that the alleged appointment of the Purported Receivers or the New Purported Receivers involved a transfer of the Subject Shares from Nieumarkt to the Purported Receivers or the New Purported Receivers as an alleged result of enforcement of security.

Shareholders and potential investors shall be aware that the possible sale of the Subject Shares mentioned in this announcement may or may not materialize and the aforesaid general offer may or may not proceed.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares.

COMPETING INTERESTS

None of the Directors or the controlling shareholders 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 Directors have complied with such code of conduct and the required standard of dealings.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to promoting good standards of corporate governance to safeguard interests of the shareholders as well as to the stakeholders.

The Company has adopted and complied with the Code Provisions (the “**Code Provisions**”) of the Corporate Governance Code (the “**Code**”) as set out in Appendix 15 of the GEM Listing Rules as its own code on corporate governance practices, and there have been no material deviations from the Code for the Period, except for the following deviation:

- (i) the Code Provision A.4.1 – the independent non-executive Directors are not all appointed for a specific term. They are, however, subject to retirement by rotation and re-election at the annual general meeting in accordance with Article 87 of the articles of association of the Company.
- (ii) the Code Provision A.2 – the candidate for the position of chief executive officer has not yet been identified. The Board believed that all executive Directors continue to assume and share the roles and responsibilities of the chief executive officer until the suitable candidate come on board.

AUDIT COMMITTEE

The Company established an Audit Committee (the “**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 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 (“**Mr. Chow**”), Ms. Chow Mun Yee and Mr. Ma Ka Ki. Mr. Chow is the chairman of the Audit Committee.

The Group’s 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.

OTHER MATTER

The basis for disclaimer of opinion and the basis for disclaimer of conclusion were disclosed in the Company’s Annual Report 2018/2019 and Interim Report 2019/2020 respectively. It is recommended that shareholders of the Company and potential investors should read this announcement in conjunction with the Company’s Annual Report 2018/2019 and Interim Report 2019/2020.

CONTINUED SUSPENSION OF TRADING

Dealing in the Shares on Stock Exchange has been suspended since 6 June 2019 and will remain suspended until further notice. There is no guarantee that the resumption of trading in the Shares will take place. Shareholders and potential investors are urged to exercise caution with dealing in the Shares and to obtain latest information from the websites of the Company and the GEM of the Stock Exchange.

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, 8 May 2020

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 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>.