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## **CELEBRATE INTERNATIONAL HOLDINGS LIMITED**

### **譽滿國際(控股)有限公司**

*(formerly known as Hong Kong Life Group Holdings Limited 香港生命集團控股有限公司)*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8212)**

## **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2012**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This 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.*

## FINAL RESULTS

The board of Directors (the “Board”) of Celebrate International Holdings Limited (the “Company”) presents the consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2012, together with the comparative figures for the year ended 30 June 2011, as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 30 June 2012*

	<i>Note</i>	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
Revenue	4	<b>1,619</b>	13,771
Cost of goods sold		<u>(1,264)</u>	<u>(6,293)</u>
Gross profit		<b>355</b>	7,478
Other income	5	<b>30</b>	173
Selling expenses		<b>(1)</b>	(5,781)
Administrative expenses		<b>(24,664)</b>	(56,507)
Other operating expenses	7	<u>(1,012,179)</u>	<u>–</u>
Loss from operations		<b>(1,036,459)</b>	(54,637)
Finance costs	8	<b>(13,590)</b>	(61,521)
Gain on disposal of subsidiaries		<b>–</b>	20,738
Share of loss of a jointly controlled entity		<u>(30)</u>	<u>(18)</u>
<b>Loss before tax</b>		<b>(1,050,079)</b>	(95,438)
Income tax expense	9	<u>–</u>	<u>–</u>
<b>Loss for the year</b>	10	<u><b>(1,050,079)</b></u>	<u>(95,438)</u>
<b>Attributable to:</b>			
Owners of the Company		<b>(1,050,112)</b>	(95,347)
Non-controlling interests		<b>33</b>	(91)
		<u><b>(1,050,079)</b></u>	<u>(95,438)</u>
			(Restated)
<b>Loss per share</b>	12		
– basic		<u><b>(HK\$9.03)</b></u>	<u>(HK\$31.58)</u>
– diluted		<u><b>N/A</b></u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Loss for the year</b>	<b>(1,050,079)</b>	(95,438)
<b>Other comprehensive (loss)/income:</b>		
Exchange differences reclassified to income statement on disposal of subsidiaries	–	(4,260)
Exchange differences on translating foreign operations	<u>(119)</u>	<u>96</u>
<b>Other comprehensive loss for the year, net of tax</b>	<u>(119)</u>	<u>(4,164)</u>
<b>Total comprehensive loss for the year</b>	<b><u>(1,050,198)</u></b>	<b><u>(99,602)</u></b>
<b>Attributable to:</b>		
Owners of the Company	(1,050,161)	(99,520)
Non-controlling interests	<u>(37)</u>	<u>(82)</u>
	<b><u>(1,050,198)</u></b>	<b><u>(99,602)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	2012 HK\$'000	2011 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		26,668	977
Prepaid lease payments		26,103	26,765
Investment in a jointly controlled entity		–	64,982
Goodwill		–	939,415
		<u>52,771</u>	<u>1,032,139</u>
<b>Current assets</b>			
Inventories		63	61
Properties held for sale		–	21,585
Properties under development		–	7,030
Trade and other receivables and prepayments	13	9,976	21,232
Financial assets at fair value through profit or loss		6,137	7,719
Bank and cash balances		3,784	20,976
		<u>19,960</u>	<u>78,603</u>
<b>Current liabilities</b>			
Trade and other payables and accrued liabilities	14	39,927	37,085
<b>Net current (liabilities)/assets</b>			
		<u>(19,967)</u>	<u>41,518</u>
<b>Total assets less current liabilities</b>			
		<u>32,804</u>	<u>1,073,657</u>

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>263</b>	263
Convertible bonds	<b>119,587</b>	110,824
	<u><b>119,850</b></u>	<u>111,087</u>
<b>NET (LIABILITIES)/ASSETS</b>	<b><u>(87,046)</u></b>	<b><u>962,570</u></b>
<b>Capital and reserves</b>		
Share capital	<b>13</b>	213,700
Reserves	<b>(89,479)</b>	746,413
	<u><b>(89,466)</b></u>	<u>960,113</u>
Equity attributable to owners of the Company	<b>(89,466)</b>	960,113
Non-controlling interests	<b>2,420</b>	2,457
	<u><b>2,420</b></u>	<u>2,457</u>
<b>TOTAL EQUITY</b>	<b><u>(87,046)</u></b>	<b><u>962,570</u></b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 30 June 2012*

	Share capital	Share premium	Convertible bond reserves	Foreign currency translation reserves	Capital reserves	Share option reserves	Accumulated losses	Total	Non- controlling interest	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 July 2010 (Restated)	33,837	458,226	217,959	4,430	15,826	-	(126,989)	603,289	17,638	620,927
Placing of shares	36,357	10,786	-	-	-	-	-	47,143	-	47,143
Issue of shares on exercise of convertible bonds	19,373	279,090	(134,129)	-	-	-	-	164,334	-	164,334
Share-based payments	-	-	-	-	-	1,847	-	1,847	-	1,847
Issue of rights shares	124,133	118,887	-	-	-	-	-	243,020	-	243,020
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(15,099)	(15,099)
Total comprehensive income for the year	-	-	-	(4,173)	-	-	(95,347)	(99,520)	(82)	(99,602)
At 30 June 2011 and at 1 July 2011	213,700	866,989	83,830	257	15,826	1,847	(222,336)	960,113	2,457	962,570
Capital reduction	(213,689)	-	-	-	-	-	213,689	-	-	-
Placing of shares	2	5,757	-	-	-	-	-	5,759	-	5,759
Repayment of convertible bonds	-	-	(5,177)	-	-	-	-	(5,177)	-	(5,177)
Total comprehensive income for the year	-	-	-	(49)	-	-	(1,050,112)	(1,050,161)	(37)	(1,050,198)
<b>At 30 June 2012</b>	<b>13</b>	<b>872,746</b>	<b>78,653</b>	<b>208</b>	<b>15,826</b>	<b>1,847</b>	<b>(1,058,759)</b>	<b>(89,466)</b>	<b>2,420</b>	<b>(87,046)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2012

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit B, 16/F, One Capital Place, 18 Luard Road, Wanchai, Hong Kong. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to a special resolution passed on 15 August 2012, the name of the Company was changed from "Hong Kong Life Group Holdings Limited" to "Celebrate International Holdings Limited" and the change of Chinese name from "香港生命集團控股有限公司" to "譽滿國際(控股)有限公司".

## 2. GOING CONCERN BASIS

At 30 June 2012, the Group had net current liabilities of approximately HK\$19,967,000, inclusive of trade and other payables and accrued liabilities of approximately HK\$39,927,000 which were due for repayment within the next 12 months. The Group incurred a consolidated loss of approximately HK\$1,050,079,000 for the year ended 30 June 2012.

In preparing the consolidated financial statements, the directors have carefully reviewed the Group's cash position as at the end of the reporting period and the cash flow forecast for the next twelve months.

On reviewing the Group's cash flows the directors have considered the factor that the Company raised net proceeds of approximately HK\$88,220,000 by way of a right issue for 639,250,000 right shares at HK\$0.138 on 12 July 2012 (Note 16(3)). The directors are satisfied that the Group will be able to meet its financial obligations as and when they fall due in the foreseeable future, and are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied a number of revised standard and amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for accounting periods beginning on 1 July 2011.

HKAS 24 (Revised)	Related Party Disclosure
Amendments to HK(IFRIC) Int-14	Prepayment of a Minimum Funding Requirement
Improvements to HKFRSs (2010)	Amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34, HK(IFRIC) – Int 13
Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets

The adoption of the revised standard and amendments has had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

The Group has not early applied the following new or revised standards, amendments and interpretation that have been issued but are not yet effective.

Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities <sup>1</sup>
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HKFRS 9	Financial instruments <sup>2</sup>
HKFRS 10	Consolidated financial statements <sup>1</sup>
HKFRS 11	Joint arrangements <sup>1</sup>
HKFRS 12	Disclosure of interests in other entities <sup>1</sup>
HKFRS 13	Fair value measurements <sup>1</sup>
Amendments to Hong Kong Accounting Standard 1	Presentation of items of other comprehensive income <sup>3</sup>
Amendments to HKAS 12	Deferred tax – Recovery of underlying assets <sup>5</sup>
Amendments to HKAS 32	Offsetting financial assets and financial liabilities <sup>4</sup>
HKAS 19 (Revised 2011)	Employee benefits <sup>1</sup>
HKAS 27 (Revised 2011)	Separate financial statements <sup>1</sup>
HKAS 28 (Revised 2011)	Investments in associates and joint ventures <sup>1</sup>
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mines <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2012.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2012.

The directors of the Company anticipate that the application of the new and revised standards, amendments and interpretation will have no material impact on the consolidated financial statements.

#### 4. REVENUE

The Group's revenue which represents revenue from transfer of contractual exclusive usage right of shrine for memorial ancestor and sales of goods to customers are as follows:

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Revenue from transfer of contractual exclusive usage right of shrine for memorial ancestor	–	13,668
Sales of goods	<b>1,619</b>	103
	<b>1,619</b>	13,771

#### 5. OTHER INCOME

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Interest income	<b>3</b>	1
Gain on disposal of property, plant and equipments	–	3
Sundry income	<b>27</b>	169
	<b>30</b>	173



## 6. SEGMENT INFORMATION

The Group has five reportable segments as follows:

### **Continuing operations**

- (a) Trading of edible oil and mineral materials
- (b) Provision of shrine for memorial ancestor
- (c) Paper-offering business
- (d) trading of food and beverage

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 5 to the financial statements. Segment profits or losses do not include interest expenses and income, gain on disposal of subsidiaries, loss on disposal of financial assets at fair value through profit or loss, loss on fair value change of financial assets at fair value through profit or loss, share of loss of a jointly controlled entity, profit for the year from discontinued operations and corporate income and expenses. Segment assets do not include investment in a jointly controlled entity, deposits paid for corporate use, financial assets at fair value through profit or loss, and bank and cash balances for corporate use. Segment liabilities do not include other payables for corporate use, deferred tax liabilities, borrowings and convertible bonds.

Information about reportable segment revenue, profit or loss, assets and liabilities:

	Trading of edible oil and mineral materials <i>HK\$'000</i>	Provision of Shrine for memorial ancestor <i>HK\$'000</i>	Paper- offering business <i>HK\$'000</i>	Trading of food and beverage <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 30 June 2012					
Revenue from external customers	-	-	259	1,360	1,619
Segment profit/(loss)	(9)	(1,019,497)	103	96	(1,019,307)
Depreciation and amortisation	-	743	-	-	743
As at 30 June 2012					
Segment assets	1,160	50,627	149	495	52,431
Segment liabilities	(26)	(37,034)	-	-	(37,060)
Year ended 30 June 2011					
Revenue from external customers	-	13,668	103	-	13,771
Segment loss	(196)	(26,085)	(221)	-	(26,502)
Depreciation and amortisation	-	1,246	-	-	1,246
Additions to segment non-current assets	-	802	-	-	802
As at 30 June 2011					
Segment assets	1,223	1,000,718	548	-	1,002,489
Segment liabilities	(27)	(37,040)	(18)	-	(37,085)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Profit or loss</b>		
Total loss of reportable segments	(1,019,307)	(26,502)
Interest income	3	1
Interest expenses	(13,590)	(61,521)
Gain on disposal of subsidiaries	-	20,738
Gain/(loss) on disposal of financial assets at fair value through profit or loss	61	(2,070)
Loss on fair value change of financial assets at fair value through profit or loss	(4,726)	(1,074)
Share of loss of a jointly controlled entity	(30)	(18)
Other corporate income	25	172
Other corporate expenses	(12,515)	(25,164)
Consolidated loss for the year	<b>(1,050,079)</b>	<b>(95,438)</b>

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Assets</b>		
Total assets of reportable segments	<b>52,431</b>	1,002,489
Investment in a jointly controlled entity	–	64,982
Property, plant and equipments	<b>2,760</b>	–
Deposits, prepayments and other receivables	<b>9,011</b>	16,000
Financial assets at fair value through profit or loss	<b>6,136</b>	7,719
Cash and bank balances	<b>2,393</b>	19,552
	<hr/>	<hr/>
Consolidated total assets	<b>72,731</b>	1,110,742
	<hr/> <hr/>	<hr/> <hr/>
	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Liabilities</b>		
Total liabilities of reportable segments	<b>37,060</b>	37,085
Other payables	<b>2,867</b>	–
Deferred tax liabilities	<b>263</b>	263
Borrowings	–	–
Convertible bonds	<b>119,587</b>	110,824
	<hr/>	<hr/>
Consolidated total liabilities	<b>159,777</b>	148,172
	<hr/> <hr/>	<hr/> <hr/>

**Geographical information:**

All the Group's income and profit are derived from operations carried out in Hong Kong. In addition, all the Group's non-current assets are located in Hong Kong. Accordingly, no analysis of the Group's segmental information by geographical segments is presented.

None of the Group's customers had individually accounted for over 10% of the Group's revenue for the years ended 30 June 2012 and 2011.

**7. OTHER OPERATING EXPENSES**

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Impairment loss on goodwill	<b>939,415</b>	–
Impairment loss on investment of jointly controlled entities	<b>64,952</b>	–
Impairment loss on property plant and equipment	<b>4,914</b>	–
Impairment loss on trade receivables	<b>2,898</b>	–
	<hr/> <b>1,012,179</b> <hr/>	<hr/> – <hr/>

**8. FINANCE COSTS**

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest on borrowings	–	190
Imputed interest on convertible bonds	<b>13,586</b>	22,486
Interest on other loans	<b>4</b>	50
Imputed interest on unsecured promissory note	–	38,795
	<hr/> <b>13,590</b> <hr/>	<hr/> 61,521 <hr/>

**9. INCOME TAX EXPENSE**

No Hong Kong Profits Tax has been provided for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2011: Nil).

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss before tax	<b>(1,050,079)</b>	(95,438)
Tax at the domestic income tax rate of 16.5% (2011: 16.5%)	<b>(173,263)</b>	(15,747)
Tax effect of income not taxable	<b>(10)</b>	(5,588)
Tax effect of expenses that are not deductible	<b>167,213</b>	10,514
Tax effect of tax losses that is not recognised	<b>6,060</b>	10,821
	<hr/> <b>–</b> <hr/>	<hr/> – <hr/>

## 10. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the followings:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Depreciation	575	539
Directors' emoluments		
– As directors	3,535	1,098
– For management	–	6,683
	<u>3,535</u>	<u>7,781</u>
Gain on disposal of property, plant and equipment	–	(3)
Auditors' remuneration	320	449
Cost of inventories sold	1,264	6,293
Operating lease expenses	698	1,224
Gain on disposal of subsidiaries	–	(20,738)
(Gain)/Loss on disposal of financial assets at fair value through profit or loss	(61)	2,070
Loss on fair value change of financial assets at fair value through profit or loss	4,726	1,074
Staff costs including Directors' emoluments		
– Salaries, bonus and allowances	6,040	9,281
– Equity-settled share-based payments	–	1,847
– Retirement benefits scheme contributions	66	126
	<u>6,106</u>	<u>11,254</u>

## 11. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2012 (2011: Nil). No dividend has been proposed since the end of the reporting date (2011: Nil).

## 12. LOSS PER SHARE

### Basic loss per share

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u><u>(1,050,112)</u></u>	<u><u>(95,347)</u></u>
<b>Number of shares</b>		
	2012 '000	2011 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><u>116,260</u></u>	<u><u>3,019</u></u>
Basic loss per share	<u><u>(HK\$9.03)</u></u>	<u><u>(HK\$31.58)</u></u>

### Diluted loss per share

Diluted loss per share for the year ended 30 June 2012 and 2011 have not been presented, as the outstanding convertible bonds and share options had anti-dilutive effect.

## 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade receivables	3,393	3,596
Impairment loss on trade receivables	<u>(2,898)</u>	<u>–</u>
	495	3,596
Other receivables and prepayments	<u>9,481</u>	<u>17,636</u>
	<u><u>9,976</u></u>	<u><u>21,232</u></u>

The Directors consider that the fair value of trade receivables are not materially different from their amounts because these amounts have short maturity period on their inception. The Group's shrine business is mainly on installment basis. The Group's trading business is mainly on credit basis. The Group will allow a credit term of 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by the Directors.

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

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 to 90 days	495	15
181 to 365 days	–	3,581
Over 365 days	<b>2,898</b>	–
	<u>3,393</u>	<u>3,596</u>

As of 30 June 2012, trade receivables of nil (2011: HK\$1,037,000) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Up to 3 months	–	525
3 to 6 months	–	512
	<u>–</u>	<u>1,037</u>

#### 14. TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade payables	26	45
Other payables and accrued liabilities	<b>39,901</b>	37,040
	<u>39,927</u>	<u>37,085</u>

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

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 to 90 days	–	18
Over 365 days	<b>26</b>	27
	<u>26</u>	<u>45</u>

## **15. JUDICIAL REVIEW PROCEEDINGS**

On 22 October 2010, the Planning Department of the Government of Hong Kong Special Administrative Region issued notices under Section 23(1) of the Town Planning Ordinance in relation to Lot 2073 in Demarcation District No. 104 (the “Lots”) to six subsidiaries of the Company (the “Six Subsidiaries”), alleging that there is unauthorised development by way of columbarium use and/or storage use on the Lots owned by the Six Subsidiaries (the “Notices”). These Notices required that the alleged unauthorised development be discontinued by 22 April 2011.

The Group instigated judicial review proceedings against the aforesaid notices. As disclosed in the Company’s announcement dated 21 June 2012, the appeal hearing on the judicial review proceedings were heard before the Court of Appeal of the High Court on 21 June 2012 and the Court ordered that such appeal be dismissed.

By the reasons of the judgment of the Court of Appeal of the High Court dated 17 July 2012 (the “Judgment”), the Court of Appeal came to the view that the relevant Outline Zoning Plan (“OZP”) does not include the type of use of development of the Lots which the columbarium known as “The Shrine” represents. Such use on the development of the Lots is not in always permitted use or development within the meaning of the notes to the OZP. For the above reason, the Court of Appeal dismissed the appeal for the judicial review proceedings.

The Company disagrees with the view of the Court of Appeal and the Judgment. Accordingly, the Company’s subsidiaries have submitted a Notice of Motion applying for leave of appeal to the Court of Final Appeal appealing the Judgment on 17 July 2012 and the Courts has fixed the date for hearing of the application on 10 October 2012.

## **16. EVENTS AFTER THE REPORTING PERIOD**

Except as those disclosed elsewhere in the consolidated financial statements, the Group has the following significant events which took place subsequent to the end of the reporting period:

1. On 17 July 2012, the name of the Company has been proposed to change from “Hong Kong Life Group Holdings Limited” to “Celebrate International Holdings Limited”. Pursuant to a resolution passed on 15 August 2012, the proposed change of Company name has been approved by the Company’s shareholders. The Register of Companies in the Cayman Islands and the Companies Registry in Hong Kong had granted approval on 20 August 2012 and 3 September 2012, respectively.
2. Pursuant to a resolution passed on 29 August 2012, the Group completed the acquisition of a 49% interest in Baron’s School of Music Limited (“Baron”) at a consideration of HK\$47,040,000. Baron is principally engaged in providing high quality programmes and courses in both classical and contemporary music.
3. In May 2012, the Company announced to raise approximately HK\$88.22 million before expenses by way of a right issue at a subscription price of HK\$0.138 per rights share on the basis of 5 rights shares for every 1 existing share held (the “Rights Issue”). The Rights Issue was approved by the independent shareholders at the extraordinary general meeting of the Company held on 18 June 2012 and became unconditional on 13 July 2012. 635,250,500 shares of the Company were issued and allotted on 20 July 2012 accordingly.



## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The following are extracted from the independent auditor's report with modification:

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to the consolidated financial statements which indicate that the Group incurred a total comprehensive loss of approximately HK\$1,050,198,000 during the year ended 30 June 2012 and as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$19,967,000. These conditions, along with other matters as set out in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The Group had on outstanding case of judicial review taken out by the Group against the notice issued by the Planning Department of the Government of the Hong Kong Special Administrative Region under Section 23(1) of the Town Planning Ordinance to the subsidiaries of the Group alleging unauthorised development by way of columbarium use and/or storage use certain leasehold land owned by the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

For the year ended 30 June 2012, the Group recorded a turnover of approximately HK\$1.6 million, representing a substantial decrease of approximately HK\$12.2 million or 88.2% as compared to the year ended 30 June 2011. The significant decrease was primarily attributable to the adverse impact on our core business, the shrine business, resulting from the government's columbarium policy and the Judicial Review as mentioned under "**Business Review and Prospect**" in the following page.

For the year ended 30 June 2012, the Group's gross profit margin decreased from 54.3% to 21.9%. The significant reduction in gross profit margin was mainly resulted from lower gross profit margins generated from the trading in food and beverage and paper-offering business in the year ended 30 June 2012 as compared to the year ended 30 June 2011 when our core business, the shrine business was the profit driver for the Group, where the gross profit margin was significantly higher.

The administrative expenses reduced by approximately HK\$31.8 million, representing a substantial decrease of 56.4% to HK\$24.7 million in 2012 from approximately HK\$56.5 million in 2011. The reduction was mainly attributed to the reduction in legal and professional fees and staff salaries

During the year ended 30 June 2012, the Group incurred other operating expenses of HK\$1,012 million mainly comprising of HK\$939.4 million from impairment loss on goodwill pertaining to the acquisition of Casdon Management Limited (“Casdon”) back in 2010, and HK\$65.0 million from impairment loss on investment in a jointly controlled entity, Max Strong Limited (“Max Strong”). As both Casdon and Max Strong were engaged in the development and provision of shrine, it is believed that the goodwill pertaining to the acquisition of Casdon and the Group’s interest in Max Strong have been fully impaired in the light of the government’s columbarium policy and the pending appeal against the judgment of the Court of Appeal of the High Court dated 17 July 2012.

Finance costs decreased substantially by approximately HK\$47.9 million to approximately HK\$13.6 million from approximately HK\$61.5 million in 2011, which was mainly due to decrease in imputed interest expense on settlement of outstanding promissory note of approximately HK\$126.0 million in 2011.

Compared with the year ended 30 June 2011, the Group’s LBITDAO (Loss before interest, tax, depreciation and amortisation and other operating expenses) decreased by approximately HK\$9.6 million from approximately HK\$32.7 million to approximately HK\$23.1 million for the year ended 30 June 2012.

## **Business Review and Prospect**

### *Shrine Business*

During the year ended 30 June 2012, the Group’s core business, the shrine business, was significantly and adversely affected by the government’s columbarium policy and the judicial review proceedings of the Group (the “Judicial Review”) against the notices dated 22 October 2010 issued by the Planning Department under section 23(1) of the Town Planning Ordinance in relation to Lot 2073 in Demarcation District No. 104 (the “Lots”). As disclosed in the Company’s announcement dated 21 June 2012, the appeal hearing on the Judicial Review was heard before the Court of Appeal of the High Court on 21 June 2012 and the Court ordered that such appeal be dismissed. Therefore the Group is still unable to operate the shrine business pending the application for leave of appeal to the Court of Final Appeal as described below.

By the reasons of the judgment of the Court of Appeal of the High Court dated 17 July 2012 (the “Judgment”), the Court of Appeal came to the view that the relevant Outline Zoning Plan (“OZP”) does not include the type of use of development of the Lots which the columbarium known as “The Shrine” represents. Such use or the development of the Lots is not an always permitted use or development within the meaning of the notes to the OZP. For the above reason, the Court of Appeal dismissed the appeal for the Judicial Review.

The Company disagrees with the view of the Court of Appeal and the Judgment. Accordingly, the Company's subsidiaries have submitted a Notice of Motion applying for leave of appeal to the Court of Final Appeal appealing against the Judgment on 17 July 2012 and the Court has fixed the date for hearing of the application on 10 October 2012.

If the results of the further appeal against the Judgment to the Court of Final Appeal are not favourable, the Company will seek profitable investment opportunities after considering the Company's then financial positions and/or explore other business opportunities with the land that is currently designated for the shrine business. However, the Company has no present plan to change the use of land which is currently designated for shrine business since the result of the further appeal against the Judgment to the Court of Final Appeal has not been determined yet.

#### *Paper-offering Business*

During the year ended 30 June 2012, only an insignificant turnover of HK\$259,000 was recorded for the paper-offering business as our resources have been diverted to the management of the shine business and the Judicial Review. We will further look into this business segment and derive thereafter the most rational strategy for the operations of this segment.

#### *Edible Oil Trading Business*

The edible oil trading business did not perform satisfactorily as a result of the weak demand in global market. In view of the historical poor performance of this business segment, we have disposed of this segment in September 2012 so as to focus on our principal business and explore other businesses which would generate higher return.

#### *Food and Beverage*

In order to supplement the performance of our core business and diversify the investment opportunities, we have commenced trading in food and beverage in June 2012. We have further invested into a food processing centre in September 2012 so as to provide more value-added services to our customers.

With the increase in demand for more quality food and beverage, we believe that we should be able to capture a portion of this vast market going forward. We would continue to develop this business segment and explore any investment opportunities in this area.

#### *Baron's School of Music Limited*

In August 2012, the Group completed the acquisition of 49% interest in Baron's School of Music Limited ("Baron"). Baron was founded and is currently operated by a famous music producer in Hong Kong, Mr. Ronald Ng. It is principally engaged in providing high quality programmes and courses in both classical and contemporary music.

It is the corporate strategy of the Group to strengthen its existing businesses and at the same time identify and capitalize new opportunities to achieve financial growth for the Group. In view of the business development of Baron in both Hong Kong and the PRC markets, which will result in the expansion of its income sources through various cooperative arrangements, we are optimistic on the prospect of Baron. We would consider that the acquisition of Baron to be a strategically important opportunity for the Group to participate in and entitle it to share the results from the business operation of Baron with a view to broaden the Group's income base and bringing in positive future earnings contribution to the Group.

### **Liquidity and Financial Resources**

As at 30 June 2012, the Group held total assets of approximately HK\$72.7 million (2011: approximately HK\$1.1 billion), including cash and bank balances of approximately HK\$3.8 million (2011: approximately HK\$21.0 million).

As at 30 June 2012, the Group had total liabilities of approximately HK\$159.8 million (2011: approximately HK\$148.2 million) which mainly comprise of convertible bonds amounting to approximately HK\$119.6 million (2011: approximately HK\$110.8 million).

As at 30 June 2012, the gearing ratio, expressed as a percentage of total debts over total assets was about 219.8% (2011: 13.5%). This significant increase was mainly resulted from the impairment loss on goodwill arising from acquisition of subsidiary and impairment loss on the Group's interest in a jointly controlled entity incurred during the year ended 30 June 2012.

### **Contingent Liabilities**

As at 30 June 2012, the Group had no contingent liabilities (2011: Nil).

### **Dividend**

The Directors do not recommend the payment of final dividend for the year ended 30 June 2012 (2011: Nil).

### **Charge on Group Assets**

As at 30 June 2012, the Group did not have any charges on its assets (2011: Nil).

### **Capital Structure**

In July 2011, the Company proposed a share consolidation of every 20 issued and unissued shares of HK\$0.01 each into 1 consolidated share of HK\$2.00 each. As approved by shareholders at the extraordinary general meeting held on 22 August 2011, the share consolidation became effective on 23 August 2011.

In July 2011, the Company proposed a capital reduction of the par value of each issued ordinary share from HK\$2.00 to HK\$0.0001 by cancelling the paid up capital to the extent of HK\$1.9999 on each issued ordinary share. Immediately following the aforesaid capital reduction, each of the authorized but unissued shares of HK\$2.00 each is subdivided into 20,000 unissued shares of HK\$0.0001. Upon receipt of the order granted by the Grand Court of the Cayman Islands and other relevant documents duly filed and registered with the Registrar of Companies in the Cayman Islands, the capital reduction and the share subdivision became effective on 20 December 2011.

In January 2012, the Company entered into the Placing Agreement with Pico Zeman Securities (HK) Limited whereby the Company agreed to place 21,000,000 ordinary shares of the Company at a price of HK\$0.29 per share to not less than 6 independent Placers. The Placing was completed on 18 January 2012.

In May 2012, the Company announced to raise approximately HK\$88.22 million before expenses by way of a right issue at a subscription price of HK\$0.138 per rights share on the basis of 5 rights shares for every 1 existing share held (the “Rights Issue”). The Rights Issue was approved by the independent shareholders at the extraordinary general meeting of the Company held on 18 June 2012 and became unconditional on 13 July 2012. 635,250,500 shares of the Company were issued and allotted on 20 July 2012 accordingly.

As at 30 June 2012, the total number of issued shares of the Company was 127,850,100 shares of HK\$0.0001 each (30 June 2011: 2,137,002,012 shares of HK\$0.01 each).

### **Exposure to Fluctuation in Exchange Rates and Related Hedges**

No significant exchange risk is expected as the Group’s cash, borrowings, income and expenses are settled in Hong Kong dollars. The Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the year.

### **Employees and Remuneration Policies**

As at 30 June 2012, the Group had 13 employees (30 June 2011: 15). The total staff costs including Directors’ remuneration for the year were approximately HK\$6.1 million. The Group’s remuneration policy is formulated on the basis of the performance and experience of individual employee and is in line with the market practices. The Group offers to its employees other fringe benefits including Mandatory Provident Fund and medical benefits. Share options may be granted to employees based on performance evaluation in order to provide incentives and rewards.

### **Significant Investment**

The Group has invested in shares of certain companies, the shares of which are traded on the Stock Exchange of Hong Kong Limited. As at 30 June 2012, the Group held available-for-sale financial assets at fair value through profit and loss amounted to approximately HK\$6.1 million (2011: HK\$7.7 million).

## **Material Acquisition and Disposal**

In February 2012, the Group entered into an agreement to acquire 49% of the total issued share capital of Baron's School of Music Limited, a company which is principally engaged in providing high quality programmes and courses in both classical and contemporary music, for a consideration of HK\$47.04 million which is satisfied by (i) HK\$2.04 million in cash; and (ii) HK\$45 million by the issue of promissory note from the Company. The aforesaid acquisition was completed in August 2012.

Save as disclosed above, during the year ended 30 June 2012, there was no material acquisition and disposal of subsidiaries and associated company by the Group.

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

On 4 January 2012, the Company entered into a placing agreement with Pico Zeman Securities (HK) Limited, (the "Placing Agent") pursuant to which the Company conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 21,000,000 new shares of the Company (the "Placing Shares") to not less than 6 independent places at a price of HK\$0.29 per Placing Share (the "Placing"). The maximum gross proceeds from the Placing amounted to approximately HK\$ 6.09 million and the maximum net proceeds from the Placing, after deducting Placing commission and other related expenses were approximately HK\$5.76 million. The Placing had been successfully completed and the Placing Shares were issued on 18 January 2012. Further details of the Placing were set out in the announcements of the Company dated 4 and 18 January 2012.

In May 2012, the Company announced to raise approximately HK\$88.22 million before expenses by way of a right issue at a subscription price of HK\$0.138 per rights share on the basis of 5 rights shares for every 1 existing share held (the "Rights Issue"). The Rights Issue was approved by the independent shareholders at the extraordinary general meeting of the Company held on 18 June 2012 and became unconditional on 13 July 2012. 635,250,500 shares of the Company were issued and allotted on 20 July 2012 accordingly.

Save as disclosed above, during the year ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

The Board is committed to establish good corporate governance and adopt sound corporate governance practices. The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

Throughout the financial year ended 30 June 2012, the Company has complied the provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 15 of the Rules Governing the Listing of Securities (the “GEM Listing Rules”) on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited with the exception of provision A.4.1. The Independent Non-executive Directors of the Company are not all appointed for a specific term. They are, however, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Article 87 of the articles of association of the Company. Any new Director appointed by the Board to fill a causal vacancy or as an addition to the Board shall be subject to re-election at the next following general meeting or at the next following annual general meeting of the Company.

### **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the code of conduct regarding securities transactions by the Directors throughout the year.

### **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions set out in the Code. The primary duties of the audit committee are to review the Company’s annual report and accounts, half-yearly report and quarterly reports and to provide advices and comments thereon to the Board. During the year, the audit committee discussed and reviewed with auditor and the management the financial statements for the year ended 30 June 2012.

The audit committee currently comprises three Independent Non-executive Directors of the Company, namely Ms. Chan Wan Yee, Mr. Siu Kwok Chung and Mr. Sit Bun. Ms. Chan Wan Yee is the Chairman of the audit committee.

By order of the Board  
**Celebrate International Holdings Limited**  
譽滿國際(控股)有限公司  
**Lam Wai Pong**  
*Chairman & Executive Director*

Hong Kong, 24 September 2012

As at the date of this announcement, the directors of the Company (the “**Directors**”) are:

*Executive Directors:*

Mr. Lam Wai Pong  
Ms. Leung Wai Kuen, Cerene  
Mr. Zhang Yan

*Independent Non-executive Directors:*

Ms. Chan Wan Yee  
Mr. Siu Kwok Chung  
Mr. Sit Bun

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at [www.hk-lifegroup.com](http://www.hk-lifegroup.com).*