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CELEBRATE INTERNATIONAL HOLDINGS LIMITED

譽滿國際（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 2013

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 2013, together with the comparative figures for the year ended 30 June 2012, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2013

	<i>Notes</i>	2013 HK\$'000	2012 <i>HK\$'000</i> (Restated)
Continuing operations			
Revenue	4	20,912	1,360
Cost of goods sold		<u>(20,158)</u>	<u>(1,264)</u>
Gross Profit		754	96
Other income	5	3,003	4
Administrative expenses		(19,612)	(15,357)
Other operating expenses	6	<u>(2,540)</u>	<u>(4,726)</u>
Loss from operations		(18,395)	(19,983)
Finance costs	7	(14,245)	(13,590)
Share of profit from an associate		<u>98</u>	<u>–</u>
Loss before taxation		(32,542)	(33,573)
Income tax expense	8	<u>–</u>	<u>–</u>
Loss for the year from continuing operations		(32,542)	(33,573)
Discontinued operations			
Loss for the year from discontinued operations	9	<u>(8,078)</u>	<u>(1,016,572)</u>
Loss for the year	10	<u>(40,620)</u>	<u>(1,050,145)</u>

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000 (Restated)
Attributable to:			
Owners of the Company			
– From continuing operations		(39,657)	(33,573)
– From discontinued operations		(913)	(1,016,539)
		<u>(40,570)</u>	<u>(1,050,112)</u>
Non-controlling interests			
– From continuing operations		–	–
– From discontinued operations		(50)	(33)
		<u>(40,620)</u>	<u>(1,050,145)</u>
Loss for the year			
Loss per share	12		
From continuing and discontinued operations			
– Basic		(HK\$0.055)	(HK\$9.03)
		<u>(HK\$0.055)</u>	<u>(HK\$9.03)</u>
– Diluted		N/A	N/A
		<u>N/A</u>	<u>N/A</u>
From continuing operations			
– Basic		(HK\$0.054)	(HK\$0.29)
		<u>(HK\$0.054)</u>	<u>(HK\$0.29)</u>
– Diluted		N/A	N/A
		<u>N/A</u>	<u>N/A</u>
From discontinued operations			
– Basic		(HK\$0.001)	(HK\$8.74)
		<u>(HK\$0.001)</u>	<u>(HK\$8.74)</u>
– Diluted		N/A	N/A
		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	2013 HK\$'000	2012 HK\$'000 (Restated)
Loss for the year	(40,620)	(1,050,145)
Other comprehensive loss:		
Exchange differences on		
– Reclassification adjustment relating to disposal of subsidiaries	(208)	–
– Translating foreign operations	–	(53)
	<hr/>	<hr/>
Total comprehensive loss for the year, net of tax	(40,828)	(1,050,198)
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Owners of the Company	(40,778)	(1,050,161)
Non-controlling interests	(50)	(37)
	<hr/>	<hr/>
	(40,828)	(1,050,198)
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive loss attributable to owners of the Company arising from:		
Continuing operations	(39,657)	(33,573)
Discontinued operations	(1,121)	(1,016,588)
	<hr/>	<hr/>
	(40,778)	(1,050,161)
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		3,873	26,668
Prepaid lease payments		–	26,103
Investment in an associate		47,139	–
		<hr/> 51,012	<hr/> 52,771
Current assets			
Inventories		–	63
Trade and other receivables and prepayments	13	7,483	9,976
Financial assets at fair value through profit or loss		13,287	6,137
Bank and cash balances		908	3,784
		<hr/> 21,678	<hr/> 19,960
Current liabilities			
Trade and other payables and accrued liabilities	14	3,978	39,927
Net current assets/(liabilities)		<hr/> 17,700	<hr/> (19,967)
Total assets less current liabilities		<hr/> 68,712	<hr/> 32,804

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	–	263
Convertible bonds	123,830	119,587
	<u>123,830</u>	<u>119,850</u>
NET LIABILITIES	<u>(55,118)</u>	<u>(87,046)</u>
Capital and reserves		
Share capital	77	13
Reserves	(55,195)	(89,479)
	<u>(55,118)</u>	<u>(89,466)</u>
Equity attributable to owners of the Company	(55,118)	(89,466)
Non-controlling interests	–	2,420
	<u>(55,118)</u>	<u>(87,046)</u>
TOTAL EQUITY	<u>(55,118)</u>	<u>(87,046)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

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 Room 2609-10, 26/F., China Resources Building, 26 Harbour 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

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group. The Group incurred a net loss of approximately HK\$40,620,000 for the year ended 30 June 2013 and the Group's total liabilities exceeded its total assets by approximately HK\$55,118,000 as at 30 June 2013. Nevertheless, in the opinion of the directors, it is appropriate to prepare the consolidated financial statements for the year ended 30 June 2013 on a going concern basis because (i) the Group has net current assets of approximately HK\$17,700,000 as at 30 June 2013; and (ii) the Group's convertible bonds of approximately HK\$123,830,000 to be matured on 27 May 2016.

3. APPLICATION 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 2012.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets

The new and revised HKFRSs have no material effect on the amounts reported in these financial statements and/or disclosures set out in these financial statements.

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle except for HKAS 1 (Amendments) ¹
HKAS 19 (2011)	Employee Benefits ¹
HKAS 27 (2011)	Separate Financial Statements ¹
HKAS 28 (2011)	Investments in Associates and Joint Ventures ¹
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 1 (Amendments)	Government Loans ¹
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities ²
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹
HK(IFRIC) – Int 21	Levies ³

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2014

³ Effective for annual periods beginning on or after 1 January 2015

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 AND SEGMENT REPORT

The Group's revenue from continuing operations, which represents revenue from trading of food and beverage are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Sales of goods	<u><u>20,912</u></u>	<u><u>1,360</u></u>

The Group's one single reportable segment, being trading of food and beverage, is a strategic business unit that offers different products and services. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

The accounting policies of the operating segment are the same as those described in the notes to the financial statements for the year ended 30 June 2013. Segment profits or losses do not include interest expenses and income, 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 profit from an associate and corporate income and expenses. Segment assets do not include investment in an associate, property, plant and equipments for corporate use, 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 and convertible bonds.

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

	Trading of food and beverage HK\$'000
Results – continuing operations	
Year ended 30 June 2013	
Revenue from external customers	20,912
Segment Loss	(694)
Depreciation and amortisation	<u><u>(1,407)</u></u>
As at 30 June 2013	
Segment assets	8,575
Segment liabilities	<u><u>(532)</u></u>
Year ended 30 June 2012	
Revenue from external customers	1,360
Segment profit	96
Depreciation and amortisation	<u><u>–</u></u>
As at 30 June 2012	
Segment assets	495
Segment liabilities	<u><u>–</u></u>

Reconciliation of reportable segment profit or loss, assets and liabilities are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i> (Restated)
Results – continuing operations		
(Loss)/Profit of the reportable segment	(694)	96
Interest income	3	4
Interest expenses	(14,245)	(13,590)
(Loss)/gain on disposal of financial assets at fair value through profit or loss	(1,819)	61
Loss on fair value change of financial assets at fair value through profit or loss	(199)	(4,726)
Share of profit from an associate	98	–
Other corporate income	3,000	25
Other corporate expenses	(18,686)	(15,443)
	<hr/>	<hr/>
Consolidated loss for the year from continuing operations	(32,542)	(33,573)
	<hr/> <hr/>	<hr/> <hr/>
Assets – continuing operations		
Total assets of the reportable segment	8,575	495
Investment in an associate	47,139	–
Property, plant and equipments	2,567	2,760
Trade and other receivables and prepayments	1,096	9,011
Financial assets at fair value through profit or loss	13,287	6,136
Cash and bank balances	26	2,393
Assets relating to discontinued operations	–	51,936
	<hr/>	<hr/>
Consolidated total assets	72,690	72,731
	<hr/> <hr/>	<hr/> <hr/>
Liabilities – continuing operations		
Total liabilities of the reportable segment	532	–
Trade and other payables and accrued liabilities	3,446	2,867
Convertibles bonds	123,830	119,587
Liabilities relating to discontinued operations	–	37,323
	<hr/>	<hr/>
Consolidated total liabilities	127,808	159,777
	<hr/> <hr/>	<hr/> <hr/>

Geographical information:

All the Group's income and result 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.

Information about major customers

Included in revenue arising from trading of food and beverage of approximately HK\$20,912,000 (2012: HK\$1,360,000) was revenue of approximately HK\$15,833,000 (2012: HK\$495,000) which arose from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue for the year ended 30 June 2013 and 2012.

5. OTHER INCOME

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest income	3	3
Gain on early redemption of convertible bonds	3,000	–
Sundries	–	1
	<hr/>	<hr/>
	3,003	4
	<hr/> <hr/>	<hr/> <hr/>

6. OTHER OPERATING EXPENSES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss on disposal of financial assets at fair value through profit or loss	1,819	–
Loss on fair value change of financial assets at fair value through profit or loss	199	4,726
Impairment loss on other receivables	522	–
	<hr/>	<hr/>
	2,540	4,726
	<hr/> <hr/>	<hr/> <hr/>

7. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Imputed interest on convertible bonds	14,245	13,586
Interest on other loans	–	4
	<hr/>	<hr/>
	14,245	13,590
	<hr/> <hr/>	<hr/> <hr/>

8. 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 (2012: Nil).

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss before tax	(42,620)	(1,050,145)
Tax at the domestic income tax rate of 16.5% (2012: 16.5%)	(7,032)	(173,274)
Tax effect of income not taxable	(495)	(10)
Tax effect of expenses that are not deductible	3,017	167,224
Tax effect of tax losses that is not recognised	4,510	6,060
Income tax expenses	—	—

9. LOSS FROM DISCONTINUED OPERATIONS

On 20 September 2012, the Company completed the disposal of its 75% equity interest in Top Entrepreneur Profits Limited and its subsidiaries (the “TEP Group”) to an independent third party, at a consideration of US\$1. The TEP Group was engaged in trading of edible oil and mineral materials. The TEP Group ceased its business in July 2011 due to the poor performance of the operation. During the year ended 30 June 2013, the operating loss of the TEP Group up to the date of the completion of the aforesaid disposal was insignificant.

On 16 April 2013, the Group completed the disposal of its 100% equity interest in Sea Marvel Limited and its subsidiaries (the “Sea Marvel Group”) to an independent third party, at a consideration of HK\$8,000,000. The Sea Marvel Group was engaged in the shrine and paper-offering businesses.

During the year ended 30 June 2013, the Group discontinued trading of edible oil and mineral materials, and the shrine and paper-offering businesses upon disposal of the TEP Group and the Sea Marvel Group.

The results of the discontinued operations included in the loss for the year are set out below:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Net loss for the year from discontinued operations of		
– The TEP Group (note (a))	–	(10)
– The Sea Marvel Group (note (b))	(963)	(1,016,562)
	<u>(963)</u>	<u>(1,016,572)</u>
Loss on disposal of the discontinued operations		
– The TEP Group	(844)	–
– The Sea Marvel Group	(6,271)	–
	<u>(7,115)</u>	<u>–</u>
Loss for the year from discontinued operations	<u>(8,078)</u>	<u>(1,016,572)</u>

(a) Loss from the TEP Group for the year

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Turnover	–	–
Cost of sales	–	–
	<u>–</u>	<u>–</u>
Gross profit	–	–
Other income	–	–
Operating and administration expenses	–	(10)
	<u>–</u>	<u>(10)</u>
Net loss for the year	<u>–</u>	<u>(10)</u>

(b) **Loss from the Sea Marvel Group for the year**

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Turnover	–	259
Cost of sales	–	–
	<hr/>	<hr/>
Gross profit	–	259
Other income	260	26
Selling expenses	–	(1)
Operating and administration expenses	(1,223)	(4,637)
Impairment loss on property, plant and equipment	–	(4,914)
Impairment loss on trade receivables	–	(2,898)
Impairment loss on goodwill	–	(939,415)
Impairment loss on investment of jointly controlled entity	–	(64,952)
	<hr/>	<hr/>
Loss from operations	(963)	(1,016,532)
Share of loss of a jointly controlled entity	–	(30)
	<hr/>	<hr/>
Net loss for the year	(963)	(1,016,562)
	<hr/> <hr/>	<hr/> <hr/>

(c) **Analysis of the cash flows of the discontinued operations**

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
The TEP Group		
Net cash outflow from operating activities	–	(11)
	<hr/>	<hr/>
Net cash outflow	–	(11)
	<hr/> <hr/>	<hr/> <hr/>
The Sea Marvel Group		
Net cash (outflow)/inflow from operating activities	(473)	47
Net cash outflow from investing activities	–	(9)
Net cash inflow from financing activities	334	–
	<hr/>	<hr/>
Net cash (outflow)/inflow	(139)	38
	<hr/> <hr/>	<hr/> <hr/>

10. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the followings:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Depreciation	1,498	575
Directors' emoluments		
– As directors	2,140	3,535
– For management	–	–
	<hr/> 2,140 <hr/>	<hr/> 3,535 <hr/>
Auditor's remuneration	320	320
Cost of inventories sold	20,158	1,264
Operating lease expenses	2,654	698
Staff costs including Directors' emoluments		
– Salaries, bonus and allowances	4,372	6,040
– Retirement benefits scheme contributions	92	66
	<hr/> 4,464 <hr/>	<hr/> 6,106 <hr/>

11. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2013 (2012: Nil). No dividend has been proposed since the end of the reporting date (2012: Nil).

12. LOSS PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$40,570,000 (2012: HK\$1,050,112,000) and the weighted average of 732,073,000 (2012: 116,260,000) ordinary shares in issue during the year, calculated as follows:

The diluted loss per share for the years ended 30 June 2013 and 2012 is equal to the basic loss per share as the outstanding convertible bonds were anti-dilutive.

(b) For continuing operations

Basic loss per share for the continuing operations in 2013 and 2012 is calculated based on the loss from the continuing operations of HK\$39,657,000 (2012: HK\$33,573,000) and the denominators used are the same as those detailed above at (a).

The diluted loss per share from continuing operations for the years ended 30 June 2013 and 2012 is equal to the basic loss per share as the outstanding convertible bond were anti-dilutive.

(c) From discontinued operations

Basic loss per share for the discontinued operations in 2013 and 2012 is calculated based on the loss from the discontinued operations of HK\$913,000 (2012: HK\$1,016,539,000) and the denominators used are the same as those detailed above at (a).

The diluted loss per share from discontinued operations for the years ended 30 June 2013 and 2012 is equal to the basic loss per share as the outstanding convertible bonds were anti-dilutive.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	6,273	3,393
Impairment loss on trade receivables	–	(2,898)
	<hr/>	<hr/>
	6,273	495
Other receivables and prepayments	1,732	9,481
Impairment loss on other receivables	(522)	–
	<hr/>	<hr/>
	7,483	9,976
	<hr/> <hr/>	<hr/> <hr/>

The Directors consider that the fair values of trade receivables are not materially different from their amounts because these amounts have short maturity period on their inception. The Group's trading business are 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, is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 to 90 days	6,273	495
Over 365 days	–	2,898
	<hr/>	<hr/>
	6,273	3,393
	<hr/> <hr/>	<hr/> <hr/>

As of 30 June 2013, no trade receivable (2012: nil) was past due but not impaired.

Movement in impairment loss on trade receivables:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Balance at beginning of year	2,898	–
Impairment loss recognised on receivables	–	2,898
Eliminated on disposal of subsidiaries	(2,898)	–
	<hr/>	<hr/>
Balance at end of year	–	2,898
	<hr/> <hr/>	<hr/> <hr/>

There was no impairment loss on trade receivables as at 30 June 2013 (2012: HK\$2,898,000).

Age of impaired trade receivables:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Overdue by:		
>365 days	–	2,898
	<hr/> <hr/>	<hr/> <hr/>

14. TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade payables	1,193	26
Other payables and accrued liabilities	2,785	39,901
	<hr/>	<hr/>
	3,978	39,927
	<hr/> <hr/>	<hr/> <hr/>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 to 90 days	1,193	–
Over 365 days	–	26
	<hr/>	<hr/>
	1,193	26
	<hr/> <hr/>	<hr/> <hr/>

15. COMPARATIVE FIGURES

The comparative consolidated income statement has been restated as if the operations discontinued during the current year had been discontinued from the start of the comparative year.

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 Company and of the Group as at 30 June 2013 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 note 2 to the consolidated financial statements which indicates that the Group incurred a total comprehensive loss of approximately HK\$40,620,000 during the year ended 30 June 2013 and as of that date, the Group's liabilities exceeded its assets by approximately HK\$55,118,000. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's revenue from continuing operations of approximately HK\$20.9 million for the year ended 30 June 2013, represents an increase of approximately HK\$19.6 million or 1,437.6% as compared to the year ended 30 June 2012. The significant increase was primarily attributable to the revenue contributed by food and beverage trading.

For the year ended 30 June 2013, the Group's gross profit margin from continuing operations reduced from 7.1% to 3.6%. The significant reduction in gross profit margin was mainly resulted from lower gross profit margin generated from food and beverage trading where the lower margin was accepted in order to capture and expand into the vast food market.

The administrative expenses from continuing operations increased by approximately HK\$4.2 million, a 27.7% increase to approximately HK\$19.6 million in the year ended 30 June 2013 from approximately HK\$15.4 million in the year ended 30 June 2012. The increase was mainly attributed to the increase in legal and professional fees incurred for the judicial review proceedings and the lease rental for the new office and the food processing centre.

Finance costs from continuing operations increased by approximately HK\$0.6 million to approximately HK\$14.2 million in the year ended 30 June 2013 from approximately HK\$13.6 million in the corresponding year of 2012, which was mainly due to the increase in imputed interest expense on redemption of the convertible bonds in the year ended 30 June 2013.

During the year ended 30 June 2013, the Group completed the disposals of its respective equity interests of 75% and 100% in Top Entrepreneur Profits Limited and Sea Marvel Limited (the “Disposal Group”), which resulted in an aggregate loss of approximately HK\$7.1 million arising from the disposals. In addition, the aggregate net operating loss from the Disposal Group for the year ended 30 June 2013 up to the dates of disposals amounted to approximately HK\$1.0 million. The Group, therefore, recognized a total loss of approximately HK\$8.1 million from discontinued operations during the year ended 30 June 2013.

Compared with the year ended 30 June 2012, the Group’s LBITDA (Loss before interest, tax, depreciation and amortisation) from continuing operations reduced by approximately HK\$3.0 million from approximately HK\$19.9 million to approximately HK\$16.9 million. This was mainly attributed to the gain arising from the redemption of convertible bonds and the gross profit contributed from food and beverage trading.

Operation Review and Prospect

Shrine and Paper-offering

During the year ended 30 June 2013, the shrine and paper-offering businesses were still confronted by the harsh and severe situation arising from the government’s columbarium policy and the judicial review proceedings (the “Judicial Review”) of the Group against the notices dated 22 October 2010 issued by the Planning Department under section 23(1) of the Town Planning Ordinances in relation to Lot 2073 in Demarcation District No. 104 (the “Land”), which alleged that there is or was an unauthorized development on the Land meaning the carrying out of development of columbarium use and/or storage use which constitutes a material change in the use of the Land. By judgment of the High Court made on 3 October 2011 (the “Judgment”), the Court ordered that the Group’s application for Judicial Review was dismissed. As a nutshell, the Judge having considered the planning intention, the context of the Outline Zoning Plan (“OZP”) and the meaning of “shrine”, the Judge came to the view that the use of the Land by the project of the Group in Yuen Long (“The Shrine”) plainly falls outside the scope of a use serving the needs of the villagers and in support of the village development; and in conclusion, the Judge adjudged that The Shrine is not a shrine within the meaning of Paragraph (9)(b) in the context of the OZP but rather, it is a columbarium and the application for Judicial Review failed.

Over the past two years, the Group has made successive attempts to appeal against the Judgment. However, on 10 April 2013, the Appeal Committee of the Court of Final Appeal ordered that the Company’s application for leave to appeal be dismissed. Having considered the uncertain environment in which the Group operated and likelihood of success in the final appeal, the Board has made a painful decision to discontinue further appeal. This has finally put an end to the judicial review proceedings of the Group.

Attributed to discontinuation of further appeal as aforesaid and the uncertainties on the future operations, the Board determined to divest its investment in the shrine and paper-offering businesses and finally announced the completion of the disposal of the entire interest in Sea Marvel Limited and its subsidiaries, which is engaged in the shrine and paper-offering businesses, on 16 April 2013. Completion of the disposal has relieved the group's attention to the long-winding judicial proceedings and redirect its resources to other investment opportunities which may generate a better return.

Food and Beverage Trading

Food and Beverage trading only commenced business in June 2012 and has made good progress in performance throughout the year ended 30 June 2013. This is evidenced from the substantial growth in turnover from HK\$1.4 million for the year ended 30 June 2012 to HK\$20.9 million for the year ended 30 June 2013.

In order to provide more value-added services to customers, a food processing centre was established in September 2012. The Board is quite optimistic about the future performance of this business as demands for quality food is persistently high in light of the fast growth of the tourism industry in Hong Kong while supply is limited. The Board is also confident that the Group is able to capture a portion of this vast market going forward and would therefore continue its effort in further developing the business.

Edible Oil Trading

The edible oil trading 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, the Board disposed of this segment in September 2012. This is in line with the business strategy in the rationalization of the businesses of the Group so as to focus on other businesses which would generate a higher return.

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 China markets, which will result in the expansion of its income sources through various co-operative arrangements, the Board is optimistic on the prospect of Baron. The Board would, therefore, 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 2013, the Group held total assets of approximately HK\$72.7 million (30 June 2012: approximately HK\$72.7 million), including cash and bank balances of approximately HK\$0.9 million (30 June 2012: approximately HK\$3.8 million).

As at 30 June 2013, the Group had total liabilities of approximately HK\$127.8 million (30 June 2012: HK\$159.8 million) which mainly comprise of convertible bonds amounting to approximately HK\$123.8 million (30 June 2012: approximately HK\$119.6 million).

As at 30 June 2013, the gearing ratio, expressed as a percentage of total debts over total assets was about 175.8% (2012: 219.8%). This significant reduction was mainly resulted from the disposal of the Sea Marvel Limited and its subsidiaries in April 2013.

Contingent Liabilities

As at 30 June 2013, the Group had no contingent liabilities (30 June 2012: nil).

Dividend

The Directors do not recommend the payment of final dividend for the year ended 30 June 2013 (2012: nil).

Charge on Group Assets

As at 30 June 2013, the Group did not have any charges on its assets (30 June 2012: nil).

Capital Structure

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. 639,250,500 shares of the Company were issued and allotted on 20 July 2012 accordingly.

As at 30 June 2013, the total number of issued shares of the Company was 767,100,600 shares of HK\$0.0001 each (30 June 2012: 127,850,100 shares of HK\$0.0001 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, Remuneration Policies and Share Option Scheme

As at 30 June 2013, the Group had 17 employees (30 June 2012: 13). The total staff costs including Directors' remuneration for the year were approximately HK\$4.5 million (2012: 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 which are traded on the Stock Exchange. As at 30 June 2013, the Group held available-for-sale financial assets at fair value through profit and loss amounted to approximately HK\$13.3 million (2012: approximately HK\$6.1 million).

Save as disclosed above, as at 30 June 2013, the Group did not have any significant investment.

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.

In February 2013, the Group entered into an agreement to dispose of the entire issued share capital of Sea Marvel Limited, an investment holding company for subsidiaries engaging in the provision of shrine for memorial ancestor and paper-offering business, for a consideration of HK\$8 million which is satisfied by (i) HK\$2 million in cash as refundable deposit; (ii) HK\$6 million in cash payable on completion of the disposal. The aforesaid disposal was completed in April 2013.

Save as disclosed above, during the year ended 30 June 2013, 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

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. 639,250,500 shares of the Company were issued and allotted on 20 July 2012 accordingly.

Save as disclosed above, during the year ended 30 June 2013, 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 2013, the Company has complied with 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 terms. 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, semi-annual report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee discussed and reviewed with the auditor and the management the financial statements for the year ended 30 June 2013 before submission to the Board for approval.

The audit committee currently comprises of three independent non-executive directors, 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
Leung Wai Kuen, Cerene
Executive Director

Hong Kong, 29 August 2013

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

Executive Directors:

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.ciholdings.com.hk.