

# 譽滿國際（控股）有限公司 Celebrate International Holdings Limited

(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立之有限公司)  
Stock code 股份代號：8212



FIRST QUARTERLY REPORT  
**2012 / 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 report, for which the board of directors (“**Directors**”) of Hong Kong Life Group Holdings Limited (“**Company**”, and together with its subsidiaries “**Group**”) collectively and individually accepts full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



## RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited results of the Group for the three months ended 30 September 2012, together with comparative figures for the same corresponding period in 2011 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>For the three months ended 30 September</b>	
	<i>Notes</i>	<b>2012 HK\$'000 (Unaudited)</b>	<b>2011 HK\$'000 (Unaudited)</b>
<b>Revenue</b>	2	<b>3,919</b>	48
<b>Cost of sales</b>		<b>(3,698)</b>	(44)
<b>Gross profit</b>		<b>221</b>	4
Other income	3	<b>1,100</b>	–
Selling expenses		–	(1)
Administrative and operating expenses		<b>(9,343)</b>	(5,598)
<b>Operating loss</b>		<b>(8,022)</b>	(5,595)
Finance costs		<b>(3,453)</b>	(3,522)
Share of loss of a jointly controlled entity		–	(9)
Share of profit of an associate		<b>43</b>	–
<b>Loss before taxation</b>		<b>(11,432)</b>	(9,126)
Income tax expense	4	–	–
<b>Net loss for the period</b>		<b>(11,432)</b>	(9,126)
<b>Attributable to:</b>			
Owners of the Company		<b>(11,432)</b>	(9,064)
Non-controlling interests		–	(62)
		<b>(11,432)</b>	(9,126)
<b>Loss per share</b>	6		
Basic		<b>(HK4.9 cents)</b>	(HK3.9 cents)
Diluted		<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>For the three months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Net loss for the period</b>	<b>(11,432)</b>	(9,126)
<b>Other comprehensive (loss)/income:</b>		
Exchange differences reclassified to statement of comprehensive income on disposal of subsidiaries	<b>(208)</b>	-
Exchange differences arising on translation of foreign operations	-	2
<b>Total comprehensive loss for the period</b>	<b>(11,640)</b>	(9,124)
<b>Attributable to:</b>		
Owners of the Company	<b>(11,640)</b>	(9,107)
Non-controlling interests	-	(17)
<b>Total comprehensive loss for the period</b>	<b>(11,640)</b>	(9,124)



Notes:

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 July 2012, the adoption has no significant impact on the Group's results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

The unaudited consolidated results have been prepared under the historical cost convention except that certain intangible assets and financial instruments are measured at fair values. The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's audited financial statements for the year ended 30 June 2012.

The unaudited consolidated results of the Group for the three months ended 30 September 2012 are unaudited but have been reviewed by the Company's Audit Committee.

## 2. REVENUE

Revenue represents amount receivable for goods sold and services provided in the normal course of business, net of sales related taxes.

For management purpose, the Group is currently organized into three operating divisions. These divisions are the basis on which the Group reports its primary segment information for the three months ended 30 September 2012. Principle activities are as follows:

Provision of shrine	–	Provision of shrine for memorial of ancestor
Paper-offering	–	Paper-offering business
Food and beverage	–	Trading of food and beverage

An analysis of the Group's revenue was as follows:

	<b>For the three months ended 30 September</b>	
	<b>2012</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2011 <i>HK\$'000</i> (Unaudited)
<b>Revenue</b>		
Provision of shrine	–	–
Paper-offering	–	48
Food and beverage	<b>3,919</b>	–
	<hr/> <b>3,919</b>	<hr/> 48

**3. OTHER INCOME**

	<b>For the three months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Gain on redemption of convertible bonds	<b>1,000</b>	–
Bad debts recovered	<b>95</b>	–
Interest income	<b>1</b>	–
Sundries	<b>4</b>	–
	<b>1,100</b>	–

**4. INCOME TAX**

The Company was incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly are exempted from payment of the British Virgin Islands income taxes.

No Hong Kong Profits Tax had been made as the Group had no assessable profits derived from Hong Kong for the three months ended 30 September 2012 (2011: Nil).

PRC Enterprise Income Tax had not been provided for the PRC subsidiaries as they did not generate any assessable profits for the three months ended 30 September 2012 (2011: Nil).

**5. DIVIDEND**

The Directors do not recommend the payment of any interim dividend for the three months ended 30 September 2012 (2011: Nil).

**6. LOSS PER SHARE**

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

	<b>For the three months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Loss attributable to owners of the Company for the purpose calculating basic loss per share	<b>(11,432)</b>	(9,064)

	<b>For the three months ended 30 September</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<b>233,465,400</b>	232,282,826

Diluted loss per share for the three months ended 30 September 2012 and 2011 have not been presented as the outstanding convertible bonds and share options had an anti-dilutive effect.

**7. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the three months ended 30 September 2012

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Convertible bonds reserve	Share options reserve	Translation reserves	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>At 1 July 2012 (Audited)</b>	<b>13</b>	<b>872,746</b>	<b>15,826</b>	<b>78,653</b>	<b>1,847</b>	<b>208</b>	<b>(1,058,759)</b>	<b>(89,466)</b>	<b>2,420</b>	<b>(87,046)</b>
Repayment of convertible bonds	-	-	-	(5,177)	-	-	-	(5,177)	-	(5,177)
Issue of rights shares, net of expenses	64	85,063	-	-	-	-	-	85,127	-	85,127
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(82)	(82)
Total comprehensive loss for the period	-	-	-	-	-	(208)	(11,432)	(11,640)	-	(11,640)
<b>At 30 September 2012 (Unaudited)</b>	<b>77</b>	<b>957,809</b>	<b>15,826</b>	<b>73,476</b>	<b>1,847</b>	<b>-</b>	<b>(1,070,191)</b>	<b>(21,156)</b>	<b>2,338</b>	<b>(18,818)</b>
At 1 July 2011 (Audited)	213,700	866,989	15,826	83,830	1,847	257	(222,336)	960,113	2,457	962,570
Total comprehensive loss for the period	-	-	-	-	-	-	(9,107)	(9,107)	(17)	(9,124)
At 30 September 2011 (Unaudited)	213,700	866,989	15,826	83,830	1,847	257	(231,443)	951,006	2,440	953,446

**8. LEASE COMMITMENTS**

At 30 September 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>At 30 September 2012 HK\$'000 (Unaudited)</b>	At 30 June 2012 HK\$'000 (Audited)
Within one year	<b>2,347</b>	2,383
In the second to fifth years inclusive	<b>5,880</b>	6,511
	<b>8,227</b>	8,894

**9. EVENTS AFTER THE REPORTING PERIOD**

The following significant events took place subsequent to the end of the reporting period:

- (a) On 5 November 2012, the Company announced that the Companies' subsidiaries have filed the Notice of Motion to the Court of Final Appeal making application for leave from the Court of Final Appeal against the Judgment of the Court of Appeal dated 17 July 2012. Details of the Judgment were set out in the Company's announcement dated 17 July 2012.
- (b) On 13 November 2012, the Company announced that the possible acquisition of 100% of the entire issued share capital in Ma's Japanese Food Limited under the Memorandum of Understanding dated 28 September 2012 was terminated as the parties involved were unable to come up with an agreed purchase consideration.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The Group posted an unaudited consolidated revenue of approximately HK\$3.92 million for the three months ended 30 September 2012 (2011: HK\$48,000), representing an substantial increase of HK\$3.87 million or 8,062.5% as compared to the three months ended 30 September 2011. The significant increase was primarily attributable to the revenue contributed by the new business segment, food and beverage, which only commenced trading in June 2012.

Operating loss has increased substantially from approximately HK\$5.60 million for the three months ended 30 September 2011 to approximately HK\$8.0 million for the three months ended 30 September 2012, representing an increase of approximately HK\$2.4 million which was mainly due to an increase in administrative and operating expenses of HK\$3.7 million from approximately HK\$5.6 million to approximately HK\$9.3 million. This is mainly resulted from the increase in (i) legal and professional fees relating to the right issues and appeals against the judgment from the judiciary review; (ii) operating lease rental for the new office premises.

Share of profit of an associate amounting to HK\$43,000 represents share of results of the Group's 49% interest in Baron's School of Music Limited ("**Baron**"), which was acquired in August 2012. Baron was founded and is currently operated by a famous producer in Hong Kong, Mr. Ronald Ng. It is principally engaged in providing high quality programmes and courses in both classical and contemporary music.

To further strengthen the Group's financial resources and its operations as well as its future expansion, the Company raised 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. On 20 July 2012, 639,250,500 shares of the Company were issued and allotted accordingly.





## **Business Review**

### *Shrine Business*

During the period under review, the Group was still confronted by a harsh and severe situation owing to the fact that, being the core business of the Group, 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**").

By the reasons of 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 reasons, 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, on 5 November 2012, the subsidiaries of the Company filed the Notice of Motion to the Court of Final Appeal making application for leave from the Court of Final Appeal against the Judgment of the Court of Appeal dated 17 July 2012. The Court will appoint a hearing date for the application at a later time.

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*

The paper-offering business was also adversely affected by the Judicial Review described above as this business segment is interlinked with the shrine business. We will further look into this business segment and derive the most rational strategy for its operations.

### *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.

During the three months ended 30 September 2012, this business segment generated sales revenue of approximately HK\$3.9 million, which is the main revenue driver of the Group during the period under review.

### *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, 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. As a result, a loss of approximately HK\$0.8 million was recognized from the disposal of the segment.

## **Prospects**

Owing to the fact that the limited supply of shrine for storage of ancestral properties and deceased cremated ashes in Hong Kong, demand for shrine will continue to grow in the middle to long run. Nevertheless, the directors anticipated that the shrine business of the Group will still be adversely affected by the litigation and the government's columbarium policy in the foreseeable future.

In order to diversify the Group's business and strengthen its profitability, the Group entered into a new business segment, food and beverage, in June 2012. We are pleased with the performance of the segment after a few months' operations and are optimistic about its prospect as demands for quality food have been persistently high in light of the fast growth of the tourism industry in Hong Kong while supply has been limited.

The Board will continue to explore other potential investment opportunities so as to broaden our business horizon.



### Change of company name

In order to refresh the corporate image and identity of the Company to implement future business development, the name of the Company was changed from “Hong Kong Life Group Holdings Limited” to “Celebrate International Holdings Limited” in August 2012.

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

As at 30 September 2012, the interests and short positions of the Directors and chief executives of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### Long position in the Shares and underlying Shares of the Company

Name of Directors	Nature of interests/ Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of issued share capital
Mr. Lam Wai Pong	Personal	–	332,937 <i>(note 1)</i>	0.043%
Mr. Lau Chi Kwong	Personal	–	332,937 <i>(note 2)</i>	0.043%

Notes:

1. The personal interest of Mr. Lam Wai Pong represents an interest in 332,937 underlying Shares in respect of options granted by the Company as detailed below.
2. The personal interest of Mr. Lau Chi Kwong represents an interest in 332,937 underlying Shares in respect of options granted by the Company as detailed below.

### Share Option Scheme

As at 30 September 2012, details of the share options granted under the share option scheme are as follows:

Name	Date of grant	Number of share options	Exercised during the period	Exercise price (HK\$ per share)	Exercise period	Number of share options outstanding as at 30 September 2012
Mr. Lam Wai Pong	2 February 2011	332,937	-	3.21	2 February 2011 to 1 February 2016	332,937
Mr. Lau Chi Kwong	2 February 2011	332,937	-	3.21	2 February 2011 to 1 February 2016	332,937

Save as disclosed above, during the three months ended 30 September 2012, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

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

Save as disclosed in the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the three months ended 30 September 2012 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

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

As at 30 September 2012, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO or, were, 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:

<b>Name of Shareholders</b>	<b>Capacity/ Nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage of shareholding</b>
Wong Ying Seung Asiong	Beneficial owner	109,500,000	14.27%

Save as disclosed above, as at 30 September 2012, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

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

During the three months ended 30 September 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **COMPETING INTERESTS**

None of the Directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business that competed or might compete with the business of the Group.

## **COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES**

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' dealing in securities of the Company. The Company's Directors have complied with such code of conduct and the required standard of dealings.

## **AUDIT COMMITTEE**

The Company 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 in the Code on Corporate Governance Practices of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, interim report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee is also responsible for reviewing the accounting principles and practices adopted by the Group and also the auditing, internal control and financial reporting matters.



The audit committee consists of three independent non-executive Directors, namely Ms. Chan Wan Yee, Mr. Siu Kwok Chung and Mr. Sit Bun. Ms. Chan Wan Yee is the chairman of the audit committee. The audit committee has reviewed the Group's unaudited results for the three months ended 30 September 2012.

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, 14 November 2012

As at the date of this report, the directors of the Company 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