CHINA BOON HOLDINGS LIMITED
中福控股發展有限公司*

(Incorporated in Bermuda with limited liability)
Stock Code: 00922

ANNUAL REPORT 2011

*For identification only

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For the year ended 31 March 2011

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Leung Chi Wah Earnest
(Chairman and Chief Executive Officer)
Mr. Law Fei Shing
Mr. Yu Ping

Non-executive Directors

Mr. Yeung Mui Kwan David
Mr. Tu Zhimin

Independent Non-executive Directors

Mr. Law Yui Lun
Mr. So Livius
Mr. Bian Yijun

COMPANY SECRETARY

Mr. Yau Wing Yiu

AUDIT COMMITTEE

Mr. Law Yui Lun
Mr. So Livius
Mr. Bian Yijun

REMUNERATION COMMITTEE

Mr. Law Yui Lun
Mr. So Livius
Mr. Bian Yijun

AUTHORISED REPRESENTATIVES

Dr. Leung Chi Wah Earnest
Mr. Law Fei Shing

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Cathay Bank Hong Kong Branch
Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3908, Shell Tower
Times Square
Causeway Bay, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
26th Floor
Tesbury Centre
28 Queen’s Road East, Hong Kong

SHARE INFORMATION

Stock code: 00922
Board lot: 20,000 shares
Web site: www.china-boon.com

Chairman’s Statement

Dear Shareholders,

When I took over the management of China Boon back in 2009, I stated my vision to lead the Company into becoming a first class cemetery developer and operator in China. Over the past year we have accomplished a significant milestone towards this vision with the successful acquisition of Anxian Yuan in November 2010. This cemetery is one of the largest in Hangzhou and is an important starting point for the Company to build its cemetery brand in China.

China Boon has also seen a significant improvement in its fiscal performance. Although the Company realised a HK$20 million loss after minority interests, it is a significant improvement from the previous fiscal year of a loss of HK$98 million. Furthermore, the result posted this year only includes four months of earnings from Anxian Yuan indicating an improvement in business prospects of China Boon.

We have also used our best endeavors to complete the acquisition for 75% equity interest in Jin Shan Cemetery in Shanghai and I am confident that we will be able to close this acquisition within the coming months.

As China’s demography continues to age and as per capita income continues to increase, the demand for high-end cemetery products will be ever greater. However, China’s land shortage problem will make it increasingly difficult for the PRC government to allocate new land towards cemetery usage thereby limiting the supply for cemetery land. These market conditions will make existing cemetery plots appreciate in value as we are seeing cemetery plots prices soar across major cities in China. In order to capitalise on this trend, the Company will continue to deploy its resources to search and acquire existing cemeteries with sizable undeveloped land banks across densely populated geographies in China.

We have built a first in class team of cemetery professionals led by Mr. Chen Hui who has years of experience in Civil Affairs Bureau of the PRC and at a first class cemetery in Shanghai. This team will not only be responsible for managing China Boon’s cemetery assets but also begin promoting the China Boon brand by offering cemetery management and training to aspiring industry professionals. Building the China Boon brand will be a major focus for the coming year.

I have also been a firm believer of charitable responsibility, thus another focus will be on how China Boon can do its part to the communities in its footprint.

I would like to give tribute to our shareholders for continuing to give China Boon your support. I believe the cemetery business in China has great potential and we will continue to work hard to build sustainable value for our shareholders.

Earnest Leung
Chairman & Chief Executive Officer

Management Discussion and Analysis

OVERVIEW

Operation Overview

During the Year, the Group operated four business segments: Cemetery Business, Leather Trading, Electronic Trading and Metal Trading.

Cemetery Business

The Group acquired Anxian Yuan on 19 November 2010 and commenced its Cemetery Business in the PRC since then.

According to the China Statistic Yearbook, the end of year population of the PRC increased from approximately 1.258 billion in 1999 to approximately 1.335 billion in 2009, representing an increase of approximately 6.12%. The population at or over the age of 65 in the PRC were 7.63% and 8.47% of the total population of the PRC for 1999 and 2009 respectively, representing an increase of approximately 11.01%. The mortality rate of the PRC for 1999 and 2009 were 0.65% and 0.71% respectively, representing an increase of 9.23%. The statistics show that the PRC is facing aging problem and a huge demand on death care services is expected.

Anxian Yuan is situated in Hangzhou, Zhejiang Province, the PRC. The table below shows the end of year population, population over age 65 and the mortality rate of Zhejiang Province for 1999 and 2009:

	1999	**2009**	**Increase/ (Decrease)** (%)
Population ('000)			
– End of year	44,750	51,800	15.75
– Over 65	4,267	5,736	34.43
Mortality rate (%)	0.635	0.559	(11.97)

From the above table, both the end of year population and population for age over 65 increased in the past decade. Although there is a decrease in the mortality rate, the increase in population compensated the decrease in mortality rate. As a result, similar to the national situation, a huge demand on death care services in Zhejiang Province is also expected.

Leather Trading

The Group made a few transactions on Leather Trading during the Year with the margin of only 1.8%. Since the acquisition of Anxian Yuan, much resources was drawn to the Cemetery Business. With the thin margin, the activity in Leather Trading is expected to reduce in the coming financial years.

Electronic Trading and Metal Trading

As highlighted in our annual report for the year ended 31 March 2010 which was also applicable to the Year, the margin in electronic products was thin and the scrap metal trading became extremely risky and difficult to manage. As a result, there were no trading activities and hence, the revenue, in these two segments during the Year.

Management Discussion and Analysis

Financial Overview

The result of the Group before minority interests was turning from loss of approximately HK$98,074,000 in last financial year to profit of approximately HK$4,356,000 in the Year. Although the Group still maintained a loss after minority interests, it was substantially reduced from approximately HK$98,074,000 in last financial year to approximately HK$20,335,000 in the Year.

	Financial year	
	2011	2010
	HK$'000	HK$'000
Revenue	**135,467**	27,265
Gross profit/(loss)	**74,685**	(7,839)
Profit/(Loss) for the year	**4,356**	(98,074)
Loss attributable to the Group	**(20,335)**	(98,074)

The improvement in the results of the Group was mainly attributable to:

1) The consolidation of the result of Anxian Yuan after the acquisition on 19 November 2010 which is discussed under the segment analysis below.

2) The gain on acquisition of Anxian Yuan which was mainly attributable to the difference between the fair value of consideration as at the date of acquisition of Anxian Yuan and the consideration as stipulated in the sale and purchase agreement on the acquisition of Anxian Yuan. Note 34 to the financial statements has the details on the gain.

3) There was no impairment on receivables as that in last financial year.

Management Discussion and Analysis

SEGMENT

Segment overview

The Group operated 4 business segments (2010: 3) during the Year. The table below shows the operating results of the segments.

	Financial year 2011					Financial year 2010			
	Cemetery Business HK$'000	**Leather Trading HK$'000**	**Electronic Trading HK$'000**	**Metal Trading HK$'000**	**Group HK$'000**	Leather Trading HK$'000	Electronic Trading HK$'000	Metal Trading HK$'000	Group HK$'000
Revenue	**127,642**	**7,825**	**–**	**–**	**135,467**	11,916	8,961	6,388	27,265
Gross profit/(loss)	**74,547**	**138**	**–**	**–**	**74,685**	221	(2,348)	(5,712)	(7,839)
GP ratio (%)	**58.4**	**1.8**	**–**	**–**	**55.1**	1.9	N/A	N/A	N/A
Segment result	**41,992**	**138**	**–**	**–**	**42,130**	221	(7,933)	(38,960)	(46,672)

Cemetery Business

The acquisition of Anxian Yuan was completed on 19 November 2010 and Anxian Yuan became a subsidiary of the Group and its results were consolidated in the financial statements of the Group since then.

Anxian Yuan is a cemetery operator in Hangzhou, Zhejiang Province, the PRC. It was established in 1999 and operation commenced between 1999 and 2000. The revenue represents the sales of tombs and niches to middle and high-end customers in Hangzhou City. The total size of the cemetery was approximately 974 Chinese Mu (equivalent to approximately 674,700 square meters) and less than 200 Chinese Mu (equivalent to approximately 133,200 square meters) has been developed.

The management team of Anxian Yuan before the acquisition has been retained for the continuing operation of the cemetery. Experienced senior management in cemetery operation of the Group have been appointed to the management team in order to provide enhancement to the cemetery operation including the design of the cemetery, operation workflow, computerisation etc.

Between 19 November 2010 (date of acquisition of Anxian Yuan) and 31 March 2011, Anxian Yuan sold 320 tombs and 26,000 niches with average selling price of approximately RMB44,800 and RMB3,610 respectively.

THE FUTURE

Looking into the future, Cemetery Business will be the spotlight of the Group and much resources will be contributed to this segment. At the moment, the Group will focus on the enhancement of the operation of Anxian Yuan. At the same time, the Group would complete the acquisition of Shanghai project as soon as possible. The Group will also keep on looking for merger and acquisition opportunities in Cemetery Business in other major cities throughout the PRC in order to increase our market shares in the segment.

In mid to long range term, the Group is targeted to be the leader in the Cemetery Business and build our national wide brand name.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the net cash outflow was approximately HK$67.7 million (2010: net cash inflow of approximately HK$154.4 million). The change from net cash inflow to net cash outflow was mainly because there was no fund raising activities during the Year (2010: net proceeds of approximately HK$260.5 million from placing of shares). As at 31 March 2011, the cash and cash equivalents of the Group were approximately HK$88.7 million (2010: approximately HK$155.6 million). The Group has bank borrowings of approximately HK$48.0 million as at 31 March 2011 (2010: HK$ nil).

Subsequent to 31 March 2011, the Company issued Shares by way of top-up placing with net proceeds of approximately HK$60.8 million. This has strengthened the Group's cash position.

GEARING RATIO

The gearing ratio (total liabilities/total assets) at the end of the Year was 0.33 (2010: zero).

CHARGES ON ASSETS

As at 31 March 2011, there were no charges on the Group's assets.

LITIGATION

No outstanding litigation as at 31 March 2011 was noted.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in note 40 to the financial statements.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Year, the Group's purchases and sales were mainly denominated in US$ and RMB and the fund raising activities were denominated in HK$. Since HK$ are pegged to US$, significant exposure is not expected in US$ transactions and balances. The PRC subsidiaries of the Group were operated in PRC. All transactions, assets and liabilities of the PRC subsidiaries were denominated in RMB and were translated into HK$ at year end date as a foreign operation. No foreign currency hedge was made during the Year. Further details are set out in note 38.2 to the financial statements.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2011, the Group had 20 employees (including Directors) in Hong Kong (2010: 19 employees) and 16 employees in PRC (2010: 8 employees). The Group regularly reviews remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary and mandatory provident fund, employees are entitled to other benefits such as share option scheme, of which the Directors may, at their discretion, grant options to employees of the Group. The remuneration policies of the Group's employees are subject to review regularly.

The Group has a share option scheme available for directors and employees of the Company or any of its subsidiaries. Details of the share option scheme are set out in note 33 to the financial statements.

Total staff costs (including Directors) for the Year amounted to approximately HK$22.1 million (2010: approximately HK$20.0 million), of which contribution to mandatory provident fund and share options granted were approximately HK$311,000 (2010: approximately HK$151,000) and approximately HK$7.4 million (2010: approximately HK$9.5 million) respectively.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 19 November 2010, the Company acquired 41.2% equity interest of Anxian Yuan through a wholly-owned subsidiary. The details of the acquisition are set out in note 34 to the financial statements.

On 30 November 2010, a wholly-owned subsidiary of the Company entered into an amended and restated agreement with an independent third party on the acquisition of a joint venture company in PRC. Details of the acquisition are set out in note 18 to the financial statements.

Management Profile

EXECUTIVE DIRECTORS

Dr. Leung Chi Wah Earnest, aged 54, was appointed as an Executive Director and the Chief Executive Officer in June 2009 and as the Chairman on 17 August 2010.

Dr. Leung started his investment banking career and joined Amsterdam-Rotterdam Bank as an investment officer in 1982. Since then, he had worked for BNP, New Zealand Insurance, Bank of America Trust and American Express Bank (the "Amex"). He held various senior investment positions in these financial institutions. His last position with Amex was Senior Director, Head of Investment, Asia. Also, Dr. Leung was appointed as the chairman and an executive director of Network CN Inc., a company listed in NASDAQ (OTC), on 11 May 2009. Currently, he is a director of Statezone Limited and Keywin Holdings Limited. Dr. Leung holds an honorary Doctor degree of Philosophy in Business Administration from a university in the USA.

The interest in Shares of Dr. Leung has been disclosed under the heading "Directors' Interests in Shares, Underlying Shares & Debentures" of the Directors' Report.

Mr. Law Fei Shing, aged 51, was appointed as an Independent Non-executive Director on 4 June 2009 and was re-designated to Executive Director on 10 June 2009.

Mr. Law is a certified public accountant practicing in Hong Kong. He is also a member of American Institute of Certified Public Accountants (AICPA), USA and associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA). Mr. Law has over 20 years of experience in the audit and accounting services.

Mr. Law was an independent non-executive director of New Times Group Holdings Limited (stock code: 166), the shares of which are listed on the Main Board of the Stock Exchange, for the period from September 2005 to October 2006 and an executive director and company secretary of Heng Xin China Holdings Limited (stock code: 8046), the shares of which are listed on the Growth Enterprises Market Board of the Stock Exchange, for the period from June to October 2007.

Mr. Law currently is a chief executive officer and executive director of Energy International Investments Holdings Limited (stock code: 353) and an executive director and company secretary of Bestway International Holdings Limited (stock code: 718). Both companies are listed on the Main Board of the Stock Exchange.

The interest in Shares of Mr. Law has been disclosed under the heading "Directors' Interests in Shares, Underlying Shares & Debentures" of the Directors' Report.

Mr. Yu Ping, aged 50, was appointed as an Independent Non-executive Director on 17 August 2010 and was re-designated to Executive Director on 1 May 2011.

Mr. Yu has been the senior management in many sizeable enterprises in Jiangsu, Zhejiang and Shanghai, since 1988. He acted as deputy general manager in 浙江諸暨市百貨總公司 (Zhejiang Zhujishi Bai Huo Zong Gong Si*) and was responsible for the overall company operation. He established his social network at that time. Then he worked in 浙江凱恒輕紡集團公司 (Zhejiang Kai Heng Textile Group*) as administrative deputy general manager and he led the staff in the group company for the commencement of different projects. He was appointed as the corporate legal representative and general manager in 浙江諸暨房地產開發公司 (Zhejiang Zhuji Real Estate Development Company*) at the same time. Moreover, in 1997, Mr. Yu performed well as the deputy general manager in 富潤控股集團 (Furun Holding Group*) which is a state-owned enterprise directly entrusted by the Zhejiang People's Government, the public share of which has been listed on the Shanghai Stock Exchange since 4 June 1997. Currently, Mr. Yu is the president of 上海文陽企業發展有限公司 (Shanghai Wen Yang Venture Development Co Ltd*).

The interest in Shares of Mr. Yu has been disclosed under the heading "Directors' Interests in Shares, Underlying Shares & Debentures" of the Directors' Report.

* *For identification purpose only*

Management Profile

NON-EXECUTIVE DIRECTOR

Mr. Yeung Mui Kwan David, aged 55, was appointed as a Non-executive Director on 10 June 2009.

Mr. Yeung is a certified public accountant (practicing) of the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales.

At present, Mr. Yeung is the sole proprietor of a certified public accountants firm in Hong Kong. Prior to setting up his own practice, Mr. Yeung had worked for international audit firm and various business sectors. In all, Mr. Yeung has over 20 years experience in the fields of auditing and accounting.

The interest in Shares of Mr. Yeung has been disclosed under the heading "Directors' Interests in Shares, Underlying Shares & Debentures" of the Directors' Report.

Mr. Tu Zhimin, aged 53, was appointed as an Independent Non-executive Director on 30 November 2010 and was re-designated to Non-executive Director on 16 December 2010.

Mr. Tu worked for Party School of CPC Shanghai Committee from 1984 to 1990 and has built a strong personal network. Then he worked for 上海申大(集團)公司 (Shanghai Shenda (Group) Company*) as the deputy general manager and acted as the vice chairman of 上海金聯物資經營公司 (Shanghai Jin Lian Wu Zi Jing Ying Company*) and as the general manager of 上海天順經濟發展有限公司 (Shanghai Tian Shun Economic Development Company Limited*), both fellow subsidiaries of the group, responsible for framing the long term business strategy, as well as heading a professional team to maintain harmonious working relationship among various parties with a view to promoting the rapid development of the company. Thereafter, Mr. Tu worked as the vice president of 深圳市中僑實業有限公司 (Shenzhen Overglobe Industry Company Limited*), where he was involved in the reorganisation of 中僑發展公司 (Overglobe Development Company*) in the capacity of the convenor of the supervision committee of 深圳市中僑發展股份有限公司 (Shenzhen Overglobe Development Co., Ltd.*, the public shares of which are listed on the Shenzhen Stock Exchange). After the reorganisation, he acted as the chairman of the supervision committee overseeing the compliance matters of the company. Currently, Mr. Tu works as the vice president of 中金投資(集團)有限公司 (China Capital Investment (Group) Co., Ltd*).

Mr. Tu had no interest in Shares as at 31 March 2011.

* *For identification purpose only*

Management Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Yui Lun, aged 49, was appointed as an Independent Non-executive Director and member of each of the Audit Committee and Remuneration Committee on 10 June 2009.

Mr. Law is a certified public accountant (practising) of the Hong Kong Institute of Certified Public Accountants. He is also an associate member of each of the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom respectively. Mr. Law holds a master degree in business administration from Oklahoma City University (USA).

Mr. Law has been appointed as the independent non-executive director and a member of each of the audit committee, the nomination committee and the remuneration committee of Shougang Concord Century Holdings Limited (stock code: 103), a company listed on the Main Board of the Stock Exchange, since April 2005.

At present, Mr. Law is the sole proprietor of a certified public accountants firm in Hong Kong. Prior to setting up his own practice, Mr. Law had worked for the audit department of KPMG and the China division of the Hong Kong office of Ernst & Young for a total of 8 years. He had also been a partner in a medium-sized local accounting firm in Hong Kong for over 3 years. In all, Mr. Law has over 20 years professional experience in the fields of auditing, accounting, corporate taxation, company liquidation and insolvency, financial advisory and management.

The interest in Shares of Mr. Law has been disclosed under the heading "Directors' Interests in Shares, Underlying Shares & Debentures" of the Directors' Report.

Mr. So Livius, aged 54, was appointed as an Independent Non-executive Director and member of each of the Audit Committee and Remuneration Committee on 10 June 2009.

Mr. So commenced his own business covering various industries including building materials and bitumen since July 1999. He is currently the shareholder and director of The Orthotic Group (Asia) Limited, which is principally engaged in the marketing of healthcare products.

From 1993 to 2001, Mr. So was the director and shareholder of EAS International Transportation Limited, a company with the major stake owned by the China Government, which was principally engaged in the real estate and the provision of logistics services. His major accountabilities in the company were strategic planning and merger and acquisition. From 1988 to 1993, he served as the director and financial controller of Forex Group (Holdings) Limited, a full-fledged banking and financial services group with business including banking, insurance and stock brokerage. Prior to joining the Forex Group, Mr. So had over 10 years working experiences in the banking industry which he was promoted to managerial grades from clerical positions.

The interest in Shares of Mr. So has been disclosed under the heading "Directors' Interests in Shares, Underlying Shares & Debentures" of the Directors' Report.

Mr. Bian Yijun, aged 44, was appointed as an Independent Non-executive Director on 1 May 2011.

Mr. Bian worked as a secretary to the head of various Beijing government departments from 1985 to 2005 and has built a strong personal network in various Beijing authorities. Then Mr. Bian worked for 河北唐山富強礦業有限公司 (He Bei Tang Shan Fu Qiang Mining Industry Company Limited*) between 2008 and 2010 as General Manager, responsible for development of production and operation of the company. Since 2010, Mr. Bian works as a managing director of 北京利明達醫療科技有限公司 (Beijing Li Ming Da Medical Treatment Technology Company Limited*).

Mr. Bian had no interest in Shares since his appointment on 1 May 2011.

* *For identification purpose only*

Management Profile

SENIOR MANAGEMENT

Mr. Chen Hui, aged 62, has been appointed as the general manager of the cemetery project in Shanghai since 1 December 2009. Mr. Chen is responsible for the overall management and strategic planning for the cemetery operation.

Mr. Chen worked for the Shanghai Civil Affairs Bureau from 1982 to 1986. He was responsible for civil funeral administration to consistently implement funeral and cemetery laws and regulations, study and draft funeral and cemetery policies and measures, and carry out funeral and cemetery reforms. He was also responsible for civil administration by giving guidance and assistance to the management of various administration-related departments.

From 1986 to 1990, Mr. Chen furthered his studies of social welfare management and investment management in Japan. He returned to work for the Shanghai Civil Affairs Bureau in 1990. He was responsible for the management of civil welfare such as funeral, cemetery and other issues.

Mr. Chen became the deputy general manager of, and was officially responsible for the management of, 上海福壽園 (Shanghai Fu Shou Yuan*) in 1995.

Mr. Chen was appointed as the general manager of 上海福利事業投資諮詢公司 (Shanghai Welfare Business Investment Consulting Co.*), a Japanese wholly-owned company, in February 2009 and resigned from the company in November 2009.

Mr. Zhou Bei Bei, aged 54, has been appointed as the chief designer of the cemetery project in Shanghai since 1 December 2009. Mr. Zhou is responsible for the design of the layout of the cemetery operation and of the sepulchers as requested by the customers.

Mr. Zhou began to work as a designer at the advertising department of 上海金星電視機廠 (Shanghai Jin Xing TV Factory*) in 1978. After that, he was the design director of 上海交通大學新概念廣告公司 (University of Jiao Tong New Concept Advertising Co.*).

From 1998 to 2007, he was the creative director and design director of 上海福壽園 (Shanghai Fu Shou Yuan*). From January 2008 to date, he has been the design consultant of 廈門萬里石集團公司 (Xiamen Wan Li Shi Group Co.*), and deputy general manager and design director of 山東煙台回龍山文化陵園 (Shan Dong Yan Tai Hui Long Culture Cemetery*). Major works of Mr. Zhou include stage design of a drama named "In Silence", a thousands of memorial works such as memorial of Mr. Wang Daohan, memorial of Mr. Vi Kyuin Wellington Koo, memorial of Zhang Shizhao, memorial of Teresa Teng, and Memorial Square of Xin Si Jun. He is the designer of the new business tower of Fu Shou Yuan. He is also the author of the mural painting named Wang Sheng Tu, the biggest wrought iron mural painting in the PRC.

Mr. Shi Hua, aged 59, was a teacher of 浙江汽校寧波分校 (Zhejiang Motor School, Ningbo Branch*) from 1976 to 1977. During 1977 to 1990, Mr. Shi worked for Zhejiang Civil Affairs Bureau and was responsible for the daily office routine of the Civil Affairs Bureau. During 1990 to 1996, Mr. Shi worked for 杭州富安刺綉服裝廠 (Hangzhou Fu An Embroidery Clothing Factory*) as its manager to oversee the overall day-to-day operation. In 1996, Mr. Shi established 浙江富安移民經濟開發有限公司 (Zhejiang Fu An Immigration Economic Development Company Limited*) and worked as its chairman and general manager. He was fully responsible for its operational management and investment decisions.

In 1999, Mr. Shi established Anxian Yuan and worked as its chairman of the board of directors and general manager. In 2007, he resigned from Anxian Yuan as general manager but remains as its chairman. Anxian Yuan is a subsidiary of the Company since 19 November 2010.

Mr. Shi will be appointed as an Executive Director with effect from 20 June 2011 and his interest in Shares has been disclosed under the heading "Substantial Shareholders" of the Directors' Report.

* *For identification purpose only*

Management Profile

Ms. Shen Mingzhen, aged 56, is a director and the chief financial officer of Anxian Yuan.

Ms. Shen worked for 杭州市余杭區二輕局 (Second Light Industry Bureau of Yu Hang District of Hangzhou*) from 1976 to 1985, and was responsible for consistently implementing the labour and human resources management structure for second light industry required by national standard.

During 1986 to 1988, Ms. Shen was involved in the establishment of a sino-foreign joint venture, 杭州大廈 (Hangzhou Tower*).

During 1989 to 1995, Ms. Shen worked for 杭州拱墅區審計局 (Gongshu Branch of Hangzhou Audit Bureau*) as head of audit department, responsible for such daily operation as audit review of financial accounting of enterprises and consultation.

During 1996 to 1998, Ms. Shen worked for 浙江信遠律師事務所 (Zhejiang Xin Yuan Lawyer*) and was responsible for the daily works such as finance, accounting and consultation.

Since 1999, Ms. Shen has been working for 浙江富安移民經濟開發有限公司 (Zhejiang Fu An Immigration Economic Development Company Limited*) as its deputy general manager, responsible for the financial management of that company and its subsidiaries. Meanwhile, Ms. Shen also works as the deputy general manager for Anxian Yuan responsible for its financial management.

Mr. Yau Wing Yiu, aged 43, is the Financial Controller and Company Secretary of the Company since July 2008. Mr. Yau graduated from the Hong Kong Polytechnic University in 1992 with a bachelor's degree of arts in accountancy and is a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Yau has not less than 17 years of working experience in the field of finance and accounting including some with international accounting firms.

Mr. Leung Woon Che, aged 57, has been the Finance Manager of the Company since June 2009. Mr. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Leung holds a bachelor degree in Business Administration from the Chinese University of Hong Kong. He has had over 30 years experience in accounting, finance and auditing including senior positions in multinational corporation and listed companies.

* *For identification purpose only*

Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries are set out in note 16 to the financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the Year are set out under the consolidated statement of comprehensive income on page 28.

The directors do not recommend the payment of any dividend for the Year (2010: Nil).

DONATIONS

The Group made no charitable donations during the Year (2010: HK$ 473,000).

RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 March 2011, there was no reserve available for distribution.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the Year are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of movements in share capital for the Year are set out in note 31 to the financial statements.

LITIGATION

The Group has no outstanding litigation as at 31 March 2011.

BORROWINGS

Details of borrowings of the Group as at 31 March 2011 are set out in note 29 to the financial statements.

EVENTS AFTER THE REPORTING DATE

Details of events after the reporting date are set out in note 41 to the financial statements.

Directors' Report

DIRECTORS

The directors who held office during the Year and up to the date of this report were:

Executive Directors:

Dr. Leung Chi Wah Earnest *(Chairman and Chief Executive Officer)*	(Appointed as the Chairman of the Board on 17 August 2010)
Mr. Law Fei Shing	
Mr. Yu Ping	(Appointed as Independent Non-executive Director on 17 August 2010 and re-designated to Executive Director on 1 May 2011)

Non-executive Directors:

Mr. Yeung Mui Kwan David	
Mr. Tu Zhimin	(Appointed as Independent Non-executive Director on 30 November 2010 and re-designated to Non-executive Director on 16 December 2010)

Independent Non-executive Directors:

Mr. Law Yui Lun	
Mr. So Livius	
Mr. Serge Salomon Choukroun	(Resigned on 17 August 2010)
Mr. Bian Yijun	(Appointed on 1 May 2011)

DIRECTORS' SERVICE CONTRACTS

Dr. Leung Chi Wah Earnest has entered into a service contract with the Company. Dr. Leung is not appointed for a specific term but his service with the Company will continue thereafter until being terminated by either party giving not less than three months prior notice.

Each of Mr. Law Fei Shing, Mr. Yeung Mui Kwan David, Mr. Law Yui Lun and Mr. So Livius has entered into a service contract with the Company for a period of one year from 10 June 2009 and will continue thereafter unless and until terminated by either party by three months' prior notice. Mr. Yu Ping, Mr. Tu Zhimin and Mr. Bian Yijun have entered into a service contract with the Company for a period of one year from 17 August 2010, 30 November 2010 and 1 May 2011 respectively and will continue thereafter unless and until terminated by either party by three months' prior notice.

None of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without the payment of compensation other than statutory compensation.

Directors' Report

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES & DEBENTURES

As at 31 March 2011, the interests and short positions of the Directors and the Chief Executive Officer 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, which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Position

Name of Director	Capacity	Number of Shares held	Approximate percentage of interest in the Company
Dr. Leung Chi Wah Earnest	Beneficial interests *(1)*	106,840,000	
	Corporate interests *(2)*	11,500,000	
	Beneficial interests *(3)*	16,000,000	In total 6.33%
Mr. Law Fei Shing	Beneficial interests	20,000,000	
	Beneficial interests *(3)*	19,000,000	In total 1.84%
Mr. Yeung Mui Kwan David	Beneficial interests	20,000,000	
	Beneficial interests *(3)*	1,900,000	In total 1.03%
Mr. Law Yui Lun	Beneficial interests *(3)*	1,900,000	0.09%
Mr. So Livius	Beneficial interests *(3)*	1,900,000	0.09%
Mr. Yu Ping	Beneficial interests *(3)*	1,900,000	0.09%

Save as disclosed above, as at 31 March 2011, none of the Directors or the Chief Executive Officer had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Notes:

1. On 28 March 2011, the Company entered into placing agreements with two placing agents on the placing of 165,000,000 Shares at HK$0.38 per Share by way of top up placing. Dr. Leung, being the vendor under the top up placing, sold 165,000,000 Shares to the placees on 31 March 2011. On 7 April 2011, the top up placing was completed by the Company issuing the 165,000,000 Shares to Dr. Leung. The interests in Shares of Dr. Leung as at 7 April 2011 were as follows:

Beneficial interests	271,840,000	
Corporate interests *(2)*	11,500,000	
Beneficial interests *(3)*	16,000,000	In total 13.10%

2. 11,500,000 Shares are beneficially owned by Keywin Holdings Limited and the entire issued share capital of which is wholly owned by the spouse of Dr. Leung.

3. These shares represent the Shares which might be allotted and issued to the Directors upon the exercise in full of the options granted pursuant to the Share Option Scheme.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the annual report, if any, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES

Save as disclosed in the annual report, if any, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and the Chief Executive Officer to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2011, according to the register kept by the Company under Section 336 of the SFO, the following Shareholders, other than Directors or the Chief Executive Officer, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was 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 any member of the Group.

Long Position

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of interest in the Company
Mr. Shi Hua *(Notes 1, 2)*	Beneficial owner	145,000,000	6.84%

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Notes:

1. Subsequent to 31 March 2011, the shareholding of Mr. Shi Hua was increased to 155,000,000 shares and the approximate percentage of interest in the Company was changed to 6.78% accordingly.

2. Mr. Shi Hua will be appointed as an Executive Director effective from 20 June 2011.

RELATED PARTY AND CONNECTED TRANSACTIONS

Details of the related party transactions that are required to be disclosed for the Year are set out in note 37 to the financial statements. Save as disclosed therein, there were no transactions required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

For the Year:

(i) The Group's largest customer and five largest customers accounted for approximately 82% and 88% respectively of the Group's total turnover.

(ii) The Group's largest supplier and five largest suppliers accounted for approximately 43% and 94% respectively of the Group's total purchases (not including purchases of items which are of capital nature).

None of the Directors, their Associates, or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's share capital) has any beneficial interests in these major customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float throughout the Year and up to the date of this report.

CORPORATE GOVERNANCE PRACTICES

Throughout the Year, the Company has complied with the Code in so far as they are applicable except the deviations as disclosed in the "Corporate Governance Report".

AUDITOR

Pursuant to the resolution at the annual general meeting of the Company on 30 September 2009, Wong Lam Leung & Kwok C.P.A. Limited retired and Grant Thornton, now known as JBPB & Co., were appointed by the Shareholders as auditors of the Company.

Grant Thornton resigned as auditors of the Company with effect from 30 November 2010 due to the merger of its practices with that of BDO Limited. Pursuant to the resolution at the special general meeting of the Company on 30 December 2010, BDO Limited was then appointed by the Shareholders as auditor of the Company.

The financial statements have been audited by BDO Limited who retire and, being eligible, offer themselves for reappointment. A resolution for their appointment will be proposed at the forthcoming annual general meeting.

By Order of the Board
Dr. Leung Chi Wah Earnest
Chairman and Chief Executive Officer
Hong Kong, 17 June 2011

Five Year Summary

Year ended 31 March	**2011**	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	**135,467**	27,265	362,990	315,804	15,481
Profit/(Loss) before income tax	**18,358**	(98,074)	(45,476)	(6,288)	(8,635)
Income tax expense	**(14,002)**	–	–	(1,188)	–
Non-controlling interests' share of loss absorbed by holding company	**–**	–	–	–	(40)
Profit/(Loss) for the year	**4,356**	(98,074)	(45,476)	(7,476)	(8,675)
Profit/(Loss) attributable to:					
Owners of the Company	**(20,335)**	(98,074)	(45,476)	(7,476)	(8,675)
Non-controlling interests	**24,691**	–	–	–	–
	4,356	(98,074)	(45,476)	(7,476)	(8,675)
STATEMENT OF FINANCIAL POSITION					
Non-current assets	**555,961**	83,682	5,202	702	1,374
Net current assets/(liabilities)	**82,683**	172,570	53,635	109,194	(17,672)
Non-current liabilities	**(101,824)**	–	–	(7,820)	–
Non-controlling interests	**(204,128)**	–	–	–	–
Net assets/(liabilities)	**536,820**	256,252	58,837	102,076	(16,298)

Corporate Governance Report

The Board is committed to maintain a high standard of corporate governance with a view to enhance the management of the Company as well as to preserve the interests of the Shareholders as a whole. In the opinion of the Board, the Company had complied with the Code during the Year, except for the deviation from Code A.2.1 and Code A.4.1 as described below in the sections of "Chairman and Chief Executive Officer" and "Appointments, Re-election and Removal of Directors".

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

The Board comprised the following Directors during the Year:

Executive Directors:	
Dr. Leung Chi Wah Earnest (Chairman and Chief Executive Officer)	(Appointed as the Chairman of the Board on 17 August 2010)
Mr. Law Fei Shing	
Non-executive Directors:	
Mr. Yeung Mui Kwan David	
Mr. Tu Zhimin	(Appointed as Independent Non-executive Director on 30 November 2010 and re-designated to Non-executive Director on 16 December 2010)
Independent Non-executive Directors:	
Mr. Law Yui Lun	
Mr. So Livius	
Mr. Serge Salomon Choukroun	(Resigned on 17 August 2010)
Mr. Yu Ping	(Appointed on 17 August 2010 and re-designated to Executive Director on 1 May 2011)

One of the Independent Non-executive Directors possesses appropriate professional accounting qualifications and financial management expertise. All of the Independent Non-executive Directors have signed their respective confirmation letters to the Company confirming their independence as set out in rule 3.13. During the Year, the Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company.

All Directors have provided graved concern, sufficient time and attention to all the significant issues and affairs of the Company and its subsidiaries. Each Executive Director has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties have been carried out in an efficient and effective manner.

The Board is charged with the responsibility of setting corporate policy and overall strategy for the Group and providing effective oversight of the management of the Group's business affairs. The Board also monitors the financial performance and the internal controls of the Group's business operations.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code A.2.1 provides, inter alia, that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Dr. Leung Chi Wah Earnest, an Executive Director and the Chief Executive Officer, was appointed as the Chairman with effect from 17 August 2010. The appointment of Dr. Leung as both the Chairman and the Chief Executive Officer is not in compliance with Code A.2.1 of the Code which requires separating these roles. The Board intends to maintain this structure in the future as it believes that it would provide the Company with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long term strategies to be carried out more effectively and efficiently. Nonetheless, the Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

The Board is empowered under the Bye-laws to appoint any person as a director either to fill a casual vacancy or as an additional member of the Board. A newly appointed director must retire but will become eligible for re-election at the first annual general meeting after his/her appointment. According to the Bye-laws, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) should retire from office by rotation.

The Board appointed Dr. Leung Chi Wah Earnest and Mr. Law Fei Shing as Executive Directors, Mr. Yeung Mui Kwan David and Mr. Tu Zhimin as Non-executive Directors and Mr. Law Yui Lun, Mr. So Livius and Mr. Yu Ping as Independent Non-executive Directors. All the aforesaid non-executive directors, whether independent or not, were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws. In this regard, the Company had deviated from Code A.4.1.

REMUNERATION COMMITTEE

As at 31 March 2011, Remuneration Committee comprises three Independent Non-executive Directors, Mr. Law Yui Lun, Mr. So Livius and Mr. Yu Ping.

The Remuneration Committee is accountable to the Board and its primary role is to conduct annual review of the policy and structure for all remuneration of Directors and senior management and to make recommendations to the Board on such policy and structure and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee also has the delegated responsibility to determine the remuneration packages of all Executive Directors and senior management proposed by the human resources management and make recommendations to the Board of the remuneration of Non-executive Directors and Independent Non-executive Directors. The Remuneration Committee assists the Board to regularly review and formulate fair and competitive remuneration packages which attract, retain and motivate Directors and senior management of the quality required to run the Company successfully.

The Remuneration Committee meets at least once a year, with the attendance of representatives from the human resources department and the company secretary of the Company. The Remuneration Committee submits its written report to the Board after each Remuneration Committee meeting, making recommendations of the Director's remuneration (including Audit Committee and Remuneration Committee members' fees) and other remuneration related matters.

The Directors' remuneration for the Year is set out in note 13 to the financial statements.

AUDIT COMMITTEE

As at 31 March 2011, Audit Committee comprises three Independent Non-executive Directors, Mr. Law Yui Lun, Mr. So Livius and Mr. Yu Ping.

None of the members of the Audit Committee is a member of the former or existing auditors of the Company. The Audit Committee has adopted the principles set out in the Code.

The Audit Committee is accountable to the Board and its primary role is to assist the Board to monitor the Company's financial reporting process, to consider the nature and scope of audit reviews, to ensure the effective internal control and risk management systems are in place and to review the Group's interim and annual financial statements. The Audit Committee has access to and maintains an independent communication with the external auditors and the management to ensure effective information exchange on all relevant financial accounting matters.

The Audit Committee submits its written report to the Board after each Audit Committee meeting, drawing the Board's attention to important issues that the Board should be aware of, identifying any matters in respect of which it considers that action or improvement is needed and making appropriate recommendations.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The external auditor of the Company is BDO Limited, Certified Public Accountants. A statement by the auditor about its reporting responsibilities is set out in the "Independent Auditor's Report" on pages 26 and 27.

Fees for auditing services provided by BDO Limited for the Year are included in note 8 to the financial statements. The fees for auditing services and non-auditing services relating to very substantial acquisitions paid/payable to the Company's external auditors for the Year were HK$486,000 and HK$470,000 respectively.

Corporate Governance Report

BOARD AND BOARD COMMITTEE MEETINGS

The Board schedules regular Board meetings in advance, at least four times a year approximately quarterly intervals to give Directors the opportunity to participate actively. Directors are consulted for including matters in the agenda for regular Board meetings. Special Board meetings are convened as and when needed. Together with the Audit Committee and Remuneration Committee meetings as aforesaid, it provides an effective framework for the Board and Board Committees to perform their works and discharge their duties. Minutes of the Board meetings and the Board Committee meetings are kept by the company secretary of the Company.

During the Year, a total of 10 Board meetings, 2 Audit Committee meetings and 3 Remuneration Committee meetings were held and the attendance of each Director or member is set out below:

Board meeting	**Number of meetings**	
Name of member	**Attended**	**Eligible***
Dr. Leung Chi Wah Earnest	9	10
Mr. Law Fei Shing	10	10
Mr. Yeung Mui Kwan David	10	10
Mr. Tu Zhimin (Appointed as Independent Non-executive Director on 30 November 2010 and re-designated to Non-executive Director on 16 December 2010)	0	2
Mr. Law Yui Lun	10	10
Mr. So Livius	10	10
Mr. Serge Salomon Choukroun (Resigned on 17 August 2010)	2	5
Mr. Yu Ping (Appointed on 17 August 2010)	3	4

Audit Committee meeting	**Number of meetings**	
Name of member	**Attended**	**Eligible***
Mr. Law Yui Lun	2	2
Mr. So Livius	2	2
Mr. Serge Salomon Choukroun (Resigned on 17 August 2010)	0	1
Mr. Yu Ping (Appointed on 17 August 2010)	1	1

Remuneration Committee meeting	**Number of meetings**	
Name of member	**Attended**	**Eligible***
Mr. Law Yui Lun	3	3
Mr. So Livius	3	3
Mr. Serge Salomon Choukroun (Resigned on 17 August 2010)	0	1
Mr. Yu Ping (Appointed on 17 August 2010)	1	1

* For those members appointed or resigned during the Year, the number of meetings available for their participation related to the periods from the dates of their appointment up to 31 March 2011 or from 1 April 2010 to the dates of their resignation.

FINANCIAL REPORTING

The Board is accountable to the Shareholders and is committed to presenting comprehensive and timely information to the Shareholders on assessment of the Company's performance, financial position and prospects.

DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for preparing the financial statements of the Company, which give a true and fair view and comply with all applicable regulatory requirements and accounting standards. In preparing the financial statements for the Year, the Directors have selected appropriate accounting policies and applied them consistently, and made judgements and estimates that are prudent and reasonable. The Directors are not aware of any material uncertainties relating to events of conditions that may cast significant doubt upon the Company's ability to continue as a going concern as at 31 March 2011. The Board has also conducted a review of the effectiveness of the system of internal control of the Company and its subsidiaries.

COMMUNICATIONS WITH SHAREHOLDERS

The Company recognises the importance of maintaining an on-going communication with Shareholders to enable them to form their own judgement and to provide constructive feedback.

Our Directors are available at the Company's annual general meeting and special general meetings to answer questions and provide information which Shareholders may enquire.

The Company has complied with the requirements of the Listing Rules and the Bye-laws in respect of voting by poll and related matters.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF CHINA BOON HOLDINGS LIMITED
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of China Boon Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 94, which comprise the consolidated and Company statements of financial position as at 31 March 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (Continued)

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 31 March 2011 and of the Group's profit 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.

BDO Limited
Certified Public Accountants
Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 17 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	6	**135,467**	27,265
Cost of sales		**(60,782)**	(35,104)
Gross profit/(loss)		**74,685**	(7,839)
Other income	6	**2,400**	2,326
Selling expenses		**(9,840)**	–
Administrative expenses		**(81,250)**	(54,837)
Other operating expenses		**(1,653)**	(37,473)
Operating loss		**(15,658)**	(97,823)
Finance costs	7	**(1,797)**	(251)
Gain on bargain purchase of subsidiary	34	**35,813**	–
Profit/(Loss) before income tax	8	**18,358**	(98,074)
Income tax expense	9	**(14,002)**	–
Profit/(Loss) for the year		**4,356**	(98,074)
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**7,782**	88
Other comprehensive income for the year		**7,782**	88
Total comprehensive income/(loss) for the year		**12,138**	(97,986)
Profit/(Loss) for the year attributable to:			
Owners of the Company	10	**(20,335)**	(98,074)
Non-controlling interests		**24,691**	–
		4,356	(98,074)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**(16,448)**	(97,986)
Non-controlling interests		**28,586**	–
		12,138	(97,986)
Loss per share for loss attributable to owners of the Company during the year	11		
– Basic (HK cents)		**(1.00)**	(5.66)
– Diluted (HK cents)		**N/A**	N/A

Consolidated Statement of Financial Position

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**11,520**	3,682
Investment properties	*15*	**2,390**	–
Intangible assets	*17*	**379,625**	–
Deposits for acquisition of subsidiaries	*18*	**80,000**	80,000
Deferred expenditure	*19*	**79,108**	–
Deferred tax assets	*20*	**3,318**	–
		555,961	83,682
Current assets			
Development and formation costs of columbarium		**6,216**	–
Inventories	*21*	**5,515**	–
Trade receivables	*22*	**93,559**	3,678
Financial assets at fair value through profit or loss	*23*	**3,031**	7,085
Prepayments, deposits and other receivables	*24*	**45,680**	8,363
Tax recoverable		**–**	1,144
Amounts due from a related company	*25*	**420**	345
Cash and bank balances	*26*	**88,669**	155,628
		243,090	176,243
Current liabilities			
Trade payables	*27*	**32,526**	2,103
Other payables, accruals, deposits received and receipts in advance	*28*	**20,603**	1,570
Bank borrowings	*29*	**48,026**	–
Amount due to non-controlling interests	*30*	**31,315**	–
Tax payables		**27,937**	–
		160,407	3,673
Net current assets		**82,683**	172,570
Total assets less current liabilities		**638,644**	256,252
Non-current liabilities			
Receipts in advance	*28*	**5,194**	–
Deferred tax liabilities	*20*	**96,630**	–
		101,824	–
Net assets		**536,820**	256,252

Consolidated Statement of Financial Position (Continued)

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
EQUITY			
Share capital	31	**212,062**	197,562
Reserves	32	**120,630**	58,690
Equity attributable to owners of the Company		**332,692**	256,252
Non-controlling interests		**204,128**	–
Total equity		**536,820**	256,252

Leung Chi Wah Earnest
Director

Law Fei Shing
Director

Statement of Financial Position

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**500**	1,377
Investments in subsidiaries	16	**9**	9
		509	1,386
Current assets			
Deposits and other receivables	24	**844**	754
Amounts due from subsidiaries	16	**299,687**	118,548
Amounts due from a related company	25	**420**	345
Cash and bank balances	26	**5,508**	141,017
		306,459	260,664
Current liabilities			
Other payables and accruals	28	**1,391**	931
Amounts due to a subsidiary	16	**2**	2
		1,393	933
Net current assets		**305,066**	259,731
Total assets less current liabilities/Net assets		**305,575**	261,117
EQUITY			
Share capital	31	**212,062**	197,562
Reserves	32	**93,513**	63,555
Total equity		**305,575**	261,117

Leung Chi Wah Earnest
Director

Law Fei Shing
Director

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Profit/(Loss) before income tax		**18,358**	(98,074)
Adjustments for:			
Interest income	*6*	**(98)**	(44)
Imputed interest income	*6*	**(401)**	–
Dividend income	*6*	**(34)**	–
Interest expenses	*7*	**1,797**	251
Depreciation on property, plant and equipment	*8*	**2,272**	1,107
Depreciation on investment properties	*8*	**102**	–
Impairment loss on trade receivables	*8*	**–**	31,644
Impairment loss on other receivables	*8*	**–**	3,829
Write-off of other receivables	*8*	**–**	2,000
Provision for slow-moving inventories	*8*	**–**	429
Equity-settled share-based payments	*8*	**32,763**	21,645
Losses on disposals of property, plant and equipment	*8*	**282**	708
Write-off of property, plant and equipment	*8*	**10**	929
Amortisation of deferred expenditure	*8*	**1,424**	–
Amortisation of intangible assets	*8*	**2,590**	–
Fair value loss/(gain) on financial assets at fair value through profit or loss	*6, 8*	**1,653**	(1,798)
Gain on bargain purchase of subsidiary	*34*	**(35,813)**	–
Operating profit/(loss) before working capital changes		**24,905**	(37,374)
Increase in development and formation costs of columbarium		**2,283**	–
Decrease in inventories		**445**	10,918
(Increase)/Decrease in trade receivables		**(89,198)**	7,358
Net proceeds from/(to) financial assets at fair value through profit or loss		**2,401**	(5,287)
Increase in prepayments, deposits and other receivables		**(31,916)**	(7,830)
Increase in amounts due from a related company		**(75)**	(345)
Increase/(Decrease) in trade payables		**10,052**	(8,915)
Increase in other payables, accruals and deposits received		**13,229**	423
Decrease in amount due to a related company		**–**	(156)
Decrease in amount due to non-controlling interests		**(11,786)**	–
Cash used in operations		**(79,660)**	(41,208)
Interest paid		**(536)**	(251)
Income taxes refunded		**1,144**	–
Dividend received		**34**	–
Net cash used in operating activities		**(79,018)**	(41,459)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from investing activities			
Deposits paid for acquisition of subsidiaries		**–**	(80,000)
Acquisition of property, plant and equipment	*14*	**(2,290)**	(3,438)
Proceeds from disposals of property, plant and equipment		**483**	1,512
Purchases of deferred expenditures	*19*	**(2,051)**	–
Interest received		**98**	44
Net cash outflow arising on acquisition of subsidiary	*34*	**(14,918)**	–
Net cash used in investing activities		**(18,678)**	(81,882)
Cash flows from financing activities			
Decrease in pledged deposits		**–**	4,000
Proceeds from bank borrowings		**48,324**	–
Repayments of bank borrowings		**(18,328)**	–
Proceeds from issuance of Shares (net of share issue expenses)		**–**	260,458
Proceeds from exercise of share options		**–**	13,298
Net cash generated from financing activities		**29,996**	277,756
Net (decrease)/increase in cash and cash equivalents		**(67,700)**	154,415
Cash and cash equivalents at beginning of the year		**155,628**	1,125
Effect of foreign exchange rate changes, net		**741**	88
Cash and cash equivalents at end of the year		**88,669**	155,628
Analysis of cash and cash equivalents			
Cash and bank balances	*26*	**88,669**	155,628

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Share capital HK$'000	Share premium* HK$'000	Exchange reserve* HK$'000	Share-based compensation reserve* HK$'000	Accumulated losses* HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 April 2009	129,496	–	–	2,237	(72,896)	58,837	–	58,837
Exercise of share options	12,266	3,229	–	(2,197)	–	13,298	–	13,298
Issue of Shares	55,800	211,560	–	–	–	267,360	–	267,360
Share issue expenses	–	(6,902)	–	–	–	(6,902)	–	(6,902)
Equity-settled share-based payments	–	–	–	21,645	–	21,645	–	21,645
Transaction with owners	68,066	207,887	–	19,448	–	295,401	–	295,401
Loss for the year	–	–	–	–	(98,074)	(98,074)	–	(98,074)
Other comprehensive income								
Exchange gain on translation of financial statements of foreign operations	–	–	88	–	–	88	–	88
Total comprehensive income/(loss) for the year	–	–	88	–	(98,074)	(97,986)	–	(97,986)
Lapse of share options	–	–	–	(7)	7	–	–	–
Balance at 31 March 2010 and 1 April 2010	**197,562**	**207,887**	**88**	**21,678**	**(170,963)**	**256,252**	**–**	**256,252**
Acquisition of subsidiary *(note 34)*	**–**	**–**	**–**	**–**	**–**	**–**	**175,542**	**175,542**
Issue of Shares *(note 31(b))*	**14,500**	**46,400**	**–**	**–**	**–**	**60,900**	**–**	**60,900**
Share issue expenses	**–**	**(775)**	**–**	**–**	**–**	**(775)**	**–**	**(775)**
Equity-settled share-based payments *(note 33)*	**–**	**–**	**–**	**32,763**	**–**	**32,763**	**–**	**32,763**
Transaction with owners	**14,500**	**45,625**	**–**	**32,763**	**–**	**92,888**	**175,542**	**268,430**
Profit for the Year	**–**	**–**	**–**	**–**	**(20,335)**	**(20,335)**	**24,691**	**4,356**
Other comprehensive income								
Exchange gain on translation of financial statements of foreign operations	**–**	**–**	**3,887**	**–**	**–**	**3,887**	**3,895**	**7,782**
Total comprehensive income/(loss) for the Year	**–**	**–**	**3,887**	**–**	**(20,335)**	**(16,448)**	**28,586**	**12,138**
Lapse of share options	**–**	**–**	**–**	**(27)**	**27**	**–**	**–**	**–**
Cancellation of share options *(note 33)*	**–**	**–**	**–**	**(12,157)**	**12,157**	**–**	**–**	**–**
Balance at 31 March 2011	**212,062**	**253,512**	**3,975**	**42,257**	**(179,114)**	**332,692**	**204,128**	**536,820**

* These reserve accounts comprise the consolidated reserves of approximately HK$120,630,000 (2010: HK$58,690,000) in the consolidated statement of financial position.

Notes to the Financial Statements

For the year ended 31 March 2011

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and domiciled in Hong Kong. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its principal place of business is Suite 3908, Shell Tower, Times Square, Causeway Bay, Hong Kong. The Company's shares are listed on the Stock Exchange.

The principal activity of the Company is investment holding. The principal activities and other particulars of the Group's subsidiaries are set out in note 16 to the financial statements. The Group's principal places of the business are in Hong Kong and the PRC.

In previous years, the principal activities of the Group included Leather Trading, Electronic Trading and Metal Trading. As the margin in Electronic Trading was thin and the Metal Trading became extremely risky and difficult to manage, the activities of these two businesses had been scaled down significantly and became inactive during the Year.

On 19 November 2010 (the "Acquisition Date"), the Group acquired 41.2% equity interest of Anxian Yuan from independent third parties for a consideration of approximately HK$87,186,000 (the fair value as at the Acquisition Date). Anxian Yuan is principally engaged in the provision of cemetery services in Hangzhou, Zhejiang Province, the PRC. Details of the acquisition have been set out in the Company's circular dated 21 October 2010. The Group has appointed a nominee as the registered owner for its 41.2% equity interests in Anxian Yuan and entered into contractual agreements to obtain control over the operating and financial polices of Anxian Yuan, which became a subsidiary of the Company and its financial results have been consolidated into the Group's financial statements from the Acquisition Date. Details of the acquisition have been set out in note 34 to the financial statements. As a result of the acquisition, during the Year, the Group has a new principal activity in Cemetery Business.

Other than the acquisition and inactive trading of certain principal businesses of the Group as described above, there were no significant changes in the Group's operations during the Year.

The financial statements on pages 28 to 94 have been prepared in accordance with HKFRSs. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

The financial statements are presented in HK$, which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") unless otherwise indicated.

The financial statements for the Year were approved for issue by the Board on 17 June 2011.

These financial statements adopted the same definitions of the annual report unless otherwise stated.

2. ADOPTION OF NEW AND AMENDED HKFRSs

(a) Adoption of new/revised HKFRSs – effective 1 April 2010

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "New HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2010:

Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payments – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs (Amendments)	Improvements to HKFRSs

Except as explained below, the adoption of the New HKFRSs had no significant impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements

The revised accounting policies are described in note 3.2 to the financial statements, which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The Group has accounted for the acquisition of Anxian Yuan according to the revised standard, details of which are set out in note 34 to the financial statements.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact during the Year.

HK Interpretation 5 – Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause. The issuance of HK-Interpretation 5 has had no material impact on the consolidated financial statements as the interpretation's conclusion has already been consistent with the policies already adopted by the Group.

2. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, the following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 [2 & 3]
Amendments to HKAS 32	Classification of Rights Issues [1]
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement [3]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [2]
HKAS 24 (Revised)	Related Party Disclosures [3]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets [4]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets [5]
HKFRS 9	Financial Instruments [6]

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Under HKFRS 9, all financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for de-recognition of financial assets and financial liabilities.

2. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments will be applied retrospectively.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 2.

The financial statements have been prepared under historical cost convention except for financial assets at fair value through profit or loss which are stated at fair values. The measurement bases are described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are described in note 4.

3.2 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (see note 3.3 below) made up to 31 March each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Business combination and basis of consolidation *(Continued)*

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

3.4 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Foreign currency translation *(Continued)*

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into HK$ at the closing rates.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Depreciation is provided to write off the cost less their estimated residual values, if any, over their estimated useful lives, using straight-line method, at the following rates per annum.

Buildings	10% or over the lease term, whichever is shorter
Furniture, fixtures and equipment	20% to 33 $^{1}/_{3}$%
Motor vehicles	20%
Leasehold improvements	20% or over the lease term, whichever is shorter

The assets' estimated residual values, if any, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest for long-term rental yields or for capital appreciation or both.

Cost model is applied whereby investment properties are measured initially at its cost, including any directly attributable expenditure. After initial recognition, investment properties are carried at cost less accumulated depreciation, and impairment losses, if any.

Depreciation is calculated on straight-line method to write off the cost of investment properties over its estimated useful life. The principal annual rate used for this purpose is the shorter of the lease terms and 10 years.

The gain or loss on disposal or retirement of an investment property is determined as the difference between the net sales proceeds and the carrying amount of the investment property and is recognised in profit or loss.

3.7 Impairment of non-financial assets

Property, plant and equipment, investment properties, intangible assets, deferred expenditure, development and formation costs of columbarium and interests in subsidiaries are subject to impairment testing. All assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for CGU. As a result, some assets are tested individually for impairment and some are tested at CGU level.

Impairment loss recognised for CGUs is charged pro rata to the assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Operating leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.8 Operating leases *(Continued)*

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the right to use the assets held under operating leases, payments made under the leases are charged to profit or loss using straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

3.9 Financial assets

The Group's financial assets mainly include trade receivables, financial assets at fair value through profit or loss, deposits and other receivables, amounts due from a related company and cash and bank balances. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

(i) Financial assets at fair value through profit or loss

These include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial assets *(Continued)*

(i) Financial assets at fair value through profit or loss *(Continued)*

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis;

– the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 3.16 to these financial statements.

(ii) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial assets *(Continued)*

Impairment of financial assets (Continued)

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in technological, market, economic or legal environment that have an adverse effect on the debtor; or

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the year in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the year in which the reversal occurs.

Impairment losses are written off against the corresponding assets directly. Where the recovery of receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of receivables is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.10 Financial liabilities

The Group's financial liabilities include trade payables, other payables and accruals, bank borrowings and amount due to non-controlling interests.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see *note 3.17*).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss

Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the bank borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade payables, other payables and accruals and amount due to non-controlling interests

These are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.11 Development and formation costs of columbarium

The development and formation costs of columbarium are stated at cost less any impairment losses, and are transferred to inventories when relevant niches are completed and ready for sale.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method and comprises the cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling prices in the ordinary course of business less any applicable selling expenses.

When the inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.13 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to the equity transaction.

3.15 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All charges to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.15 Accounting for income tax *(Continued)*

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of good and the use by others of the Group's assets yielding interest, and dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(a) sale of tombs/niches/trading goods are recognised upon transfer of significant risks and rewards of ownership to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. This is usually taken as the time when the goods are delivered and the customer has accepted the goods;

(b) management fee income from Cemetery Business is recognised on straight-line method over the contract terms which are generally ten years;

(c) interest income is recognised on time-proportion basis using effective interest method; and

(d) dividend income derived from financial assets at fair value through profit or loss is recognised when the right to receive dividend payment is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.17 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.18 Deferred expenditure

Deferred expenditure are mainly costs incurred on public facilities to enhance better landscape and environment to the cemetery, such as tree plantation and pathway and are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on straight-line method over the estimated useful lives of 20 years.

3.19 Employee benefits

Retirement benefits to employees are provided through a defined contribution plan.

Defined contribution plans

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF scheme") under the Mandatory Provident Fund Schemes Ordinance, for all employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

According to the relevant regulations in the PRC, the subsidiaries of the Group operating in the PRC are required to participate in central pension schemes operated by the respective local municipal governments, whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the scheme to fund their retirement benefits. The scheme is responsible for the entire pension obligations payable to the retired employees and the Group has no further obligations for the actual pension payments or other post-retirement benefits beyond the employer contributions. Contributions under the scheme are charged to profit or loss as they become payable in accordance with the rules and regulations in the PRC.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for unused annual leave as a result of services rendered by employees up to the reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.20 Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees and directors.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

For other goods or services received by the Group in exchange for the grant of any share-based compensation, they are directly measured at the fair value of the goods or services received.

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the share option reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

3.21 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.22 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or is a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3.23 Intangible assets

Intangible assets represented allocated land and cemetery operating licence and are initially recognised at cost. The cost of these intangible assets acquired in a business combination by the Group is fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortisation and impairment losses. Amortisation is provided in accordance with number of plots and niches sold.

3.24 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Executive Directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the Executive Directors are determined following the Group's major product and services lines.

In previous years, the Group's reportable segments were Leather Trading, Electronic Trading and Metal Trading. As the margin in Electronic Trading was thin and the Metal Trading became extremely risky and difficult to manage, the activities of these two businesses had been scaled down significantly and became inactive during the Year.

As described in note 1 to the financial statements, as a result of the acquisition of a subsidiary, namely Anxian Yuan, completed in November 2010, the reportable segments of the Group in the Year are Cemetery Business, Leather Trading, Electronic Trading and Metal Trading.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.24 Segment reporting *(Continued)*

Each of these operating segments is managed separately as each of the service and product lines requires different resources as well as marketing approaches. All inter-segment transfers, if any, are carried out at arm's length prices.

The measurement policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except equity-settled share-based payment, finance costs, impairment losses on certain other receivables recognised, operating lease charges, gain arising on acquisition of subsidiary and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies as described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(i) Depreciation and amortisation of non-financial assets

The Group's management exercises its judgement in estimating the useful lives and residual values of its property, plant and equipment, investment properties, deferred expenditure and intangible assets. These expenditures are depreciated/amortised in accordance with the accounting policies stated in notes 3.5, 3.6, 3.18 and 3.23 respectively. The estimated useful lives and residual values reflect the management's estimate of the periods the Group intends to derive future economic benefits from the use of these assets.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(ii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experiences of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. The Group's management reassesses these estimates at the reporting date.

(iii) Estimated impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all its non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The recoverable amounts of CGUs are determined based on value-in-use calculations. These calculations require the use of judgement and estimates of the future cash flows expected to arise from the assets or CGU, the timeframe for the cash flows forecast and the suitable discount rate in order to calculate the present value.

(iv) Estimated impairment on receivables (including trade and other receivables)

The Group's management reassesses the collectability of receivables on a regular basis. These estimates are based on the past collection, credit history and ageing analysis of the Group's receivables, as well as the current economy and market condition. Impairment on receivables is made based on the estimation of the future cash flow expected to arise and the original effective interest rate in order to calculate the present value. Management reassesses the impairment of receivables, if any, at the reporting date.

(v) Valuation of share options granted

The Group's management exercises its judgement in selecting appropriate valuation techniques for the share options granted by the Company. Valuation technique, namely Binomial Option Pricing Model, which is commonly used by market practitioners, has been applied for estimating the fair values of share options.

The estimation of fair values of the share options are derived after taking into account the input parameters. Significant estimates and assumptions made by management include the estimated life of share options granted based on exercise restrictions and behavioural considerations; the volatility of share price which was determined by reference to historical data and weighted average share prices of certain comparables which are engaging in similar business as the Group. Details of the inputs and parameters are set out in note 33 to the financial statements.

(vi) Income taxes

The Group is subject to income taxes in Hong Kong and the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. In the opinion of the Directors, the current tax position is a fair reflection of the judgement exercised by them with respect to such transactions.

5. SEGMENT INFORMATION

The Group identifies its operating segments and prepares segment information based on the regular internal financial information reported to the Group's management for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to the Group's management are determined following the Group's major product and service lines.

In previous years, the Group's reportable segments were Leather Trading, Electronic Trading and Metal Trading. As the margin in Electronic Trading was thin and the Metal Trading became extremely risky and difficult to manage, the activities of these two businesses had been scaled down significantly and became inactive during the Year. Thus, no separate segment information was presented for these two segments in the Year.

As described in note 1 to the financial statements, as a result of the acquisition of a subsidiary, namely Anxian Yuan, completed in November 2010, the reportable segments of the Group are provision of Cemetery Business and Leather Trading.

There was no inter-segment sale and transfer during both years ended 31 March 2010 and 2011. Information on the Group's reportable segments provided to the Executive Directors is set out below:

2011

	Cemetery Business HK$'000	Leather Trading HK$'000	Total HK$'000
From external customers			
Reportable segment revenue	127,642	7,825	135,467
Reportable segment profit	41,992	138	42,130
Interest income	30	–	30
Imputed interest income	401	–	401
Interest expense	(1,797)	–	(1,797)
Depreciation	(913)	–	(913)
Amortisation of intangible assets	(2,590)	–	(2,590)
Amortisation of deferred expenditure	(1,424)	–	(1,424)
Income tax	(13,137)	–	(13,137)
Reportable segment assets	612,187	–	612,187
Additions to non-current segment assets (including assets arising from acquisition of subsidiary) during the Year	465,296	–	465,296
Reportable segment liabilities	(258,005)	–	(258,005)

5. SEGMENT INFORMATION *(Continued)*

2010

	Leather Trading HK$'000	Electronic Trading HK$'000	Metal Trading HK$'000	Total HK$'000
From external customers				
Reportable segment revenue	11,916	8,961	6,388	27,265
Reportable segment profit/(loss)	221	(7,933)	(38,960)	(46,672)
Interest income	–	1	4	5
Provision for slow-moving inventories	–	(429)	–	(429)
Write-off of other receivables	–	(2,000)	–	(2,000)
Depreciation	–	(4)	–	(4)
Impairment losses on trade receivables recognised	–	(335)	(31,309)	(31,644)
Impairment losses on other receivables recognised	–	(829)	–	(829)
Reportable segment assets	1,278	2,878	2,433	6,589
Reportable segment liabilities	–	(60)	(2,593)	(2,653)

The total presented for the Group's operating segments can be reconciled to the Group's key financial figures as presented in the financial statements as follows:

	2011 HK$'000	2010 HK$'000
Reportable segment revenue and Group revenue	**135,467**	27,265
Reportable segment profit/(loss)	**42,130**	(46,672)
Equity-settled share-based payments	**(32,763)**	(21,645)
Finance costs	**–**	(251)
Impairment loss on other receivables	**–**	(3,000)
Operating lease charges	**(3,872)**	(2,726)
Other unallocated income and expenses	**(36,952)**	(23,780)
Gain arising on acquisition of subsidiary	**35,813**	–
Profit/(Loss) for the year	**4,356**	(98,074)
Reportable segment assets	**612,187**	6,589
Corporate assets	**186,864**	253,336
Group assets	**799,051**	259,925
Reportable segment liabilities	**258,005**	2,653
Corporate liabilities	**4,226**	1,020
Group liabilities	**262,231**	3,673

5. SEGMENT INFORMATION *(Continued)*

During the Year, approximately HK$110,711,000 or 82% (2010: approximately HK$10,638,000 or 39%) of the Group's revenue was derived from a single customer (2010: single customer) in the Cemetery Business (2010: Leather Trading) segment. As at 31 March 2011, approximately HK$93,559,000 was due from the above customer (2010: Nil).

The Group's revenue from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

Revenue from external customers:

	2011 **HK$'000**	2010 HK$'000
Hong Kong (domicile) *(note)*	**7,825**	18,304
USA	**–**	8,688
The PRC	**127,642**	217
Elsewhere in Asia	**–**	56
Total	**135,467**	27,265

Note: The place of domicile is determined based on the location of central management.

The geographical location of customers is based on the location at which the services were provided or the goods was delivered. The geographical location of non-current assets is based on the physical location of these assets.

Non-current assets:

	2011 **HK$'000**	2010 HK$'000
Hong Kong	**80,884**	81,894
The PRC	**471,759**	1,788
Total	**552,643**	83,682

6. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to these financial statements. Turnover of the Group is the revenue from these activities. Revenue from the Group's principal activities and other income recognised during the Year is as follows:

	2011 HK$'000	2010 HK$'000
Revenue		
Trading of goods	**7,825**	27,265
Sales of tombs and niches	**127,558**	–
Management fee income	**84**	–
	135,467	27,265
Other revenue		
Interest income on financial assets stated at amortised cost	**98**	44
Imputed interest income	**401**	–
Share of office expenses recharged *(note 37)*	**834**	345
Dividend income from financial assets at fair value through profit or loss	**34**	–
Sundry income	**1,033**	139
	2,400	528
Other net income		
Fair value gains on financial assets at fair value through profit or loss	**–**	1,798
Other income	**2,400**	2,326

7. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest charged on:		
Bank overdraft	**–**	2
Trade payables wholly repayable within five years	**–**	249
Bank borrowings stated at amortised cost wholly repayable within five years	**536**	–
Less: Amount capitalised in development and formation costs of columbarium	**(536)**	–
Imputed interest charged on:		
Trade payables wholly repayable within five years	**528**	–
Amount due to non-controlling interests wholly repayable within five years	**1,269**	–
	1,797	251

8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is arrived at after charging:

	2011 HK$'000	2010 HK$'000
Amortisation of intangible assets	**2,590**	–
Amortisation of deferred expenditure	**1,424**	–
Auditor's remuneration	**486**	400
Cost of inventories recognised as an expense; including	**56,753**	32,927
– Provision for slow-moving inventories	**–**	429
Depreciation		
– Property, plant and equipment	**2,272**	1,107
– Investment properties	**102**	–
Equity-settled share-based payments	**32,763**	21,645
Exchange losses	**196**	33
Fair value loss on financial assets at fair value through profit or loss *	**1,653**	–
Impairment loss on trade receivables *	**–**	31,644
Impairment loss on other receivables *	**–**	3,829
Losses on disposals of property, plant and equipment	**282**	708
Operating lease charges in respect of premises	**4,448**	2,726
Write-off of property, plant and equipment	**10**	929
Write-off of other receivables *	**–**	2,000

* Included in other operating expenses.

9. INCOME TAX EXPENSE

	2011 HK$'000	2010 HK$'000
Current tax – the PRC		
Charged for the year	**13,804**	–
Deferred tax *(note 20)*		
Charged for the year	**105**	–
Credited for the year	**(772)**	–
Withholding tax *(note 20)*	**865**	–
	14,002	–

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

The subsidiaries established in the PRC are subject to income taxes at tax rates of 25%.

9. INCOME TAX EXPENSE *(Continued)*

Reconciliation between income tax expense and accounting profit/(loss) at applicable tax rates is as follows:

	2011 HK$'000	2010 HK$'000
Profit/(Loss) before income tax	**18,358**	(98,074)
Income tax at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**3,029**	(16,182)
Tax effect of different taxation rate in other tax jurisdiction	**3,031**	(398)
Tax effect of non-taxable income	**(6,696)**	(8)
Tax effect of non-deductible expense	**7,309**	721
Tax effect of unrecognised deferred tax assets	**149**	252
Tax losses utilised from previous period	**(72)**	–
Tax effect of unused tax loss not recognised	**6,387**	15,615
Tax effect of withholding tax	**865**	–
Income tax expense	**14,002**	–

10. LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Of the consolidated loss attributable to the owners of the Company of HK$20,335,000 (2010: HK$98,074,000), a loss of HK$48,430,000 (2010: HK$116,955,000) has been dealt with in the financial statements of the Company.

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of HK$20,335,000 (2010: HK$98,074,000) and the weighted average number of 2,028,061,000 (2010: 1,733,796,000) Shares in issue during the Year.

Diluted loss per Share for the years ended 31 March 2011 and 2010 is not presented as there were no dilutive potential shares.

12. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2011 HK$'000	2010 HK$'000
Salaries, allowances and benefits in kind	**12,682**	8,845
Discretionary bonus	**1,701**	1,494
Contributions to defined contribution plans	**311**	151
Equity-settled share-based payments	**7,389**	9,488
	22,083	19,978

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

13.1 Directors' emoluments

	Directors' fees HK$'000	Discretionary bonus HK$'000	Contributions to defined contribution plans HK$'000	Equity-settled share-based payments HK$'000	Total HK$'000
2011					
Executive Directors					
Leung Chi Wah Earnest ("Dr. Leung")	**1,800**	**–**	**12**	**–**	**1,812**
Law Fei Shing ("Mr. Law")	**960**	**–**	**12**	**408**	**1,380**
Non-executive Directors					
Yeung Mui Kwan David ("Mr. Yeung")	**180**	**–**	**–**	**126**	**306**
Tu Zhimin ("Mr. Tu") (a)	**61**	**–**	**–**	**–**	**61**
Independent Non-executive Directors					
Law Yui Lun ("Mr. YL Law")	**180**	**–**	**–**	**126**	**306**
So Livius ("Mr. So")	**180**	**–**	**–**	**126**	**306**
Serge Salomon Choukroun (b)	**75**	**–**	**–**	**–**	**75**
Yu Ping ("Mr. Yu") (c)	**112**	**–**	**–**	**188**	**300**
	3,548	**–**	**24**	**974**	**4,546**
2010					
Executive Directors					
Dr. Leung	1,485	–	10	2,112	3,607
Mr. Law	784	50	10	2,112	2,956
Cheng Hairong ("Mr. Cheng") (d)	237	–	3	–	240
Chu Kwok Chi Robert ("Mr. Chu") (e)	70	–	3	–	73
Non-executive Directors					
Mr. Yeung	146	–	–	170	316
Pei Chen Chi Kuen Delia ("Mrs. Pei") (d)	–	300	–	–	300
Independent Non-executive Directors					
Mr. YL Law	145	–	–	170	315
Mr. So	145	–	–	170	315
Serge Salomon Choukroun (b)	107	–	–	–	107
Devidas Harilela ("Mr. Harilela") (e)	42	300	–	–	342
Chan Chung Yin Victor ("Mr. Chan") (e)	42	300	–	–	342
Ma Kwai Yuen ("Mr. Ma") (d)	42	300	–	–	342
	3,245	1,250	26	4,734	9,255

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

13.1 Directors' emoluments *(Continued)*

Notes:

(a) Appointed as an Independent Non-executive Director on 30 November 2010 and re-designated to a Non-executive Director on 16 December 2010.

(b) Resigned on 17 August 2010.

(c) Appointed as an Independent Non-executive Director on 17 August 2010 and re-designated to an Executive Director on 1 May 2011.

(d) Resigned on 11 June 2009.

(e) Resigned on 10 June 2009.

The value of the share options granted to the Directors is measured according to the Group's accounting policy for share-based employee compensation set out in note 3.20. Details of these benefits in kind including the principal terms and number of options granted are disclosed in note 33.

13.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the Year included two (2010: two) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2010: three) individuals during the Year are as follows:

	2011	2010
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,648**	1,336
Discretionary bonus	**–**	81
Contributions to defined contribution plans	**26**	30
Equity-settled share-based payments	**3,950**	4,437
	5,624	5,884

The emoluments fell within the following bands:

	Number of individuals	
	2011	2010
Emolument bands		
HK$1,000,000 – HK$1,500,000	**1**	1
HK$2,000,000 – HK$2,500,000	**2**	1
HK$2,500,000 – HK$3,000,000	**–**	1

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

13.3 No emoluments were paid by the Group to the Directors (as set out in 13.1 above) or the highest paid individuals (as set out in 13.2 above) as an inducement to join or upon joining the Group or as compensation for loss of office and no Director waived or agreed to waive any emoluments during the years ended 31 March 2011 and 2010.

14. PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY

Group

	Buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improve-ments HK$'000	Total HK$'000
At 1 April 2009					
Cost	–	841	3,057	1,274	5,172
Accumulated depreciation	–	(144)	(300)	(228)	(672)
Net carrying amount	–	697	2,757	1,046	4,500
Year ended 31 March 2010					
Opening net carrying amount	–	697	2,757	1,046	4,500
Additions	–	306	2,258	874	3,438
Disposals	–	(47)	(2,173)	–	(2,220)
Write-off *(note)*	–	–	–	(929)	(929)
Depreciation	–	(171)	(696)	(240)	(1,107)
Closing net carrying amount	–	785	2,146	751	3,682
At 31 March 2010 and 1 April 2010					
Cost	**–**	**1,092**	**2,259**	**890**	**4,241**
Accumulated depreciation	**–**	**(307)**	**(113)**	**(139)**	**(559)**
Net carrying amount	**–**	**785**	**2,146**	**751**	**3,682**
Year ended 31 March 2011					
Opening net carrying amount	**–**	**785**	**2,146**	**751**	**3,682**
Acquisition of subsidiary *(note 34)*	**6,396**	**304**	**1,614**	**53**	**8,367**
Additions	**–**	**300**	**1,990**	**–**	**2,290**
Disposals	**–**	**–**	**(765)**	**–**	**(765)**
Write-off *(note)*	**–**	**(10)**	**–**	**–**	**(10)**
Depreciation	**(391)**	**(305)**	**(816)**	**(760)**	**(2,272)**
Exchange realignment	**130**	**10**	**87**	**1**	**228**
Closing net carrying amount	**6,135**	**1,084**	**4,256**	**45**	**11,520**
At 31 March 2011					
Cost	**6,529**	**1,687**	**5,050**	**943**	**14,209**
Accumulated depreciation	**(394)**	**(603)**	**(794)**	**(898)**	**(2,689)**
Net carrying amount	**6,135**	**1,084**	**4,256**	**45**	**11,520**

14. PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY *(Continued)*

Group *(Continued)*

Note: As at 31 March 2010 and 2011, certain of the Group's leasehold improvements and furniture, fixtures and equipment with net carrying amounts of approximately HK$929,000 and HK$10,000 respectively were written off because of office renovation and obsolescence.

At 31 March 2011, the Group's buildings with aggregate net carrying amounts of approximately HK$5,801,000 (2010: nil) were situated on the land in the PRC granted to Anxian Yuan, a subsidiary of the Company newly acquired during the Year, by Hangzhou City Housing and Land Resources Bureau on 5 June 2003 at no consideration. The land is restricted for cemetery use with indefinite lease term but is not freely transferable under the land use rights certificate (杭余國用 (2003) 字第8-834號). The Group's remaining buildings with a net carrying amount of approximately HK$334,000 (2010: nil) as at 31 March 2011 were situated in the PRC and are held on leases under medium term.

Company

	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improve-ments HK$'000	Total HK$'000
At 1 April 2009				
Cost	821	1,618	1,274	3,713
Accumulated depreciation	(141)	(108)	(228)	(477)
Net carrying amount	680	1,510	1,046	3,236
Year ended 31 March 2010				
Opening net carrying amount	680	1,510	1,046	3,236
Additions	156	–	874	1,030
Disposals	(47)	(1,429)	–	(1,476)
Write-off (note above)	–	–	(929)	(929)
Depreciation	(163)	(81)	(240)	(484)
Closing net carrying amount	626	–	751	1,377
At 31 March 2010 and 1 April 2010				
Cost	**922**	**–**	**890**	**1,812**
Accumulated depreciation	**(296)**	**–**	**(139)**	**(435)**
Net carrying amount	**626**	**–**	**751**	**1,377**
Year ended 31 March 2011				
Opening net carrying amount	**626**	**–**	**751**	**1,377**
Additions	**45**	**–**	**–**	**45**
Depreciation	**(171)**	**–**	**(751)**	**(922)**
Closing net carrying amount	**500**	**–**	**–**	**500**
At 31 March 2011				
Cost	**967**	**–**	**890**	**1,857**
Accumulated depreciation	**(467)**	**–**	**(890)**	**(1,357)**
Net carrying amount	**500**	**–**	**–**	**500**

15. INVESTMENT PROPERTIES – GROUP

	2011 HK$'000	2010 HK$'000
At 1 April		
Cost	–	–
Accumulated depreciation	–	–
Net carrying amount	–	–
During the year		
Opening net carrying amount	–	–
Acquisition of subsidiary *(note 34)*	2,442	–
Depreciation	(102)	–
Exchange realignment	50	–
Closing net carrying amount	2,390	–
At 31 March		
Cost	2,493	–
Accumulated depreciation	(103)	–
Net carrying amount	2,390	–

At 31 March 2011, investment properties with a carrying amount of approximately HK$2,390,000 (2010: nil) represent restricted properties situated in the PRC which are not allowed to be traded in the open market until, in future, the PRC government resumes the land on which the investment properties are situated and the maximum compensation payable to the Group will be RMB2,100,000 (2010: nil), equivalent to approximately HK$2,493,000 (2010: nil).

16. INTERESTS IN SUBSIDIARIES – COMPANY

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	9	9
Amounts due from subsidiaries	378,953	194,284
Amounts due to a subsidiary	(2)	(2)
	378,960	194,291
Less: Provision for impairment *	(79,266)	(75,736)
	299,694	118,555

* An impairment of approximately HK$79,266,000 (2010: HK$75,736,000) was recognised for certain amounts due from subsidiaries with total carrying amount of approximately HK$378,953,000 (2010: HK$194,284,000) because certain subsidiaries have been loss-making for a lengthy period of time and certain amounts due from subsidiaries are considered not recoverable.

16. INTERESTS IN SUBSIDIARIES – COMPANY *(Continued)*

Movements in provision for impairment of amounts due from subsidiaries during the Year are as follows:

	2011 **HK$'000**	2010 HK$'000
At the beginning of the year	**(75,736)**	–
Impairment loss recognised	**(3,530)**	(75,736)
At the end of the year	**(79,266)**	(75,736)

Amounts due from/(to) subsidiaries are in nature of current accounts and are unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries at 31 March 2011 are as follows:

Name of company	**Place/ country of incorporation**	**Issued and fully paid share/ Paid in capital**	**Percentage of equity interest held by the Company**		**Principal activities and places of operations**
			directly	**indirectly**	
Chong Sun Securities Limited	The BVI	US$1	100%	–	Investment holding, Hong Kong
Access Direct Trading Limited	The BVI	US$1	100%	–	Investment holding, Hong Kong
Capital Spirit Limited	The BVI	US$1	100%	–	Investment holding, Hong Kong
Moral Access Limited	Hong Kong	HK$10,000	–	100%	Inactive
Kingston Recycling Limited	Hong Kong	HK$1	–	100%	Inactive *(note 5)*
Krongate Limited	The BVI	US$1,000	100%	–	Inactive *(note 5)*
Kylinfield Limited	The BVI	US$100	100%	–	Investment holding, Hong Kong
Sino Grandeur Limited ("Sino Grandeur") *(note 18)*	The BVI	US$1	100%	–	Investment holding, Hong Kong
China Boon Development Holdings Limited (i)	Hong Kong	HK$1	–	100%	Inactive
Grand Elegant Limited	Hong Kong	HK$1	–	100%	Leather Trading and the Group's administration, Hong Kong
Peaceful International Holdings Limited	Hong Kong	HK$1	–	100%	Investment holding, Hong Kong

16. INTERESTS IN SUBSIDIARIES – COMPANY *(Continued)*

Name of company	Place/ country of incorporation	Issued and fully paid share/ Paid in capital	Percentage of equity interest held by the Company directly	indirectly	Principal activities and places of operations
Anxian Yuan (HK) Limited ("Anxian HK") (ii)	Hong Kong	HK$1	–	100%	Investment holding, Hong Kong
中寧企業管理服務(上海)有限公司 Sino Peace Enterprise Management & Service (Shanghai) Limited * (iii)	The PRC	US$5,000,000	–	100%	Management services, PRC
浙江安賢陵園有限責任公司 Zhejiang Anxian Yuan Company Limited * ("Anxian Yuan") *(note 34)*	The PRC	RMB5,000,000	–	41.2%	Cemetery Business, PRC

* For identification only.

Notes:

(i) This company changed its name from China Boon Holdings Limited to China Boon Development Holdings Limited on 21 April 2010.

(ii) Anxian HK was newly incorporated on 13 January 2011.

(iii) During the Year, its paid up capital increased from US$2,500,000 to US$5,000,000.

17. INTANGIBLE ASSETS – GROUP

	Allocated land and cemetery operating licence	
	2011	2010
	HK$'000	HK$'000
At 1 April		
Cost	**–**	–
Accumulated amortisation	**–**	–
Net carrying amount	**–**	–
During the year		
Opening net carrying amount	**–**	–
Acquisition of subsidiary *(note 34)*	**374,436**	–
Amortisation	**(2,590)**	–
Exchange realignment	**7,779**	–
Closing net carrying amount	**379,625**	–
At 31 March		
Cost	**382,234**	–
Accumulated amortisation	**(2,609)**	–
Net carrying amount	**379,625**	–

Intangible assets acquired include the land use rights allocated by the PRC government and the cemetery licenses. The fair value was determined by a firm of independent professional qualified surveyor, LCH (Asia-Pacific) Surveyors Limited ("LCH"), by using the Multi-Period Excess Earnings Methods at Acquisition Date. The Directors has reviewed and adopted the techniques used by LCH for initial measurement of the intangible assets acquired in the business combination. In the opinion of the Directors, the objective of LCH's valuation is to estimate fair value which also reflects the current transactions and practices in the industry to which the asset belongs. Amortisation basis is set out in note 3.23.

18. DEPOSITS FOR ACQUISITION OF SUBSIDIARIES – GROUP

In October 2009, a refundable deposit of HK$80,000,000 was paid to an independent third party, Mr. Fu Yuan Ji ("Mr. Fu") by the Company's subsidiary, Sino Grandeur, in respect of the original agreement dated 13 October 2009, entered with Mr. Fu to acquire the entire equity interests in Topace Investments Limited (together with its subsidiaries collectively referred to as the "Topace Group") for a consideration of HK$2,000,000,000 (subject to adjustments). The Topace Group is principally engaged in cemetery operation in Shanghai, the PRC. As at 31 March 2010, acquisition of the Topace Group was not completed and the deposit was treated as a non-current deposit.

On 30 November 2010, the Group entered into an amended and restated agreement, which supersedes the above original agreement dated 13 October 2009, with Mr. Fu to acquire the entire equity interests in the Topace Group for a revised consideration of HK$1,150,000,000 (subject to adjustments). Thus, this refundable deposit of HK$80,000,000 paid continues as part of the consideration to acquire the Topace Group. As at 31 March 2011, acquisition of the Topace Group has not been completed and thus the balance is treated as a non-current deposit. Details of the acquisition of the Topace Group are set out in the Company's circular dated 15 February 2011.

19. DEFERRED EXPENDITURE – GROUP

	2011 HK$'000	2010 HK$'000
At 1 April		
Cost	–	–
Accumulated amortisation	–	–
Net carrying amount	–	–
For the year		
Opening net carrying amount	–	–
Acquisition of subsidiary *(note 34)*	76,890	–
Additions	2,051	–
Amortisation	(1,424)	–
Exchange realignment	1,591	–
Closing net carrying amount	79,108	–
At 31 March		
Cost	87,289	–
Accumulated amortisation	(8,181)	–
Net carrying amount	79,108	–

20. DEFERRED TAX – GROUP

Deferred tax is calculated in full on temporary differences under the liability method using the applicable tax rates at reporting date in the tax jurisdiction concerned.

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2011 HK$'000	2010 HK$'000
Deferred tax assets	3,318	–
Deferred tax liabilities	(96,630)	–
	(93,312)	–

20. DEFERRED TAX – GROUP *(Continued)*

Movements of deferred tax assets and liabilities recognised during the Year are as follows:

	Decelerated tax amortisation HK$'000	Impairment loss on investment property HK$'000	Acquisition of subsidiary HK$'000 (note (a))	Withholding tax HK$'000 (note (b))	Total HK$'000
At 1 April 2009, 31 March 2010 and 1 April 2010	–	–	–	–	–
Acquisition of subsidiary *(note 34)*	2,802	552	(94,573)	–	(91,219)
(Charged)/credited to profit or loss for the Year *(note 9)*	(105)	–	772	(865)	(198)
Exchange realignment	57	12	(1,964)	–	(1,895)
At 31 March 2011	2,754	564	(95,765)	(865)	(93,312)

Notes:

(a) Deferred tax liabilities were recognised as a result of fair value adjustment upon business combination during the Year.

(b) As at 31 March 2011, the aggregate amount of temporary difference associated with the undistributed earnings of the PRC subsidiary for where deferred tax liabilities have been recognised of approximately HK$17,301,000 (2010: Nil).

(c) The Group has tax losses arising in Hong Kong of approximately HK$133,323,000 (2010: HK$116,431,000), subject to the agreement with the Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which these losses arose. Deferred tax assets have not been recognised in respect of these losses which arose in subsidiaries with unpredictability of future profit streams.

(d) The Group has estimated tax losses arising in the PRC of approximately HK$17,709,000 (2010: HK$3,598,000) that are available for offsetting against future taxable profits of a subsidiary in which the losses arose. Deferred tax assets have not been recognised in respect of these losses which arose in the subsidiary with unpredictability of future profit streams. The tax losses will be expired if they are not utilised to set off against the taxable profits within five years from the year in which they arose under the current tax legislation in the PRC.

21. INVENTORIES – GROUP

	2011 **HK$'000**	2010 HK$'000
Tombs	**5,515**	–
Electronic products	**–**	429
Less: Provision for slow-moving inventories	**–**	(429)
	5,515	–

22. TRADE RECEIVABLES – GROUP

	2011 HK$'000	2010 HK$'000
Trade receivables, gross	**152,406**	62,525
Less: Provision for impairment loss	**(58,847)**	(58,847)
Trade receivables, net	**93,559**	3,678

Trade receivables generally have 30 to 90 days' (2010: 30 to 90 days') credit terms and no interest is charged to the Group's business-related customers. The Group has a credit policy in place, and exposures are monitored and overdue balances are reviewed by senior management on an ongoing basis.

Based on the invoice dates, ageing analysis of gross trade receivables is as follows:

	2011 HK$'000	2010 HK$'000
Within 60 days	**49,629**	3,678
61 to 90 days	**–**	–
91 to 120 days	**43,930**	–
121 to 270 days	**–**	–
271 to 365 days	**–**	4,320
Over 365 days	**58,847**	54,527
	152,406	62,525

The Directors consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

As at 31 March 2010 and 2011, net balance of trade receivables of approximately HK$49,629,000 and HK$3,678,000 respectively are neither past due nor impaired.

In addition, some of the unimpaired trade receivables are past due as at the reporting date. Ageing analysis of trade receivables past due but not impaired is as follows:

	2011 HK$'000	2010 HK$'000
Neither past due nor impaired	**49,629**	3,678
1 – 30 days past due	**43,930**	–
	93,559	3,678

22. TRADE RECEIVABLES – GROUP *(Continued)*

Trade receivables that were neither past due nor impaired related to certain customers for whom there was no recent history of default. As at 31 March 2011, trade receivables that were past due but not impaired of approximately HK$43,930,000 related to customers with good and reliable credit rating. Management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

Movement in the provision for impairment loss of trade receivables is as follows:

	2011 **HK$'000**	2010 HK$'000
At 1 April	**58,847**	27,203
Impairment loss on trade receivables	**–**	31,644
At 31 March	**58,847**	58,847

At 31 March 2011, the above provision represents a provision for individually impaired trade receivable of approximately HK$58,847,000 (2010: HK$58,847,000). This provision was determined based on evidence of impairment on both individual and collective basis. The Group does not hold any collaterals or other credit enhancements over the impaired trade receivables whether determined on an individually or collective basis.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP

	2011 **HK$'000**	2010 HK$'000
Listed equity securities held for trading – in Hong Kong at market value	**3,031**	7,085

Listed equity securities are stated at fair value which is determined by reference to their quoted bid prices in an active market at the reporting date. These financial assets are subject to financial risk exposure in terms of equity price risk.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP AND COMPANY

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**904**	379	**–**	–
Other receivables *(note)*	**43,268**	6,837	**–**	48
Deposits paid *(note)*	**1,508**	1,147	**844**	706
	45,680	8,363	**844**	754

Note:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other receivables and deposits paid	**48,605**	11,813	**3,844**	3,754
Less: Provision for impairment loss	**(3,829)**	(3,829)	**(3,000)**	(3,000)
Other receivables and deposits paid, net	**44,776**	7,984	**844**	754

Included in the Group's other receivables as at 31 March 2011 are non-interest bearing advances of approximately HK$41,499,000 (2010: 6,715,000) made to certain independent third parties. Subsequent to 31 March 2011, amounts of approximately HK$41,499,000 has been settled and thus no impairment was noted.

The Directors consider that the fair values of deposits and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

All other receivables that are neither individually nor collectively considered to be impaired are neither past due nor impaired and are due from counterparties for whom there was no recent history of default. Management considers that other receivables that were neither past due nor impaired for each of the reporting dates are of good credit quality.

Movements in the provision for impairment loss on other receivables are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 April	**3,829**	–	**3,000**	–
Impairment loss on other receivables	**–**	3,829	**–**	3,000
At 31 March	**3,829**	3,829	**3,000**	3,000

25. AMOUNTS DUE FROM A RELATED COMPANY – GROUP AND COMPANY

The balance is unsecured, interest free and repayable on demand. This amount relates to the chargeable income on sharing the office expenses and is due from a related company, of which Dr. Leung is a common director. The carrying amount approximates to the fair value at the reporting date.

26. CASH AND BANK BALANCES – GROUP AND COMPANY

Included in cash and bank balances of the Group, the Group has bank balances of approximately HK$32,350,000 (2010: HK$3,954,000) denominated in RMB which are placed with the banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

Bank balances of the Group and the Company earn interest at floating rates based on the daily bank deposit rates. All cash and bank balances held at each of the reporting dates were deposited in the reputable banks and financial institutions in Hong Kong and the PRC.

27. TRADE PAYABLES – GROUP

The Group was granted by its suppliers oral credit periods ranging between 30 days to 3 years (2010: 30 to 60 days). Based on the invoice dates, ageing analysis of trade payables is as follows:

	2011 **HK$'000**	2010 HK$'000
Within 90 days	**10,556**	193
91 to 180 days	**7,791**	19
181 to 365 days	**3,671**	38
Over 1 year	**10,508**	1,853
	32,526	2,103

The Directors consider that the carrying amount of trade payables is a reasonable approximation of their fair value.

28. OTHER PAYABLES, ACCRUALS, DEPOSITS RECEIVED AND RECEIPTS IN ADVANCE – GROUP AND COMPANY

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current portion:				
Accruals	**3,298**	495	**1,391**	370
Deposits received	**739**	465	**–**	–
Other payables	**15,979**	610	**–**	561
Receipts in advance *(note)*	**587**	–	**–**	–
	20,603	1,570	**1,391**	931
Non-current portion:				
Receipts in advance *(note)*	**5,194**	–	**–**	–

The carrying amounts of current portion of accrued charges and other payables are short-term in nature and hence their carrying amounts are considered a reasonable approximation of fair value.

Note: The balance represents ten-year management fee received in advance in respect of niches sold. The management fee receipts in advance are credited as revenue on straight-line method over the contractual periods (which are generally ten years) from the date of the sale of columbarium niche.

29. BANK BORROWINGS – GROUP

	2011	2010
	HK$'000	HK$'000
Bank borrowings repayable within one year:		
– secured *(note (a))*	**12,407**	–
– guaranteed *(note (b))*	**35,619**	–
	48,026	–

Notes:

(a) The balance is secured by pledged deposits of an equity holder, who holds 31.3% equity interest in the Company's subsidiary, Anxian Yuan. This bank borrowing bore interest at the base lending rate promulgated by the People's Bank of China.

(b) These are guaranteed by an equity holder, who holds 27.5% equity interest in the Company's subsidiary, Anxian Yuan. These bank borrowings bore interest at effective interest rates of 0.51% to 0.57% per month.

All bank borrowings as at 31 March 2011 are due in July 2011 and denominated in RMB.

30. AMOUNT DUE TO NON-CONTROLLING INTERESTS – GROUP

The balance is unsecured, interest free and due for repayment on 31 December 2011. This amount is due to an equity holder who held 27.5% equity interest in the Company's subsidiary, Anxian Yuan.

31. SHARE CAPITAL

	2011 Number of Shares ('000)	2011 HK$'000	2010 Number of Shares ('000)	2010 HK$'000
Authorised:				
Shares of HK$0.10 each				
At 1 April	**10,000,000**	1,000,000	**2,000,000**	200,000
Increase in authorised capital *(note (a))*	**–**	–	**8,000,000**	800,000
At 31 March	**10,000,000**	1,000,000	**10,000,000**	1,000,000
Issued and fully paid:				
Shares of HK$0.10 each				
At 1 April	**1,975,623**	197,562	**1,294,963**	129,496
Placing of new Shares *(note (b))*	**–**	–	**558,000**	55,800
Exercise of share options	**–**	–	**122,660**	12,266
Issue of Shares upon acquisition of subsidiary *(note (c))*	**145,000**	14,500	**–**	–
At 31 March	**2,120,623**	212,062	**1,975,623**	197,562

Notes:

(a) Pursuant to the resolution passed at the annual general meeting of the Company on 30 September 2009, the number of authorised Shares of the Company was increased by 8 billion to 10 billion.

(b) During the Year, the Company had equity fund raising activities by placing of new Shares as summarised below:

On 18 June 2009, the Company entered into a placing agreement with a placing agent to issue 258,000,000 placing shares at HK$0.42 per Share (the "1st Placing"). Of the gross proceeds of HK$108,360,000, amounts of HK$25,800,000 and approximately HK$79,733,000, after deduction of issuing expense of approximately HK$2,827,000, were credited to share capital and share premium accounts respectively. The 1st Placing was completed on 23 June 2009.

On 29 September 2009, the Company entered into placing agreements with placing agents to issue 300,000,000 placing shares at HK$0.53 per Share (the "2nd Placing"). Of the gross proceeds of HK$159,000,000, amounts of HK$30,000,000 and approximately HK$124,925,000, after deduction of issuing expenses of approximately HK$4,075,000, were credited to share capital and share premium accounts respectively. The 2nd Placing was completed on 9 October 2009.

(c) During the Year, the Company issued 145,000,000 Shares at HK$0.42 per Share as part of consideration for the acquisition of Anxian Yuan (note 34). Of the proceeds of HK$60,900,000, amounts of HK$14,500,000 and HK$46,400,000 were credited to share capital and share premium accounts respectively.

(d) Subsequent to 31 March 2011, the Company had equity fund raising activities by top-up placing of new Shares. On 28 March 2011, the Company entered into a placing agreement with placing agents to issue 165,000,000 Shares at HK$0.38 per Share. Of the gross proceeds of HK$62,700,000, amounts of HK$16,500,000 and approximately HK$44,251,000, after deduction of issuing expense of approximately HK$1,949,000, were credited to share capital and share premium accounts respectively. The placing was completed on 7 April 2011 and the number of Shares, issued and fully paid, was increased to 2,285,622,600 accordingly.

All new Shares issued during the years ended 31 March 2011 and 2010 rank pari passu with other shares in issue in all respect.

32. RESERVES – GROUP AND COMPANY

Group

The amounts of the Group's reserves and the movement therein for the Year are presented in the consolidated statement of changes in equity.

Company

	Share premium HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2009	–	2,237	(49,062)	(46,825)
Issue of new Shares *(note 31(b))*	211,560	–	–	211,560
Share issue expenses	(6,902)	–	–	(6,902)
Exercise of share options	3,229	(2,197)	–	1,032
Lapse of share options	–	(7)	7	–
Equity-settled share-based payments *(note 33)*	–	21,645	–	21,645
Loss for the year and total comprehensive loss for the year	–	–	(116,955)	(116,955)
Balance at 31 March 2010 and 1 April 2010	**207,887**	**21,678**	**(166,010)**	**63,555**
Issue of new Shares *(note 31(c))*	**46,400**	**–**	**–**	**46,400**
Share issue expenses	**(775)**	**–**	**–**	**(775)**
Cancellation of share options *(note 33)*	**–**	**(12,157)**	**12,157**	**–**
Lapse of share options	**–**	**(27)**	**27**	**–**
Equity-settled share-based payments *(note 33)*	**–**	**32,763**	**–**	**32,763**
Loss for the Year and total comprehensive loss for the Year	**–**	**–**	**(48,430)**	**(48,430)**
Balance at 31 March 2011	**253,512**	**42,257**	**(202,256)**	**93,513**

33. SHARE OPTION SCHEME

Pursuant to a resolution passed on 18 July 2008 (the "Adoption Date"), the Company adopted a Share Option Scheme and terminated the option scheme which was adopted on 2 December 1999. The purpose of the Share Option Scheme is to enable the Company to grant options as incentives or rewards to eligible participants to contribute to the success of the Group's operations.

Eligible participants of the Share Option Scheme include the Directors, employees, suppliers of goods or services to the Group, customers of the Group, any person or entity that provides research, development or other technological support to the Group, consultant or adviser to the Group, any shareholders of the Group or any company wholly owned by one or more persons belonging to any of the participants described above.

The total number of shares available for issue under options which may be granted under the Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 10% of the shares in issue as at the Adoption Date (the "Scheme Mandate Limit"). This Scheme Mandate Limit can be refreshed by the shareholders' approval in general meeting.

33. SHARE OPTION SCHEME *(Continued)*

The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option scheme of the Company in any 12-month period up to and including the offer date shall not exceed 1% of the shares in issue at the offer date. Any further grant of options in excess of this limit is subject to shareholder's approval in a general meeting.

Notwithstanding anything hereinbefore contained and subject to the maximum entitlement of each participant hereinafter mentioned, the maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% (or such other high percentage as may be allowed under the Listing Rules) of the total number of shares in issue from time to time.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period, if any, and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Share Option Scheme, if earlier.

The exercise price of the share options is determinable by the Directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing shares. The share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. All the share options granted during the Year have no vesting period.

The Share Option Scheme has a life of 10 years from the Adoption Date. The remaining lives of the Share Option Scheme are 7.3 years from 1 April 2011.

33. SHARE OPTION SCHEME *(Continued)*

As at the reporting date, details of outstanding options granted to the Directors, employees and third parties are as follows:

2011

Name and category of participant	Date of grant	Exercisable period	Balance at 1 April 2010	Granted during the Year	Cancellation during the Year	Expired/ Lapsed during the Year	Balance at 31 March 2011	Exercise price per Share HK$
			Number of options					
Executive Directors								
Dr. Leung	30 July 2009	31 July 2009 to 17 July 2018	16,000,000	–	–	–	16,000,000	0.604
Mr. Law	30 July 2009	31 July 2009 to 17 July 2018	16,000,000	–	–	–	16,000,000	0.604
Mr. Law	6 July 2010	7 July 2010 to 17 July 2018	–	3,000,000	–	–	3,000,000	0.435
Non-executive Directors								
Mr. Yeung	30 July 2009	31 July 2010 to 17 July 2018	1,600,000	–	–	–	1,600,000	0.604
Mr. Yeung	6 July 2010	7 July 2010 to 17 July 2018	–	300,000	–	–	300,000	0.435
Independent Non-executive Directors								
Mr. YL Law	30 July 2009	31 July 2010 to 17 July 2018	1,600,000	–	–	–	1,600,000	0.604
Mr. YL Law	6 July 2010	7 July 2010 to 17 July 2018	–	300,000	–	–	300,000	0.435
Mr. So	30 July 2009	31 July 2010 to 17 July 2018	1,600,000	–	–	–	1,600,000	0.604
Mr. So	6 July 2010	7 July 2010 to 17 July 2018	–	300,000	–	–	300,000	0.435
Mr. Yu	25 October 2010	26 October 2010 to 17 July 2018	–	1,900,000	–	–	1,900,000	0.415
			36,800,000	5,800,000	–	–	42,600,000	

33. SHARE OPTION SCHEME *(Continued)*

2011 *(Continued)*

Name and category of participant	Date of grant	Exercisable period	Balance at 1 April 2010	Granted during the Year	Cancellation during the Year	Expired/ Lapsed during the Year	Balance at 31 March 2011	Exercise price per Share HK$
			Number of options					
Employees								
In aggregate	30 July 2009	31 July 2009 to 17 July 2018	32,000,000	–	–	–	32,000,000	0.604
In aggregate	30 July 2009	31 July 2010 to 17 July 2018	5,000,000	–	–	–	5,000,000	0.604
In aggregate	6 July 2010	7 July 2010 to 17 July 2018	–	18,600,000	–	(200,000)	18,400,000	0.435
In aggregate	25 October 2010	26 October 2010 to 17 July 2018	–	36,660,000	–	–	36,660,000	0.415
			37,000,000	55,260,000	–	(200,000)	92,060,000	
Third parties								
In aggregate	27 August 2008	27 August 2008 to 20 August 2011	1,000,000	–	–	–	1,000,000	0.136
In aggregate	30 July 2009	31 July 2009 to 17 July 2018	92,100,000	–	(92,100,000)	–	–	0.604
In aggregate	6 July 2010	7 July 2010 to 17 July 2018	–	71,200,000	–	–	71,200,000	0.435
In aggregate	25 October 2010	26 October 2010 to 17 July 2018	–	159,000,000	–	–	159,000,000	0.415
			93,100,000	230,200,000	(92,100,000)	–	231,200,000	
Total			166,900,000	291,260,000	(92,100,000)	(200,000)	365,860,000	

33. SHARE OPTION SCHEME *(Continued)*

2010

Name and category of participant	Date of grant	Exercisable period	Balance at 1 April 2009	Granted during the year	Exercised during the year	Expired/ Lapsed during the year	Balance at 31 March 2010	Exercise price per share HK$
			Number of options					
Executive Directors								
Mr. Cheng	27 August 2008	27 August 2008 to 20 August 2011	12,500,000	–	(12,500,000)	–	–	0.136
Mr. Chu	27 August 2008	27 August 2008 to 20 August 2011	3,000,000	–	(3,000,000)	–	–	0.136
Dr. Leung	30 July 2009	31 July 2009 to 17 July 2018	–	16,000,000	–	–	16,000,000	0.604
Mr. Law	30 July 2009	31 July 2009 to 17 July 2018	–	16,000,000	–	–	16,000,000	0.604
Non-executive Directors								
Mrs. Pei	27 August 2008	27 August 2008 to 20 August 2011	800,000	–	(800,000)	–	–	0.136
Mr. Yeung	30 July 2009	31 July 2010 to 17 July 2018	–	1,600,000	–	–	1,600,000	0.604
Independent Non-executive Directors								
Mr. Harilela	27 August 2008	27 August 2008 to 20 August 2011	800,000	–	(800,000)	–	–	0.136
Mr. Chan	27 August 2008	27 August 2008 to 20 August 2011	800,000	–	(800,000)	–	–	0.136
Mr. Ma	27 August 2008	27 August 2008 to 20 August 2011	800,000	–	(800,000)	–	–	0.136
Mr. YL Law	30 July 2009	31 July 2010 to 17 July 2018	–	1,600,000	–	–	1,600,000	0.604
Mr. So	30 July 2009	31 July 2010 to 17 July 2018	–	1,600,000	–	–	1,600,000	0.604
			18,700,000	36,800,000	(18,700,000)	–	36,800,000	

33. SHARE OPTION SCHEME *(Continued)*

2010 *(Continued)*

Name and category of participant	Date of grant	Exercisable period	Balance at 1 April 2009	Granted during the year	Exercised during the year	Expired/ Lapsed during the year	Balance at 31 March 2010	Exercise price per share HK$
			Number of options					
Employees								
In aggregate	27 August 2008	27 August 2008 to 20 August 2011	6,100,000	–	(6,000,000)	(100,000)	–	0.136
In aggregate	30 July 2009	31 July 2009 to 17 July 2018	–	32,000,000	–	–	32,000,000	0.604
In aggregate	30 July 2009	31 July 2010 to 17 July 2018	–	5,000,000	–	–	5,000,000	0.604
			6,100,000	37,000,000	(6,000,000)	(100,000)	37,000,000	
Third parties								
In aggregate	27 August 2008	27 August 2008 to 20 August 2011	4,960,000	–	(3,960,000)	–	1,000,000	0.136
In aggregate	10 October 2008	10 October 2008 to 9 October 2011	94,000,000	–	(94,000,000)	–	–	0.100
In aggregate	30 July 2009	31 July 2009 to 17 July 2018	–	92,100,000	–	–	92,100,000	0.604
			98,960,000	92,100,000	(97,960,000)	–	93,100,000	
Total			123,760,000	165,900,000	(122,660,000)	(100,000)	166,900,000	

33. SHARE OPTION SCHEME *(Continued)*

Options outstanding and weighted average exercise price for the reporting periods presented are as follows:

	2011		2010	
	Number of options	**Weighted average exercise price HK$**	Number of options	Weighted average exercise price HK$
Outstanding at 1 April	**166,900,000**	**0.601**	123,760,000	0.109
Granted	**291,260,000**	**0.421**	165,900,000	0.604
Exercised	**–**	**–**	(122,660,000)	0.108
Cancelled	**(92,100,000)**	**0.604**	–	–
Lapsed	**(200,000)**	**0.435**	(100,000)	0.136
Outstanding at 31 March	**365,860,000**	**0.457**	166,900,000	0.601
Exercisable at 31 March	**365,860,000***		157,100,000*	

* All the options outstanding as at 31 March 2011 were exercisable. As at 31 March 2010, except for 9,800,000 options granted to certain Directors and employees of the Group which are exercisable from 31 July 2010, all the options outstanding were exercisable. The options outstanding at 31 March 2011 had a weighted average remaining contractual life of 7.3 years (2010: 8.3 years). No share options were exercised during the Year. During the year ended 31 March 2010, 122,660,000 share options were exercised and the weighted average share price at the date of share options exercised was HK$0.49.

The fair value of the share options granted during the Year was valued by LCH, who estimated as at the date of grant using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The inputs into the model are as follows:

Date of grant	6 July 2010	25 October 2010
No. of options	93,700,000	197,560,000
Share price per Share at grant date	HK$0.435	HK$0.415
Exercise price	HK$0.435	HK$0.415
Expected volatility (adjusted regarding the expected life)	42%	37%
Expected life (in years)	4.0 years	3.9 years
Risk free rate	1.23%	0.85%
Expected dividend yield	No dividend	No dividend

The underlying expected volatility was determined by calculating the historical volatility of the price of certain comparables with similar business to the Group. The risk-free interest rates were based on the yield of Hong Kong Exchange Fund Note. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

33. SHARE OPTION SCHEME *(Continued)*

During the Year, the total vested amount of approximately HK$32,763,000 (2010: HK$21,645,000) was expensed with the corresponding credit in equity. No liabilities were recognised as these were all equity-settled share-based payment transactions.

During the Year, the share options granted to third parties on 30 July 2009 for 92,100,000 shares were cancelled and equity-settled share-based payment expense of approximately HK$12,157,000 was released to accumulated losses accordingly.

34. ACQUISITION OF SUBSIDIARY

As disclosed in note 1 to the financial statements, on 19 November 2010 (the "Acquisition Date"), the Group acquired 41.2% equity interest of Anxian Yuan from independent third parties for a consideration of approximately HK$87,186,000 (the fair value as at the Acquisition Date). Anxian Yuan is principally engaged in the provision of cemetery services in Hangzhou, Zhejiang Province, the PRC. The acquisition of Anxian Yuan represents an opportunity for the Group to enter into the funeral services industry and broaden its sources of income by diversifying into the industry. Details of the acquisition have been set out in the Company's circular dated 21 October 2010.

34. ACQUISITION OF SUBSIDIARY *(Continued)*

The Group has appointed a nominee as the registered owner for its 41.2% equity interests in Anxian Yuan and entered into contractual agreements to obtain control over the operating and financial polices of Anxian Yuan which became a subsidiary of the Company and its financial results have been consolidated into the Group's financial statements using acquisition method of accounting from the Acquisition Date. As a result of the acquisition, during the Year, the Group has a new principal activity Cemetery Business. Details of net identifiable assets acquired and gain on bargain purchase of Anxian Yuan are as follows:

	HK$'000
Fair value of net identifiable assets acquired at the Acquisition Date	
Property, plant and equipment *(note 14)*	8,367
Investment properties *(note 15)*	2,442
Intangible assets *(note 17)*	374,436
Deferred expenditure *(note 19)*	76,890
Deferred tax assets *(note 20)*	3,354
Development and formation costs of columbarium	8,030
Inventories	5,841
Prepayments and other receivables *(note (i))*	4,260
Cash and bank balances	11,368
Trade and other payables	(29,629)
Amount due to shareholder	(41,054)
Bank borrowings	(17,446)
Tax payables	(13,745)
Deferred tax liabilities *(note 20)*	(94,573)
Fair value of net identifiable assets acquired at the Acquisition Date	298,541
Gain on bargain purchase of Anxian Yuan	
Fair value of consideration	87,186
Plus: Non-controlling interests *(note (ii))*	175,542
Less: Fair value of net identifiable assets acquired	(298,541)
Gain on bargain purchase of Anxian Yuan *(note (iii))*	35,813

34. ACQUISITION OF SUBSIDIARY *(Continued)*

	HK$'000
Fair value of consideration satisfied by:	
Cash (RMB23,000,000)	26,286
Consideration Shares *(note (iv))*	60,900
Total consideration	87,186
Net cash outflow arising on acquisition	
Cash consideration	26,286
Less: Cash and bank balances acquired *(note (v))*	(11,368)
Net cash outflow arising on acquisition	14,918

Notes:

(i) The receivables acquired with a fair value of approximately HK$4,260,000 had a gross contractual amount of approximately HK$4,842,000. The best estimate at the Acquisition Date of the contractual cash flow not expected to be collected is approximately HK$582,000.

(ii) Non-controlling interests are measured at the non-controlling interests' proportionate share (58.8%) of the fair value of net identifiable assets acquired at Acquisition Date.

(iii) Gain on acquisition of Anxian Yuan was mainly attributable to the difference between the fair value of the consideration as at the Acquisition Date and the fair value of net identifiable assets acquired as at the Acquisition Date. None of the gains arising on the acquisition is expected to be assessable for tax purposes.

(iv) An aggregate of 145,000,000 Shares at HK$0.42, the closing price of the Share at Acquisition Date, has been issued to the vendors as a part of consideration. The issue of Shares represents a major non-cash transaction of the Group for the Year.

(v) Acquisition-related costs amounting to approximately HK$1,411,000 have been excluded from the consideration transferred and have been recognised as administrative expense in the Year.

(vi) Pursuant to the Agreement, the vendors have given a profit guarantee ("Profit Guarantee") to the Group, the profit after tax of Anxian Yuan to be determined under the PRC Generally Accepted Accounting Principles for the years ending 31 December 2010 and 2011 (the "Profit Guarantee Period") shall not be less than RMB35,000,000 and RMB40,000,000 (the "Guarantee Amounts") respectively. In the event that Anxian Yuan cannot achieve the Guarantee Amounts during the Profit Guarantee Period, the vendors will compensate the Group any shortfall in cash on a dollar to dollar basis.

The above arrangement constitutes a contingent consideration. The Group shall classify a right to return of previously transferred consideration as an asset if specified conditions are met. No asset from the above arrangement has been recognised at the Acquisition Date as the financial results of Anxian Yuan for the year ended 31 December 2010 satisfied the Guaranteed Amount and in the opinion of Directors, after reviewing the business plan of Anxian Yuan, the estimated profit after tax for the year ending 31 December 2011 will meet the amounts guaranteed, and the vendors are not obligated to compensate the Group any shortfall in the Profit Guarantee.

34. ACQUISITION OF SUBSIDIARY *(Continued)*

Since the acquisition, Anxian Yuan contributed turnover and profit to the Group of approximately HK$127,642,000 and HK$41,992,000 respectively.

Had the business combination been taken place at 1 April 2010, turnover and profit of the Group would have been approximately HK$168,400,000 and HK$12,900,000 for the Year respectively.

The above proforma information is for illustrative purpose only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2010, nor is it intended to be projection of future results.

Pursuant to the terms of the sale and purchase agreement, the Company shall inject a sum of RMB80,000,000 into Anxian Yuan, of which RMB1,000,000 will be used as capital contribution to Anxian Yuan and the remaining RMB79,000,000 will be treated as share premium. Subsequent to the reporting date, RMB1,000,000 had been contributed to Anxian Yuan as capital contribution of Anxian Yuan and the equity interest in Anxian Yuan of the Group was increased from 41.2% to 51% accordingly.

35. OPERATING LEASE COMMITMENTS

At 31 March 2011, the total future minimum lease payments under non-cancellable operating leases are payable by the Group and the Company as follows:

	Group		**Company**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**4,963**	3,995	**2,761**	2,480
In the second to fifth years, inclusive	**6,474**	1,136	**5,292**	–
	11,437	5,131	**8,053**	2,480

The Group and the Company lease a number of office premises under operating leases. The leases run for an initial period of one to three years (2010: two to three years), with option to renew the leases and renegotiate the terms at the respective expiry dates or at dates as mutually agreed between the Group/Company and the respective landlords/lessors. None of the leases include contingent rentals.

36. CAPITAL COMMITMENTS

Group

	2011 **HK$'000**	2010 HK$'000
Contracted but not provided for:		
Acquisition of the Topace Group *(note)*	**1,070,000**	1,920,000
Acquisition of property, plant and equipment	**665**	–
Construction for columbarium	**37,038**	–
	1,107,703	1,920,000

Note: As mentioned in note 18 to the financial statements, the Group entered into an amended and restated agreement with Mr. Fu to acquire the entire equity interests in the Topace Group for a consideration of HK$1,150,000,000 (subject to the adjustments) (2010: original agreement for a consideration of HK$2,000,000,000 (subject to the adjustments)). As a refundable deposit of HK$80,000,000 (2010: HK$80,000,000) had already been paid by the Group (note 18), this led to a capital commitment of HK$1,070,000,000 (2010: HK$1,920,000,000) as at 31 March 2011.

Company

The Company does not have any significant capital commitments as at 31 March 2011 (2010: Nil).

37. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances with related parties disclosed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the Year.

(a) Significant transactions with related parties

	2011 **HK$'000**	2010 HK$'000
Share of office expenses receivable from a related company *(note 25)*	**834**	345

All transactions as shown above were made in the Group's normal course of business and were made with reference to the terms negotiated between the relevant parties.

(b) Compensation of key management personnel

The Directors are of the opinion that the key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and are defined as the Executive Directors, Non-Executive Directors and the Chief Executive Officer. Details of the key management remuneration are set out in note 13 to these financial statements.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group does not have written risk management policies and guidelines. Generally, the Group employs a conservative strategy regarding its risk management. Financial risk management is coordinated at the Group's headquarter, in close co-operation with the Board periodically. Overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long-term financial investments are managed to generate lasting returns with acceptable risk levels. As the Group's exposure to market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk are kept at a minimum level, the Group has not used any derivative or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The most significant financial risks to which the Group is exposed are discussed below.

38.1 Categories of financial assets and financial liabilities

The carrying amounts presented in the statements of financial position of the Company and the Group relate to the following categories of financial assets and financial liabilities:

Financial assets

	Group		**Company**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets at fair value through profit or loss	**3,031**	7,085	**–**	–
Loans and receivables				
– Trade receivables	**93,559**	3,678	**–**	–
– Deposits and other receivables	**44,776**	7,984	**844**	754
– Amounts due from subsidiaries	**–**	–	**299,687**	118,548
– Amounts due from a related company	**420**	345	**420**	345
– Cash and bank balances	**88,669**	155,628	**5,508**	141,017
	227,424	167,635	**306,459**	260,664
	230,455	174,720	**306,459**	260,664

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

38.1 Categories of financial assets and financial liabilities *(Continued)*

Financial liabilities

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities measured at amortised cost				
– Trade payables	**(32,526)**	(2,103)	**–**	–
– Other payables and accruals	**(19,277)**	(1,105)	**(1,391)**	(931)
– Bank borrowings	**(48,026)**	–	**–**	–
– Amount due to non-controlling interests	**(31,315)**	–	**–**	–
– Amounts due to a subsidiary	**–**	–	**(2)**	(2)
	(131,144)	(3,208)	**(1,393)**	(933)

38.2 Foreign currency risk

(i) ***Transactions in foreign currencies and the Group's risk management policies***

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency.

The Group's business transactions, assets and liabilities are denominated in HK$, US$ and RMB and the functional currencies of the Group's principal operating entities are HK$ and RMB. Hence, the Group's exposures to foreign currency risk arise from overseas sales and purchases denominated in US$.

Since HK$ is pegged to US$, there is no significant exposure expected on US$ transactions and balances whilst the currency peg remains in place. The Group currently does not have foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and considers hedging significant foreign currency exposure should the need arise.

(ii) No sensitivity analysis for the Group's exposure to currency risk from financial assets and liabilities denominated in US$ is prepared since management's assessment of reasonably changes in value of HK$ against US$ is insignificant.

The Company does not have significant exposure to foreign currency risk at the 31 March 2011 (2010: Nil).

The polices to manage foreign currency risk have been followed by the Group since prior years and are considered to be effective.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

38.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has interest-bearing assets (cash at bank) and interest-bearing liabilities (bank borrowings) carried at effective interest rates with reference to the market (note 26 and note 29). The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Group's cash at banks is considered minimal.

At 31 March 2011, it is estimated that a general increase of 50 (2010: 50) basis points in interest rates, with all other variables held constant, would increase the Group's pre-tax profit and decrease its accumulated losses by approximately HK$343,000 (2010: HK$778,000).

A decrease of 50 (2010: 50) basis points in interest rate would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for financial instruments at the reporting date. The 50 (2010: 50) basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for the year ended 31 March 2010.

The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

38.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The carrying amounts of trade receivables, and deposits and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The carrying amounts of these financial assets presented in the consolidated statement of financial position are net of impairment losses, if any. The Group minimises its exposure to the credit risk by rigorously selecting the counterparties, performing ongoing credit evaluation on the financial conditions of its debtors and tightly monitoring the ageing of the receivables.

Follow-up actions are taken in case of overdue balances on a ongoing basis. In addition, management monitors and reviews the recoverable amount of the receivables individually or collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. It is not the Group's policy to request collateral from its customers.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

38.4 Credit risk *(Continued)*

The credit risk of the Group's other financial assets, which comprise cash and bank balances, is limited because almost all of the Group's bank deposits are deposited with major banks located in Hong Kong and the PRC.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables and deposits and other receivables are set out in notes 22 and 24 respectively.

38.5 Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). To manage the market risk arising from the Group's business, the Group is focusing to explore new business opportunities for its principal activities in the longer term development.

Equity price risk

The Group is exposed to change in market prices of listed equity in respect of its investments classified as financial assets at fair value through profit or loss.

The sensitivity analysis below have been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis purpose, the sensitivity rate is 10% (2010: 10%) in the current year as a result of the volatile financial market.

In respect of the investments in listed equity securities classified as financial assets at fair value through profit or loss, if equity prices had been 10% (2010: 10%) higher, pre-tax profit and accumulated losses for the Year would be increased and decreased respectively by approximately HK$303,000 (2010: HK$709,000). Conversely, if equity prices had been 10% (2010: 10%) lower, pre-tax profit and accumulated losses for the Year would be decreased and increased respectively by approximately HK$303,000 (2010: HK$709,000).

The policies to manage other price risk have been followed by the Group since prior years and are considered to be effective.

38.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group is exposed to liquidity risk in respect of settlement of trade payables, other payables and accruals, bank borrowings and amount due to non-controlling interests and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed credit lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs on a consolidated basis by carefully monitoring the cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis. Long term liquidity needs for a 180-day and 365-day lookout period are identified monthly.

The Group's liquidity is mainly dependent upon the cash received from its trade customers and fund raising activities. The Directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

38.6 Liquidity risk *(Continued)*

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risk.

The following tables detail the remaining contractual maturities at the reporting date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay:

Group

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	One year or above HK$'000
At 31 March 2011				
Trade payables	**32,526**	**32,930**	**2,803**	**30,127**
Other payables and accruals	**19,277**	**19,277**	**19,277**	**–**
Bank borrowings	**48,026**	**49,017**	**49,017**	**–**
Amount due to non-controlling interests	**31,315**	**32,651**	**32,651**	**–**
	131,144	**133,875**	**103,748**	**30,127**
At 31 March 2010				
Trade payables	2,103	2,103	2,103	–
Other payables and accruals	1,105	1,105	1,105	–
	3,208	3,208	3,208	–

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

38.6 Liquidity risk *(Continued)*

Company

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000
At 31 March 2011			
Other payables and accruals	**1,391**	**1,391**	**1,391**
Amounts due to a subsidiary	**2**	**2**	**2**
	1,393	**1,393**	**1,393**
At 31 March 2010			
Other payables and accruals	931	931	931
Amounts due to a subsidiary	2	2	2
	933	933	933

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash. The Group's existing cash resources and other liquid assets significantly exceed the cash outflow requirements.

38.7 Fair value measurements recognised in the statement of financial position

The Group adopted the amendments to HKFRS 7 Improving Disclosures about Financial Instruments effective from 1 April 2009. These amendments introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and

– Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

38.7 Fair value measurements recognised in the statement of financial position *(Continued)*

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

As at 31 March 2011, the financial assets at fair value through profit or loss amounting to approximately HK$3,031,000 (2010: HK$7,085,000) in the consolidated statement of financial position are grouped into the level 1 fair value hierarchy.

Fair values have been determined by reference to their bid prices at the reporting date provided by the brokers at the end of the reporting period where appropriate. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

39. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group, prevailing and projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group regards total equity attributable to the owners of the Company presented on the face of the consolidated statement of financial position as capital, for capital management purpose. The amount of capital as at 31 March 2011 amounted to approximately HK$332,692,000 (2010: HK$256,252,000), which the management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities.

The Group is not subject to externally imposed capital requirements.

40. CONTINGENT LIABILITIES

At 31 March 2011, neither the Group nor the Company had any significant contingent liabilities.

41. EVENTS AFTER THE REPORTING DATE

41.1 Placing of Shares

Details are set out in note 31(d).

41.2 Increase in equity interest in a subsidiary

As mentioned in note 34 for the capital commitment for a Company's subsidiary, the Group has injected RMB1,000,000 into Anxian Yuan, the registered capital of Anxian Yuan has been increased from RMB5,000,000 to RMB6,000,000 subsequent to the reporting date. A revised business licence in respect of the increase in registered capital has been issued by the Administration for Industry and Commerce Bureau of Zhejiang Province on 13 May 2011 and the equity interest in Anxian Yuan of the Group was increased from 41.2% to 51% accordingly.

Glossary

In this annual report (other than the independent auditor's report on pages 26 and 27), the following expressions shall have the following meanings unless the context otherwise requires:

Anxian Yuan	浙江安賢陵園有限責任公司 (in English, for identification purpose only, Zhejiang Anxian Yuan Company Limited), a limited liability company established under the laws of the PRC
Associate(s)	has the meaning ascribed thereto in the Listing Rules
Audit Committee	the audit committee of the Company
Board	the board of Directors
BVI	the British Virgin Islands
Bye-laws	the bye-laws of the Company, as amended from time to time
Cash-generating Units (CGU)	the smallest group of assets that generate cash inflows independently
Cemetery Business	an operating segment of the Group which is engaged in the provision of cemetery services
Chairman	the chairman of the Board
Chief Executive Officer	the chief executive officer of the Company
Code	the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules
Company/China Boon	China Boon Holdings Limited, a company incorporated in the Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
Director(s)	the director(s) of the Company
Electronic Trading	an operating segment of the Group which is engaged in the trading of consumer electronic appliances
Executive Director(s)	the executive Director(s)
Group	the Company and its subsidiaries
HKAS	the Hong Kong Accounting Standards issued by HKICPA
HKFRS(s)	the Hong Kong Financial Reporting Standards, collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by HKICPA

Glossary

HKICPA	the Hong Kong Institute of Certified Public Accountants
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Non-executive Director(s)	the independent non-executive Director(s)
Leather Trading	an operating segment of the Group which is engaged in the trading of leather
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Metal Trading	an operating segment of the Group which is engaged in the trading of scrap metal
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Non-executive Director(s)	the non-executive Director(s)
PRC	the People's Republic of China, which for the purpose of this report exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Remuneration Committee	the remuneration committee of the Company
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	the ordinary share(s) of HK$0.1 each in the share capital of the Company
Shareholder(s)	holder(s) of the Share(s)
Share Option Scheme	the share option scheme adopted by the Company on 18 July 2008
Stock Exchange	the Stock Exchange of Hong Kong Limited
USA	the United States of America
Year	the year ended 31 March 2011
HK$	Hong Kong dollars, the lawful currency of Hong Kong
RMB	Renminbi, the lawful currency of PRC
US$	United States dollars, the lawful currency of USA
%	per cent