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 2012

* For identification purpose only

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Shi Hua
(Chairman and Chief Executive Officer)
Mr. Law Fei Shing
Ms. Shen Mingzhen
Mr. Shi Jun

Non-executive Directors
Dr. Qi Xing Gang
Mr. Yu Ping

Independent Non-executive Directors
Ms. Tang Yan
Ms. Lau Siu Ngor
Mr. Fu Xiao Dong

COMPANY SECRETARY

Mr. Law Fei Shing

AUDIT COMMITTEE

Ms. Tang Yan
Ms. Lau Siu Ngor
Mr. Fu Xiao Dong

REMUNERATION COMMITTEE

Ms. Tang Yan
Ms. Lau Siu Ngor
Mr. Fu Xiao Dong

NOMINATION COMMITTEE

Mr. Shi Hua
Ms. Tang Yan
Ms. Lau Siu Ngor
Mr. Fu Xiao Dong

AUTHORISED REPRESENTATIVES

Mr. Shi Hua
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
Wing Lung Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2118, Leighton Centre
77 Leighton Road
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,

I am pleased to have the opportunity to lead the Company into becoming a first class cemetery developer and operator in PRC.

The Company turned a new page in its business by acquiring Anxian Yuan in November 2010. It has laid a solid foundation for further development and for building up cemetery brand name in PRC.

With sense of responsibility and expertise in cemetery operation, my team and I will step up effort in the course of business development, by way of generic growth and by acquisition.

The cemetery business in PRC has great potential as demand is there and cemetery land supply is limited. We are dedicated to capitalize this opportunity in order to maximize Shareholders' wealth.

I express my most sincere gratitude to your support and thank our business partners and staff for their effort and contribution during the Year.

Shi Hua
Chairman and Chief Executive Officer

Management Discussion and Analysis

BUSINESS REVIEW

During the Year, the Group continued its focus on Cemetery Business by further developing its existing cemetery and by acquiring new cemetery in the PRC.

In order to focus on Cemetery Business which the Directors believe has ample growth opportunities, the Group discontinued its business in Electronic Trading, Metal Trading and Leather Trading. During the Year, the Group's turnover was entirely from Cemetery Business.

During the Year, Anxian Yuan, a Company's subsidiary engaging cemetery business in Hangzhou, the PRC, continued to make contribution to the Group's bottom line. The Group acquired 41.2% equity interests in Anxian Yuan in November 2010 and further increased it to 51% in the Year through capital injection of RMB80 million. Details are set out in note 35 to the financial statements.

The Group actively search and acquire cemeteries with sizable undeveloped land banks across densely populated geographies in PRC. On 30 September 2011, the Company entered into an agreement with independent third parties to acquire a limited liability company, which is principally engaged in cemetery development and operation in Chongqing, the PRC. Further details of this acquisition are set out under acquisition and disposal of subsidiaries and associated companies below and in note 18 to the financial statements.

BUSINESS OUTLOOK

According to the National Bureau of Statistics of China, the population at or over the age of 65 in the PRC for 2010 was 119 million or 8.87% (2000: 6.96%) of total population. As China's population continues to age and per capita income to increase, there is an upward trend in the demand for cemetery services.

PRC cemetery service industry is an industry with significant barriers to entry because of limited supply of new cemetery land coupled with regulatory complexities and zoning restrictions. The Group has competitive edge over its competitors as a capable team with considerable knowledge and experience in cemetery services has already been assembled.

The Group has succeeded in entering into the PRC cemetery service industry by acquiring Anxian Yuan in 2010 and targets to acquire several more in the foreseeable future.

It is the objective of the Group to become a market leader and to build up national brand name in the industry, and the strategy of the Group to provide one-stop service from cemetery development to funeral and ancestral worship services.

Management Discussion and Analysis

FINANCIAL REVIEW

For the Year, the Group recorded net loss of approximately HK$120.9 million (2011: net profit of approximately HK$4.4 million) on turnover of approximately HK$64.7 million (2011: approximately HK$127.6 million).

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

1) A bad debt provision of HK$80 million made against a debtor (2011: nil) (Details are set out in note 24 to the financial statements);

2) Lower contribution from Anxian Yuan, by approximately HK$31.2 million, due to project delay; and

3) No gain on bargain purchase of subsidiary (2011: a gain of approximately HK$35.8 million).

During the Year, Anxian Yuan sold 1,047 tombs with average selling price of approximately RMB50,300. For the period from 19 November 2010, the date Anxian Yuan was acquired by the Group, to 31 March 2011, Anxian Yuan sold 320 tombs at approximately RMB44,800 each and 26,000 columbarium niches at RMB3,610 each, in average. As there were no sales of columbarium niches during the Year, the contribution from Anxian Yuan dropped approximately HK$31.2 million when compared with last financial year. Details are set out in note 5 to the financial statements – Segment Information. It is expected that a number of columbarium niches will be sold upon its completion in the foreseeable future.

Net assets of the Group as at 31 March 2012 was approximately HK$505 million (2011: approximately HK$537 million). During the Year, the Group raised approximately HK$109.7 million by placing and repurchased its Shares for approximately HK$3.3 million. Details are set out in note 32 to the financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the net cash outflow was approximately HK$37.0 million (2011: approximately HK$67.7 million). As at 31 March 2012, the cash and cash equivalents of the Group were approximately HK$52.1 million (2011: approximately HK$88.7 million). The Group has bank borrowings of approximately HK$77.7 million as at 31 March 2012 (2011: approximately HK$48.0 million).

Management Discussion and Analysis

GEARING RATIO

The gearing ratio (total liabilities/total assets) at the end of the Year was 0.34 (2011: 0.33).

CHARGES ON ASSETS

As at 31 March 2012, the Group's bank borrowing of approximately HK$18.5 million was secured by pledging of the Group's bank deposits of approximately HK$18.5 million. Details are set out in note 26 to the financial statements.

LITIGATION

No outstanding litigation of the Group as at 31 March 2012 was noted. Litigation subsequent to the end of the Year is set out in note 42 to the financial statements.

CONTINGENT LIABILITIES

No significant contingent liabilities of the Group were noted.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Year, the Group's business were mainly denominated in RMB and the fund raising activities were denominated in HK$. The PRC subsidiaries of the Group were operated in PRC. All transactions, assets and liabilities of the PRC subsidiaries were denominated in RMB and were translated into HK$ at year end date as foreign operations. No foreign currency hedge was made during the Year.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2012, the Group had 14 employees (including Directors) in Hong Kong (2011: 20 employees) and 5 employees in PRC (2011: 16 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.

Total staff costs (including Directors) for the Year amounted to approximately HK$16.2 million (2011: approximately HK$22.1 million), of which contribution to mandatory provident fund and share options granted were approximately HK$408,000 (2011: approximately HK$311,000) and HK$3.7 million (2011: approximately HK$7.4 million) respectively.

Management Discussion and Analysis

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group acquired 41.2% equity interest of Anxian Yuan on 19 November 2010 and increased such interest to 51% in May 2011 by injecting a sum of RMB80 million in Anxian Yuan. Details are set out in note 35 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 enterprise in Shanghai, the PRC. Since all the conditions precedent specified in the amended and restated agreement were not satisfied or waived by 30 November 2011, the amended and restated agreement was lapsed on 1 December 2011. Further details are set out in note 18 to the financial statements.

On 30 September 2011, the Company entered into a conditional agreement with independent third parties in relation to an acquisition of a limited liability company (the "Project Company") in the PRC, which is principally engaged in the business of developing and operating a cemetery in Chongqing, the PRC. Details of the acquisition are set out in the Company's announcements dated 13 October 2011 and 31 January 2012 respectively, and the related capital commitment is included in note 38 to the financial statements. As at 31 March 2012, the Company was still in the process of conducting the due diligence investigation in respect of the assets, liabilities, businesses and prospects of the Project Company and was yet to be satisfied with the results of the investigation. The Company will further update and announce the status of the acquisition as soon as reasonably practicable.

Management Profile

EXECUTIVE DIRECTORS

Mr. Shi Hua, aged 60, was appointed as an Executive Director on 20 June 2011. He was also the Chairman and the Chief Executive Officer as from 15 December 2011.

Mr. Shi 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 杭州富安刺繡服裝廠 (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.

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

Mr. Law Fei Shing, aged 52, was appointed as an Independent Non-executive Director on 4 June 2009 and was re-designated to Executive Director on 10 June 2009. He was also the company secretary of the Company as from 22 July 2011.

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 22 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; 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; and an executive director (August 2004 to December 2011), the company secretary (August 2004 to May 2011) and the chief executive officer (November 2007 to December 2011) of Energy International Investments Holdings Limited (stock code: 353), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Law is currently an executive director and company secretary of Bestway International Holdings Limited (stock code: 718), the shares of which 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.

* *For identification purpose only*

Management Profile

Ms. Shen Mingzhen, aged 58, was appointed as an Executive Director on 15 December 2011.

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.

She is currently a director and the chief financial officer of Anxian Yuan, a subsidiary of the Company since 19 November 2010.

Ms. Shen had no interest in Shares as at 31 March 2012.

Mr. Shi Jun, aged 30, was appointed as an Executive Director on 15 December 2011.

From 2003 to 2005, Mr. Shi Jun worked for 浙江富安移民經濟開發有限公司 (Zhejiang Fu An Immigration Economic Development Company Limited*) as a deputy business manager, and was responsible for business development. From 2005 to 2007, Mr. Shi Jun worked for 杭州好樂天禮儀服務有限公司 (Hangzhou Hao Le Tian Li Yi Fu Wu Company Limited*) as a deputy general manager responsible for the company's overall business.

In 2007, Mr. Shi Jun worked for Anxian Yuan (a subsidiary of the Company since 19 November 2010) as an assistant general manager responsible for the company's human resources and general business plan. He has been the general manager of Anxian Yuan since 2008, responsible for the company's overall daily operations. He is currently a director of Anxian Yuan.

Mr. Shi Jun had no interest in Shares as at 31 March 2012.

* *For identification purpose only*

Management Profile

NON-EXECUTIVE DIRECTOR

Dr. Qi Xing Gang, aged 39, was appointed as the Executive Director and the vice chairman of the Company on 1 August 2011. He was re-designated from the vice chairman to the Chairman on 17 August 2011. He ceased to be the Chairman and was re-designated to Non-executive Director on 15 December 2011.

Dr. Qi graduated from Business College of Holland Maastricht University with an excellent master degree in July 1999. He pursued his post-doctorate research in Finance at Xi'an Jiaotong University in 2004.

Dr. Qi worked as the deputy general manager in 上海期望資產管理有限公司 (Shanghai Expectations Asset Management Limited*) from August 1997 to December 1999. Since January 2000, he had worked for China Everbright Bank and held positions of chief lending referendary, vice president and president of sub-branch. He served as general manager of the corporate affair department of China Everbright Bank Shanghai branch from January 2007 to June 2011.

Dr. Qi had no interest in Shares as at 31 March 2012.

Mr. Yu Ping, aged 51, was appointed as an Independent Non-executive Director on 17 August 2010 and was re-designated to Executive Director on 1 May 2011. He was appointed as the Chief Executive Office on 17 August 2011. Mr. Yu ceased to be the Chief Executive Officer and was re-designated from Executive Director to Non-executive Director on 15 December 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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Tang Yan, aged 65, was appointed as an Independent Non-executive Director on 15 December 2011.

Ms. Tang graduated from Xian Highway University in 1970. From 1972 to 1978, Ms. Tang worked for 河南開封市委會生產指揮部 (Headquarter of Henan Kaifeng Production Department*). From 1978 to 1984, she worked for 杭州市交通局 (Hangzhou Transportation Bureau*). Since 1984, she had worked for 杭州市體改委 (Hangzhou Development and Reform Commission*) until retirement in 2002. Her last position was the director of 杭州市體改委生產體制處 (Production System Department in Hangzhou Development and Reform Commission*).

Ms. Tang had no interest in Shares as at 31 March 2012.

Ms. Lau Siu Ngor, aged 48, was appointed as an Independent Non-executive Director on 15 December 2011.

Ms. Lau received a Master degree in Business Administration from Lancaster University of the United Kingdom in 1995 and a Bachelor degree of Science (Honours) in Computer Studies from the City University of Hong Kong in 1993. She is a fellow member of the Chartered Institute of Management Accountants (CIMA) of the United Kingdom and a fellow member of the Hong Kong Institute of Certified Public Accountants (HKICPA). She had previously assumed the positions of financial controller and accountant in various companies and has extensive experience in financial industry. She is currently an independent non-executive director of Bestway International Holdings Limited (Stock code: 718).

Ms. Lau had no interest in Shares as at 31 March 2012.

Mr. Fu Xiao Dong, aged 59, was appointed as an Independent Non-executive Director on 1 April 2012.

Mr. Fu has become a qualified accountant of the People's Republic of China since 1992.

Mr. Fu was the deputy head of the Administration and Finance Division under Zhejiang Provincial Department of Finance from 1978 to 1995, and was responsible for the administration of budgets, final accounts, finance and accounting functions. Mr. Fu was the head of the Social Security Division under Zhejiang Provincial Department of Finance from 1995 to 2002, and was responsible for the administration of budgets, final accounts, finance and accounting of social security organizations. Mr. Fu acted as the head of the State-owned Assets General Administration Division under Zhejiang Provincial Department of Finance from 2002 to 2004, and was responsible for the general administration of assets, equity rights, finance and accounting of state-owned enterprises. Since 2004, Mr. Fu had been a deputy director of the State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province, and was responsible for the administration of assets, property and equity rights, finance and accounting of state-owned enterprises until 2010 when he retired from office.

Mr. Fu had no interest in Shares as at 31 March 2012.

* *For identification purpose only*

Management Profile

SENIOR MANAGEMENT

Mr. Chen Hui, aged 63, our general manager, 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 55, our chief designer, 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. Leung Woon Che, aged 58, is the Financial Controller of the Company. Mr. Leung joined the Company as Finance Manager in June 2009 and was promoted to the position of Financial Controller in July 2011. 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 a 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 pages 27 and 28.

The directors do not recommend the payment of any dividend for the Year (2011: Nil).

DONATIONS

The Group made no charitable donations during the Year (2011: Nil).

RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 March 2012, 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 32 to the financial statements.

LITIGATION

The Group had no outstanding litigation as at 31 March 2012. Details of the litigation incurred subsequent to the reporting date are set out in note 42 to the financial statements.

BORROWINGS

Details of borrowings of the Group as at 31 March 2012 are set out in note 30 to the financial statements.

EVENTS AFTER THE REPORTING DATE

Details of events after the reporting date are set out in note 42 to the financial statements.

Directors' Report

DIRECTORS

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

Executive Directors

Mr. Shi Hua *(Chairman and Chief Executive Officer)*	(Appointed as Executive Director on 20 June 2011 and as the Chairman and the Chief Executive Officer on 15 December 2011)
Mr. Law Fei Shing	
Ms. Shen Mingzhen	(Appointed on 15 December 2011)
Mr. Shi Jun	(Appointed on 15 December 2011)
Dr. Leung Chi Wah Earnest	(Resigned on 30 November 2011)
Mr. Wei Shu Jun	(Appointed on 1 August 2011 and resigned on 30 November 2011)

Non-executive Directors

Dr. Qi Xing Gang	(Appointed as Executive Director on 1 August 2011 and re-designated as Non-executive Director on 15 December 2011)
Mr. Yu Ping	(Re-designated from Non-executive Director to Executive Director on 1 May 2011 and re-designated from Executive Director to Non-executive Director on 15 December 2011)
Mr. Yeung Mui Kwan David	(Resigned on 30 November 2011)
Mr. Tu Zhimin	(Resigned on 30 November 2011)
Mr. Chan Chung Yin Victor	(Appointed as alternate Director to Mr. Yeung Mui Kwan David on 22 July 2011 and resigned on 5 August 2011)

Independent Non-executive Directors

Ms. Tang Yan	(Appointed on 15 December 2011)
Ms. Lau Siu Ngor	(Appointed on 15 December 2011)
Mr. Fu Xiao Dong	(Appointed on 1 April 2012)
Mr. Law Yui Lun	(Resigned on 16 December 2011)
Mr. So Livius	(Resigned on 4 April 2012)
Mr. Bian Yijun	(Appointed on 1 May 2011 and resigned on 16 December 2011)

DIRECTORS' SERVICE CONTRACTS

Mr. Shi Hua, Mr. Law Fei Shing, Mr. Yu Ping, Dr. Qi Xing Gang and Mr. Fu Xiao Dong have entered into a service contract with the Company for a period of one year from 20 June 2011, 10 June 2009, 17 August 2010, 1 August 2011 and 1 April 2012 respectively and will continue thereafter unless and until terminated by either party by not less than three months' prior notice. Each of Ms. Shen Mingzhen, Mr. Shi Jun, Ms. Tang Yan and Ms. Lau Siu Ngor has entered into a service contract with the Company for a period of one year from 15 December 2011 and will continue thereafter unless and until terminated by either party by not less than 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' INTERESTS IN SHARES, UNDERLYING SHARES & DEBENTURES

As at 31 March 2012, 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 *(3)*	Approximate percentage of interest in the Company
Mr. Shi Hua	Beneficial interests	153,500,000	
	Corporate interests *(1)*	101,500,000	In total 9.37%
Mr. Law Fei Shing	Beneficial interests	20,000,000	
	Beneficial interests *(2)*	19,000,000	In total 1.43%
Mr. So Livius	Beneficial interests *(2)*	1,900,000	0.07%
Mr. Yu Ping	Beneficial interests *(2)*	1,900,000	0.07%

Save as disclosed above, as at 31 March 2012, 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. 43,500,000 Shares and 58,000,000 Shares are beneficially owned by Cheer View Enterprises Limited and China Journey Peace International Ltd. respectively. The entire issued share capital of these two companies are wholly owned by Mr. Shi Hua

2. 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.

3. Pursuant to the resolution of the Board on 31 March 2012, an aggregate of 227,062,260 share options were granted to certain directors, employees and third parties on 2 April 2012 and vested immediately for their contributions made during the Year. Details are set out in the Company's announcements dated 31 March 2012 and 20 April 2012 respectively and note 34 to the financial statements.

Directors' Report

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

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 March 2012, the Company had not been notified of any substantial shareholders' interests, being 5% or more of the Company's shares and underlying shares, other than that of the Directors and the Chief Executive Officer.

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.

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 39 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.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year:

(i) The Group's five largest customers accounted for less than 30% of the Group's total turnover; and

(ii) The Group's five largest suppliers accounted for less than 30% 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.

Directors' Report

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, the Company repurchased 15,000,000 Shares by way of market acquisition on the Stock Exchange pursuant to the mandate given by the Shareholders. Details are set out in note 32 to the financial statements.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

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

Due to a merger of the businesses of Grant Thornton ("GTHK") and BDO Limited ("BDO") to practice in the name of BDO as announced by the Company on 30 November 2010, GTHK resigned as auditor of the Company on 30 November 2010 and BDO was appointed as auditor of the Company effective from 31 December 2010.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appointed BDO as auditor of the Company.

By Order of the Board
Mr. Shi Hua
Chairman and Chief Executive Officer
Hong Kong, 25 June 2012

Five Year Summary

Year ended 31 March	**2012**	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	**64,704**	135,467	27,265	362,990	315,804
(Loss)/Profit before income tax	**(121,494)**	18,358	(98,074)	(45,476)	(6,288)
Income tax credit/(expense)	**605**	(14,002)	–	–	(1,188)
(Loss)/Profit for the year	**(120,889)**	4,356	(98,074)	(45,476)	(7,476)
(Loss)/Profit attributable to:					
Owners of the Company	**(111,245)**	(20,335)	(98,074)	(45,476)	(7,476)
Non-controlling interests	**(9,644)**	24,691	–	–	–
	(120,889)	4,356	(98,074)	(45,476)	(7,476)
STATEMENT OF FINANCIAL POSITION					
Non-current assets	**490,692**	555,961	83,682	5,202	702
Net current assets	**115,238**	82,683	172,570	53,635	109,194
Non-current liabilities	**(100,996)**	(101,824)	–	–	(7,820)
Net assets	**504,934**	536,820	256,252	58,837	102,076
Non-controlling interests	**(170,806)**	(204,128)	–	–	–
Equity attributable to owners of the Company	**334,128**	332,692	256,252	58,837	102,076

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	
Mr. Shi Hua *(Chairman and Chief Executive Officer)*	(Appointed as Executive Director on 20 June 2011 and as the Chairman and the Chief Executive Officer on 15 December 2011)
Mr. Law Fei Shing	
Ms. Shen Mingzhen	(Appointed on 15 December 2011)
Mr. Shi Jun	(Appointed on 15 December 2011)
Dr. Leung Chi Wah Earnest	(Resigned on 30 November 2011)
Mr. Wei Shu Jun	(Appointed on 1 August 2011 and resigned on 30 November 2011)
Non-executive Directors	
Dr. Qi Xing Gang	(Appointed as Executive Director on 1 August 2011 and re-designated as Non-executive Director on 15 December 2011)
Mr. Yu Ping	(Re-designated from Non-executive Director to Executive Director on 1 May 2011 and re-designated from Executive Director to Non-executive Director on 15 December 2011)
Mr. Yeung Mui Kwan David	(Resigned on 30 November 2011)
Mr. Tu Zhimin	(Resigned on 30 November 2011)
Mr. Chan Chung Yin Victor	(Appointed as alternate Director to Mr. Yeung Mui Kwan David on 22 July 2011 and resigned on 5 August 2011)
Independent Non-executive Directors	
Ms. Tang Yan	(Appointed on 15 December 2011)
Ms. Lau Siu Ngor	(Appointed on 15 December 2011)
Mr. Law Yui Lun	(Resigned on 16 December 2011)
Mr. So Livius	(Resigned on 4 April 2012)
Mr. Bian Yijun	(Appointed on 1 May 2011 and resigned on 16 December 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 the Listing Rules 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.

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.

During the Year, Dr. Leung Chi Wah Earnest was the Chairman and the Chief Executive Officer up to 17 August 2011 and Mr. Shi Hua assumed the role of Chairman and Chief Executive Officer with effect from 15 December 2011. The appointment of Dr. Leung Chi Wah Earnest and Mr. Shi Hua as both the Chairman and the Chief Executive Officer are 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.

During the Year, the Board appointed Mr. Shi Hua, Mr. Law Fei Shing, Ms. Shen Mingzhen and Mr. Shi Jun as Executive Directors, Mr. Yu Ping and Dr. Qi Xing Gang as Non-executive Directors and Mr. So Livius, Ms. Tang Yan, and Ms. Lau Siu Ngor as Independent Non-executive Directors. All the aforesaid directors 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 2012, Remuneration Committee comprises three Independent Non-executive Directors, Mr. So Livius, Ms. Tang Yan and Ms. Lau Siu Ngor.

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 personnel 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 2012, Audit Committee comprises three Independent Non-executive Directors, Mr. So Livius, Ms. Tang Yan and Ms. Lau Siu Ngor.

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 audits and 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 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.

NOMINATION COMMITTEE

As at 31 March 2012, the Nomination Committee comprises Mr. Shi Hua, the Chairman and the Chief Executive Officer, and Ms. Tang Yan and Ms. Lau Siu Ngor, the Independent Non-executive Directors.

The Nomination Committee is accountable to the Board and its primary duties include: to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the issuer's corporate strategy; to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of Independent Non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

The Nomination Committee meets at least once a year and submits its written report to the Board after each Nomination Committee meeting.

AUDITOR'S REMUNERATION

The 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 25 and 26.

The audit fee incurred for the Group for the Year was approximately HK$495,000. No non-auditing service fee was paid/payable to the Company's auditor for the Year.

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, Remuneration Committee and Nomination 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.

Corporate Governance Report

During the Year, a total of 17 Board meetings, 2 Audit Committee meetings, 7 Remuneration Committee meetings and 1 Nomination Committee meeting were held and the attendance of each Director or member is set out below:

Board Meeting **Name of member**		**Number of meetings** **Attended**	**Eligible**
Mr. Shi Hua *(Chairman and Chief Executive Officer)*	(Appointed as Executive Director on 20 June 2011 and as the Chairman and the Chief Executive Officer on 15 December 2011)	11	13
Mr. Law Fei Shing		17	17
Ms. Shen Mingzhen	(Appointed on 15 December 2011)	4	4
Mr. Shi Jun	(Appointed on 15 December 2011)	4	4
Dr. Leung Chi Wah Earnest	(Resigned on 30 November 2011)	9	11
Mr. Wei Shu Jun	(Appointed on 1 August 2011 and resigned on 30 November 2011)	3	5
Dr. Qi Xing Gang	(Appointed as Executive Director on 1 August 2011 and re-designated as Non-executive Director on 15 December 2011)	10	11
Mr. Yu Ping	(Re-designated from Non-executive Director to Executive Director on 1 May 2011 and re-designated from Executive Director to Non-executive Director on 15 December 2011)	17	17
Mr. Yeung Mui Kwan David	(Resigned on 30 November 2011)	8	11
Mr. Tu Zhimin	(Resigned on 30 November 2011)	9	11
Mr. Chan Chung Yin Victor	(Appointed as alternate Director to Mr. Yeung Mui Kwan David on 22 July 2011 and resigned on 5 August 2011)	0	0
Ms. Tang Yan	(Appointed on 15 December 2011)	4	4
Ms. Lau Siu Ngor	(Appointed on 15 December 2011)	4	4
Mr. Law Yui Lun	(Resigned on 16 December 2011)	13	13
Mr. So Livius	(Resigned on 4 April 2012)	9	17
Mr. Bian Yijun	(Appointed on 1 May 2011 and resigned on 16 December 2011)	6	12

Audit Committee Meeting **Name of member**		**Number of meetings** **Attended**	**Eligible**
Ms. Tang Yan	(Appointed on 15 December 2011)	0	0
Ms. Lau Siu Ngor	(Appointed on 15 December 2011)	0	0
Mr. Law Yui Lun	(Resigned on 16 December 2011)	2	2
Mr. So Livius	(Resigned on 4 April 2012)	1	2
Mr. Bian Yijun	(Appointed on 1 May 2011 and resigned on 16 December 2011)	2	2

Remuneration Committee Meeting		Number of meetings	
Name of member		**Attended**	**Eligible**
Ms. Tang Yan	(Appointed on 15 December 2011)	1	2
Ms. Lau Siu Ngor	(Appointed on 15 December 2011)	2	2
Mr. Law Yui Lun	(Resigned on 16 December 2011)	6	6
Mr. So Livius	(Resigned on 4 April 2012)	5	7
Mr. Bian Yijun	(Appointed on 1 May 2011 and resigned on 16 December 2011)	2	5

Nomination Committee Meeting		Number of meetings	
Name of member		**Attended**	**Eligible**
Mr. Shi Hua *(Chairman and Chief Executive Officer)*	(Appointed as Executive Director on 20 June 2011 and as the Chairman and the Chief Executive Officer on 15 December 2011)	1	1
Ms. Tang Yan	(Appointed on 15 December 2011)	1	1
Ms. Lau Siu Ngor	(Appointed on 15 December 2011)	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 2012 or from 1 April 2011 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 2012. 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 27 to 104, which comprise the consolidated and company statements of financial position as at 31 March 2012, 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 consolidated 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

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 2012 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong, 25 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	**2012** **HK$'000**	2011 HK$'000 (Re-presented)
CONTINUING OPERATIONS			
Revenue	6	**64,704**	127,642
Cost of sales		**(16,802)**	(53,095)
Gross profit		**47,902**	74,547
Other income	6	**1,406**	1,932
Selling expenses		**(11,571)**	(9,840)
Administrative expenses		**(65,260)**	(80,591)
Other operating expenses		**(1,235)**	(1,653)
Impairment loss on other receivables	24	**(80,000)**	–
Operating loss		**(108,758)**	(15,605)
Finance costs	7	**(12,736)**	(1,797)
Gain on bargain purchase of subsidiary	35	**–**	35,813
(Loss)/profit before income tax	8	**(121,494)**	18,411
Income tax credit/(expense)	9	**605**	(14,002)
(Loss)/profit for the year from continuing operations		**(120,889)**	4,409
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	36	**–**	(53)
(Loss)/profit for the year		**(120,889)**	4,356
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**16,298**	7,782
Contingent consideration receivable		**2,731**	–
Other comprehensive income for the year, net of tax		**19,029**	7,782
Total comprehensive (loss)/income for the year		**(101,860)**	12,138

Consolidated Statement of Comprehensive Income (Continued)

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000 (Re-presented)
(Loss)/profit for the year attributable to:			
Owners of the Company	*10*	**(111,245)**	(20,335)
Non-controlling interests		**(9,644)**	24,691
From continuing and discontinued operations		**(120,889)**	4,356
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(99,636)**	(16,448)
Non-controlling interests		**(2,224)**	28,586
From continuing and discontinued operations		**(101,860)**	12,138
Loss per share for loss attributable to the owners of the Company during the year	*11*		
Basic (HK cents)			
– From continuing and discontinued operations		**(4.71)**	(1.00)
– From continuing operations		**(4.71)**	(1.00)
– From discontinued operations		**–**	–
Diluted (HK cents)			
– From continuing and discontinued operations		**N/A**	N/A
– From continuing operations		**N/A**	N/A
– From discontinued operations		**N/A**	N/A

Consolidated Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**10,331**	11,520
Investment properties	*15*	**2,163**	2,390
Intangible assets	*17*	**392,281**	379,625
Deposits for potential investments	*18*	**7,317**	80,000
Deferred expenditure	*19*	**78,600**	79,108
		490,692	552,643
Current assets			
Development and formation costs	*21*	**100,807**	6,216
Inventories		**8,302**	5,515
Trade receivables	*22*	**23,192**	93,559
Financial assets at fair value through profit or loss	*23*	**–**	3,031
Prepayments, deposits and other receivables	*24*	**71,977**	45,680
Available-for-sale financial asset		**2,731**	–
Amount due from a related company	*25*	**–**	420
Pledged bank deposits	*26*	**18,504**	–
Cash and bank balances	*27*	**52,099**	88,669
		277,612	243,090
Current liabilities			
Trade payables	*28*	**30,412**	32,526
Other payables, accruals, deposits received and receipts in advance	*29*	**23,639**	20,603
Bank borrowings	*30*	**77,717**	48,026
Amounts due to non-controlling interests	*31*	**1,119**	31,315
Tax payables		**29,487**	27,937
		162,374	160,407
Net current assets		**115,238**	82,683
Total assets less current liabilities		**605,930**	635,326

Consolidated Statement of Financial Position (Continued)

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current liabilities			
Receipts in advance	*29*	**5,056**	5,194
Deferred tax liabilities	*20*	**95,940**	93,312
		100,996	98,506
Net assets		**504,934**	536,820
EQUITY			
Share capital	*32*	**272,062**	212,062
Reserves	*33*	**62,066**	120,630
Equity attributable to owners of the Company		**334,128**	332,692
Non-controlling interests		**170,806**	204,128
Total equity		**504,934**	536,820

Shi Hua
Director

Law Fei Shing
Director

Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**448**	500
Deposit for a potential investment	*18*	**7,317**	–
Investments in subsidiaries	*16*	**9**	9
		7,774	509
Current assets			
Deposits and other receivables	*24*	**1,205**	844
Available-for-sale financial asset		**2,731**	–
Amounts due from subsidiaries	*16*	**356,101**	299,687
Amount due from a related company	*25*	**–**	420
Cash and bank balances	*27*	**26,202**	5,508
		386,239	306,459
Current liabilities			
Other payables and accruals	*29*	**547**	1,391
Amount due to a subsidiary	*16*	**370**	2
		917	1,393
Net current assets		**385,322**	305,066
Total assets less current liabilities/Net assets		**393,096**	305,575
EQUITY			
Share capital	*32*	**272,062**	212,062
Reserves	*33*	**121,034**	93,513
Total equity		**393,096**	305,575

Shi Hua
Director

Law Fei Shing
Director

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000 (Re-presented)
Cash flows from operating activities			
(Loss)/profit before income tax			
– From continuing operations		**(121,494)**	18,411
– From discontinued operations		**–**	(53)
(Loss)/profit before income tax		**(121,494)**	18,358
Adjustments for:			
Interest income	*6*	**(173)**	(98)
Imputed interest income	*6*	**–**	(401)
Dividend income	*6*	**–**	(34)
Interest expenses	*7*	**12,736**	1,797
Depreciation on property, plant and equipment	*8*	**3,197**	2,272
Depreciation on investment properties	*8*	**316**	102
Impairment loss on other receivables	*8*	**80,000**	–
Equity-settled share-based payments	*8*	**7,311**	32,763
Losses on disposals of property, plant and equipment	*8*	**272**	282
Write-off of property, plant and equipment	*8*	**271**	10
Write-off of deferred expenditure	*8*	**126**	–
Amortisation of deferred expenditure	*8*	**4,492**	1,424
Amortisation of intangible assets	*8*	**2,117**	2,590
Fair value loss on financial assets at fair value through profit or loss	*8*	**1,235**	1,653
Gain on bargain purchase of subsidiaries	*35*	**–**	(35,813)
Operating (loss)/profit before working capital changes		**(9,594)**	24,905
(Increase)/Decrease in development and formation costs		**(91,117)**	2,283
(Increase)/Decrease in inventories		**(2,339)**	445
Decrease/(Increase) in trade receivables		**74,016**	(89,198)
Proceeds from financial assets at fair value through profit or loss		**1,796**	2,401
Increase in prepayments, deposits and other receivables		**(24,192)**	(31,916)
Decrease/(Increase) in amounts due from a related company		**420**	(75)
(Decrease)/Increase in trade payables		**(3,383)**	10,052
Increase in other payables, accruals and deposits received		**1,348**	13,229
Cash used in operations		**(53,045)**	(67,874)
Interest paid		**(14,424)**	(536)
Income taxes refunded		**–**	1,144
Dividend received		**–**	34
Net cash used in operating activities		**(67,469)**	(67,232)

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000 (Re-presented)
Cash flows from investing activities			
Deposits paid for potential investment	18	**(7,317)**	–
Acquisition of property, plant and equipment	14	**(2,293)**	(2,290)
Proceeds from disposals of property, plant and equipment		**113**	483
Purchases of deferred expenditures	19	**(1,097)**	(2,051)
Increase in pledged bank deposits		**(18,504)**	–
Interest received		**173**	98
Acquisition of subsidiary (net of cash and cash equivalents)	35	**–**	(14,918)
Net cash used in investing activities		**(28,925)**	(18,678)
Cash flows from financing activities			
Proceeds from bank borrowings		**77,717**	48,324
Repayments of bank borrowings		**(48,026)**	(18,328)
Proceeds from issuance of shares		**112,200**	–
Share issue expenses		**(2,494)**	–
Repurchase of shares		**(3,286)**	–
Decrease in amounts due to non-controlling interests		**(76,717)**	(11,786)
Net cash generated from financing activities		**59,394**	18,210
Net decrease in cash and cash equivalents		**(37,000)**	(67,700)
Cash and cash equivalents at beginning of the year		**88,669**	155,628
Effect of foreign exchange rate changes, net		**430**	741
Cash and cash equivalents at end of the year		**52,099**	88,669
Analysis of cash and cash equivalents			
Cash and bank balances	27	**52,099**	88,669

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	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 2010	197,562	207,887	88	21,678	(170,963)	256,252	–	256,252
Acquisition of subsidiary *(note 35)*	–	–	–	–	–	–	175,542	175,542
Issue of shares, net of issue expenses	14,500	45,625	–	–	–	60,125	–	60,125
Equity-settled share-based payments	–	–	–	32,763	–	32,763	–	32,763
Transactions with owners	14,500	45,625	–	32,763	–	92,888	175,542	268,430
(Loss)/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	–	–	–	(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

	Share capital HK$'000	Share premium* HK$'000	Exchange reserve* HK$'000	Share-based compensation reserve* HK$'000	Available-for-sale financial asset 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 2011	212,062	253,512	3,975	42,257	–	(179,114)	332,692	204,128	536,820
Issue of shares, net of issue expenses *(note 32(a))*	61,500	48,206	–	–	–	–	109,706	–	109,706
Repurchase and cancellation of shares, net of expenses *(note 32(b))*	(1,500)	(1,786)	–	–	–	–	(3,286)	–	(3,286)
Additional investment in a subsidiary *(note 35)*	–	–	–	–	–	(12,659)	(12,659)	12,659	–
Equity-settled share-based payments *(note 34)*	–	–	–	7,311	–	–	7,311	–	7,311
Dividend	–	–	–	–	–	–	–	(43,757)	(43,757)
Transactions with owners	60,000	46,420	–	7,311	–	(12,659)	101,072	(31,098)	69,974
Loss for the year	–	–	–	–	–	(111,245)	(111,245)	(9,644)	(120,889)
Other comprehensive income									
Contingent consideration receivable *(note 35(vi))*	–	–	–	–	2,731	–	2,731	–	2,731
Exchange gain on translation of financial statements of foreign operations	–	–	8,878	–	–	–	8,878	7,420	16,298
Total comprehensive income/(loss) for the year	–	–	8,878	–	2,731	(111,245)	(99,636)	(2,224)	(101,860)
Lapse of share options	–	–	–	(3,507)	–	3,507	–	–	–
Cancellation of share options *(note 34)*	–	–	–	(18,215)	–	18,215	–	–	–
Balance at 31 March 2012	272,062	299,932	12,853	27,846	2,731	(281,296)	334,128	170,806	504,934

* *These reserve accounts comprise the consolidated reserves of approximately HK$62,066,000 (2011: HK$120,630,000) in the consolidated statement of financial position.*

Notes to the Financial Statements
For the year ended 31 March 2012

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. The Company's principal place of business in Hong Kong was changed from Suite 3908, Shell Tower, Times Square, Causeway Bay, Hong Kong to Room 2118, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong, with effect from 1 February 2012. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries (together with the Company are collectively referred to as the "Group") are set out in note 16 to the financial statements. The Group's principal places of the business are in Hong Kong and in the People's Republic of China (the "PRC").

Pursuant to a written resolution passed on 4 July 2011, the directors resolved that the Group's electronic trading, metal trading and leather trading businesses were discontinued effective from 4 July 2011 in light of its long-term strategy in the cemetery business.

These three business segments are collectively referred as the Discontinued Operations (note 36) and the Group has a single segment activity in cemetery business for the year, details of which are set out in note 5 to the financial statements.

On 19 November 2010 (the "Acquisition Date"), the Group completed its acquisition in respect of 41.2% equity interests in a Group's subsidiary, 浙江安賢陵園有限責任公司 Zhejiang Anxian Yuan Company Limited* ("Anxian Yuan"), from independent third parties. According to the acquisition agreement (the "Acquisition Agreement"), the Group appointed a nominee (the "Nominee") as the registered owner for its 41.2% equity interests in Anxian Yuan and entered into contractual agreements (the "Contractual Agreements") to obtain control over the operating and financial polices of Anxian Yuan, which became a subsidiary of the Group and its financial results have been consolidated into the Group's financial statement from the Acquisition Date.

Pursuant to the Acquisition Agreement, during the year, the Group further invested capital with an aggregate of RMB80,000,000 into Anxian Yuan. Equity interests in Anxian Yuan held by the Group were increased by 9.8% from 41.2% to 51%. Details are set out in note 35 to the financial statements.

On 27 October 2011, Anxian Yuan was granted a certificate of approval and became a sino-foreign equity joint venture in the PRC. Accordingly, all Contractual Agreements were terminated and the Group has indirect holding relationship in Anxian Yuan through its subsidiary, Anxian Yuan (HK) Limited ("Anxian HK").

Other than the termination of the Discontinued Operations and additional investment in Anxian Yuan as described above, there were no significant changes in the Group's operations during the year.

* *For identification purpose only.*

1. GENERAL INFORMATION (CONTINUED)

The financial statements on pages 27 to 104 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("the HKFRSs"), collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules").

The financial statements are presented in Hong Kong Dollars ("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 comparative consolidated statement of comprehensive income and consolidated statement of cash flows and their corresponding notes have been restated in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as if the operations discontinued during the current year had been discontinued at the beginning of the comparative period.

The financial statements for the year ended 31 March 2012 were approved for issue by the board of directors on 25 June 2012.

2. ADOPTION OF NEW AND AMENDED HKFRSs

(a) Adoption of new/revised HKFRSs – effective 1 April 2011

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2011:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of the New HKFRSs and interpretations has no significant impact on the Group's financial statements.

HKFRS 3 (Amendments) – Business Combinations

As part of the improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements.

2. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

(a) Adoption of new/revised HKFRSs – effective 1 April 2011 (Continued)

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition. The adoption of HKAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

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

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.

Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[2]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 9 and Amendments to HKFRS 9	Financial Instruments[6]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[3]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

2. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

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

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 improve the 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.

Amendments to HKFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKFRS 7 issue new disclosure requirements in relation to the offsetting models of financial assets and financial liabilities. The amendments also improve the transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. The Group expects to adopt the amendments from 1 January 2013.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 – Financial Instruments

Under HKFRS 9, 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, classification 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)

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority.

The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

The directors of the Company 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 and available-for-sale financial asset 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deconsolidated from the date that control ceases.

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

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 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 interests 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 non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

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 interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Business combination and basis of consolidation (Continued)

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 interest 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.

3.3 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.

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 at 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 dealt with in exchange 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 rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Foreign currency translation (Continued)

Other exchange differences arising from the translation of the net investment are taken to shareholders' equity. 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 method 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 in the year in which they are incurred.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Investment properties (Continued)

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 and interests in subsidiaries are subject to impairment testing. All other 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 of other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflow independently (i.e. a cash-generating units "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.

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 year in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial assets

The Group's financial assets mainly include trade receivables, available-for-sale financial asset, financial assets at fair value through profit or loss, deposits and other receivables, amount due from a related company, pledged bank deposits 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.

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; or

– 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial assets (Continued)

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

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 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.

(iii) Available for sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial assets (Continued)

Impairment of financial assets (Continued)

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 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.

Available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

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 amounts 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.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. 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 borrowings using the effective interest method.

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, amounts due to non-controlling interests and amounts due to subsidiaries

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

3.11 Development and formation costs

The development and formation costs represents development cost incurred for tombs and columbarium niches in the cemetery site which are stated at cost less any impairment losses, and are transferred to inventories when relevant tombs/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 in the case of finished goods, which represent tombs and columbarium niches, 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 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 investments or 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 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

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

As described in note 1 to the financial statements, pursuant to a written resolution passed on 4 July 2011, the directors resolved that the Group's electronic trading, metal trading and leather trading businesses were discontinued effective from 4 July 2011 in light of its long-term strategy in the cemetery business. Accordingly the Group has a single business segment, namely cemetery business, for the year.

The operating segment 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. 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.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operations is abandoned.

When an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, 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.

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

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.

(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.

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

(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; 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 34 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.

As described in note 1 to the financial statements, pursuant to a written resolution passed on 4 July 2011, the directors resolved that the Group's electronic trading, metal trading and leather trading businesses were discontinued effective from 4 July 2011 in light of its long-term strategy in the cemetery business. These three business segments are collectively referred as the Discontinued Operations (note 36). Accordingly the Group has a single business segment, namely cemetery business, for the year.

5. SEGMENT INFORMATION (CONTINUED)

There was no inter-segment sale and transfer during the year (2011: Nil). Information on the Group's reportable segments provided to the executive directors is set out below:

2012	**Continuing Operations Cemetery Business HK$'000**	**Total HK$'000**
From external customers		
Reportable segment revenue	**64,704**	**64,704**
Reportable segment profit	**10,771**	**10,771**
Interest income	**158**	**158**
Imputed interest expense	**(1,543)**	**(1,543)**
Depreciation	**(2,772)**	**(2,772)**
Amortisation of intangible assets	**(2,117)**	**(2,117)**
Amortisation of deferred expenditure	**(4,492)**	**(4,492)**
Income tax	**536**	**536**
Reportable segment assets	**664,432**	**664,432**
Additions to non-current segment assets	**2,777**	**2,777**
Reportable segment liabilities	**(261,777)**	**(261,777)**

2011	Continuing Operations Cemetery Business HK$'000	Total HK$'000
From external customers		
Reportable segment revenue	127,642	127,642
Reportable segment profit	41,992	41,992
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	608,869	608,869
Additions to non-current segment assets	465,296	465,296
Reportable segment liabilities	(254,687)	(254,687)

5. SEGMENT INFORMATION (CONTINUED)

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

	2012 **HK$'000**	2011 HK$'000
Reportable segment revenue	**64,704**	127,642
Reportable segment results	**10,771**	41,992
Equity-settled share-based payments	**(7,311)**	(32,763)
Finance costs	**(11,193)**	–
Impairment loss on other receivables	**(80,000)**	–
Operating lease charges	**(4,149)**	(3,872)
Other unallocated income and expenses	**(29,007)**	(36,761)
Gain on bargain purchase of subsidiary	**–**	35,813
(Loss)/profit for the year	**(120,889)**	4,409
Reportable segment assets	**664,432**	608,869
Corporate assets	**103,872**	186,864
Group assets	**768,304**	795,733
Reportable segment liabilities	**261,777**	254,687
Corporate liabilities	**1,593**	4,226
Group liabilities	**263,370**	258,913

During the year, there was no customer with whom transactions had exceeded 10% of the Group's revenue.

For the year ended 31 March 2011, approximately HK$110,711,000 or 82% of the Group's revenue was derived from a single customer in the cemetery business segment. As at 31 March 2011, approximately HK$93,559,000 was due from the above customer.

5. SEGMENT INFORMATION (CONTINUED)

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:

	2012	2011
	HK$'000	HK$'000
Continuing operations		
The PRC	**64,704**	127,642

Geographical location of customers is based on the location at which the services were provided or the goods were delivered. Geographical location of non-current assets is based on the physical location of these assets. The Company is an investment holding company where the Group has majority of its corporate decision making in Hong Kong, and therefore, Hong Kong is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

Non-current assets:

	2012	2011
	HK$'000	HK$'000
Hong Kong (domicile)	**7,766**	80,884
The PRC	**482,926**	471,759
Total	**490,692**	552,643

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:

	2012 HK$'000	2011 HK$'000 (Re-presented)
Continuing operations		
Revenue		
Sales of tombs and niches	64,084	127,558
Management fee income	620	84
	64,704	127,642
Other revenue		
Interest income on financial assets stated at amortised cost	173	98
Imputed interest income	–	401
Share of office expenses recharged	702	834
Dividend income from financial assets at fair value through profit or loss	–	34
Sundry income	531	565
Other income	1,406	1,932

7. FINANCE COSTS

	2012 HK$'000	2011 HK$'000 (Re-presented)
Continuing operations		
Interest charged on:		
Bank borrowings stated at amortised cost wholly repayable within five years	3,231	536
Other borrowings stated at amortised cost wholly repayable within five years	11,193	–
Less: Amount capitalised in development and formation costs	(3,231)	(536)
Trade payables wholly repayable within five years	197	528
Amount due to non-controlling interests wholly repayable within five years	1,346	1,269
	12,736	1,797

* *Borrowing cost were capitalised at the rates of 33% (2011: Nil) per annum for the year ended 31 March 2012.*

8. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2012 HK$'000	2011 HK$'000 (Re-presented)
Continuing operations		
Amortisation of intangible assets	**2,117**	2,590
Amortisation of deferred expenditure	**4,492**	1,424
Auditor's remuneration	**495**	468
Cost of inventories recognised as an expense	**9,091**	49,081
Depreciation		
– Property, plant and equipment	**3,197**	2,269
– Investment properties	**316**	102
Equity-settled share-based payments	**7,311**	32,763
Exchange losses, net	**27**	192
Fair value loss on financial assets at fair value through profit or loss *	**1,235**	1,653
Impairment loss on other receivables *(note 24)*	**80,000**	–
Losses on disposals of property, plant and equipment	**272**	282
Operating lease charges in respect of premises	**5,665**	4,448
Write-off of property, plant and equipment	**271**	–
Write-off of deferred expenditure	**126**	–

* *Included in other operating expenses.*

9. INCOME TAX (CREDIT)/EXPENSE

	2012 HK$'000	2011 HK$'000
Continuing operations		
Current tax – the PRC		
Charged for the year	**461**	13,804
Deferred tax *(note 20)*		
Charged for the year	**389**	105
Credited for the year	**(923)**	(772)
Withholding tax *(note 20)*	**(532)**	865
	(605)	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 (CREDIT)/EXPENSE (CONTINUED)

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

	2012 **HK$'000**	2011 HK$'000 (Re-presented)
(Loss)/profit before income tax	**(121,494)**	18,411
Income tax at Hong Kong profits tax rate of 16.5% (2011: 16.5%)	**(20,047)**	3,029
Tax effect of different taxation rate in other tax jurisdiction	**(979)**	3,031
Tax effect of non-taxable income	**(925)**	(6,696)
Tax effect of non-deductible expense	**15,213**	7,309
Tax effect of unrecognised deferred tax (liabilities)/ assets	**362**	149
Tax losses utilised from previous period	**(2,324)**	(72)
Tax effect of unused tax loss not recognised	**8,166**	6,387
Tax effect of withholding tax *(note 20(b))*	**(532)**	865
Tax effect of tax on dividend income	**461**	–
Income tax (credit)/expense	**(605)**	14,002

10. LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Of the consolidated loss attributable to the owners of the Company of approximately HK$111,245,000 (2011: HK$20,335,000), a loss of approximately HK$28,941,000 (2011: HK$48,430,000) has been dealt with in the financial statements of the Company.

11. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on the following data:

	2012 HK$'000	2011 HK$'000 (Re-presented)
Loss for the year, attributable to owners of the Company		
from continuing operations	**(111,245)**	(20,282)
from discontinued operations	**–**	(53)
	(111,245)	(20,335)

Number of shares	**2012 ('000)**	2011 ('000)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,363,491**	2,028,061

Diluted loss per share for the years ended 31 March 2012 and 2011 is not presented because the potential ordinary shares are anti-dilutive.

12. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2012 HK$'000	2011 HK$'000
Salaries, allowances and benefits in kind	**11,342**	12,682
Discretionary bonus	**764**	1,701
Contributions to defined contribution plans	**408**	311
Equity-settled share-based payments	**3,703**	7,389
	16,217	22,083

13. DIRECTORS' REMUNERATION 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
2012					
Executive directors					
Shi Hua ("Mr. Shi Hua") *(a)*	**281**	**–**	**–**	**870**	**1,151**
Law Fei Shing ("Mr. Law")	**960**	**680**	**12**	**258**	**1,910**
Shen Mingzhen ("Ms. Shen") *(b)*	**71**	**–**	**–**	**870**	**941**
Shi Jun ("Mr. Shi Jun") *(b)*	**71**	**–**	**–**	**870**	**941**
Leung Chi Wah Earnest ("Dr. Leung") *(c)*	**1,334**	**–**	**8**	**–**	**1,342**
Wei Shu Jun *(d)*	**240**	**–**	**–**	**–**	**240**
Non-executive directors					
Qi Xing Gang ("Dr. Qi") *(e)*	**728**	**–**	**–**	**64**	**792**
Yu Ping ("Mr. Yu") *(f)*	**768**	**–**	**–**	**64**	**832**
Yeung Mui Kwan David ("Mr. Yeung") *(g)*	**120**	**–**	**–**	**–**	**120**
Tu Zhimin ("Mr. Tu") *(g)*	**120**	**–**	**–**	**–**	**120**
Independent non-executive directors					
Tang Yan ("Ms. Tang") *(h)*	**36**	**–**	**–**	**64**	**100**
Lau Siu Ngor ("Ms. Lau") *(h)*	**36**	**–**	**–**	**64**	**100**
Law Yui Lun ("Mr. YL Law") *(i)*	**127**	**–**	**–**	**–**	**127**
So Livius ("Mr. So") *(j)*	**162**	**–**	**–**	**–**	**162**
Bian Yijun *(k)*	**112**	**–**	**–**	**–**	**112**
	5,166	**680**	**20**	**3,124**	**8,990**
2011					
Executive directors					
Dr. Leung	1,800	–	12	–	1,812
Mr. Law	960	–	12	408	1,380
Non-executive directors					
Mr. Yeung *(g)*	180	–	–	126	306
Mr. Tu *(g)*	61	–	–	–	61
Independent non-executive directors					
Mr. YL Law *(i)*	180	–	–	126	306
Mr. So *(j)*	180	–	–	126	306
Serge Salomon Choukroun *(l)*	75	–	–	–	75
Mr. Yu *(f)*	112	–	–	188	300
	3,548	–	24	974	4,546

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

13.1 Directors' emoluments (Continued)

Notes:

(a) Appointed as executive director on 20 June 2011 and appointed as the chairman and the chief executive officer on 15 December 2011.

(b) Appointed on 15 December 2011.

(c) Resigned on 30 November 2011.

(d) Appointed on 1 August 2011 and resigned on 30 November 2011.

(e) Dr. Qi was appointed as executive director and the vice chairman of the Company on 1 August 2011 and re-designated as the chairman of the Company on 17 August 2011. On 15 December 2011, he ceased to be the chairman and re-designated as an non-executive director.

(f) Mr. Yu was re-designated as the executive director on 1 May 2011 and appointed as the chief executive officer of the Company on 17 August 2011. On 15 December 2011, he ceased to be the chief executive officer and re-designated as an non-executive director.

(g) Resigned on 30 November 2011.

(h) Appointed on 15 December 2011.

(i) Resigned on 16 December 2011.

(j) Resigned on 4 April 2012.

(k) Appointed on 1 May 2011 and resigned on 16 December 2011.

(l) Resigned on 17 August 2010.

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 34.

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

13.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included five (2011: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals for the year ended 31 March 2011 are as follows:

	2011 HK$'000
Salaries, allowances and benefits in kind	1,648
Contributions to defined contribution plans	26
Equity-settled share-based payments	3,950
	5,624

The emoluments fell within the following bands:

	Number of individuals 2011
Emolument bands	
HK$1,000,000 – HK$1,500,000	1
HK$1,500,001 – HK$2,000,000	–
HK$2,000,001 – HK$2,500,000	2

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 2012 and 2011.

14. PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY

Group

	Buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 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 book amount	–	785	2,146	751	3,682
Acquisition of subsidiary *(note 35)*	6,396	304	1,614	53	8,367
Additions	–	300	1,990	–	2,290
Disposals	–	–	(765)	–	(765)
Write-off	–	(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 and 1 April 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**
Year ended 31 March 2012					
Opening net book amount	**6,135**	**1,084**	**4,256**	**45**	**11,520**
Additions	**–**	**372**	**1,579**	**342**	**2,293**
Disposals	**–**	**–**	**(382)**	**(3)**	**(385)**
Write-off	**–**	**(271)**	**–**	**–**	**(271)**
Depreciation	**(1,187)**	**(468)**	**(1,487)**	**(55)**	**(3,197)**
Exchange realignment	**222**	**17**	**130**	**2**	**371**
Closing net carrying amount	**5,170**	**734**	**4,096**	**331**	**10,331**
At 31 March 2012					
Cost	**6,783**	**1,387**	**5,879**	**394**	**14,443**
Accumulated depreciation	**(1,613)**	**(653)**	**(1,783)**	**(63)**	**(4,112)**
Net carrying amount	**5,170**	**734**	**4,096**	**331**	**10,331**

At 31 March 2012, the Group's buildings with aggregated net carrying amounts of approximately HK$4,905,000 (2011: HK$5,801,000) were situated on the land in the PRC granted to Anxian Yuan, a subsidiary of the Group, 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$265,000 as at 31 March 2012 (2011: HK$334,000) were situated in the PRC and are held on leases under medium term.

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

Company

	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 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 book amount	626	751	1,377
Additions	45	–	45
Depreciation	(171)	(751)	(922)
Closing net carrying amount	500	–	500
At 31 March 2011 and 1 April 2011			
Cost	**967**	**890**	**1,857**
Accumulated depreciation	**(467)**	**(890)**	**(1,357)**
Net carrying amount	**500**	**–**	**500**
Year ended 31 March 2012			
Opening net book amount	**500**	**–**	**500**
Additions	**61**	**342**	**403**
Depreciation	**(162)**	**(29)**	**(191)**
Write-off	**(264)**	**–**	**(264)**
Closing net carrying amount	**135**	**313**	**448**
At 31 March 2012			
Cost	**342**	**342**	**684**
Accumulated depreciation	**(207)**	**(29)**	**(236)**
Net carrying amount	**135**	**313**	**448**

15. INVESTMENT PROPERTIES – GROUP

	2012 HK$'000	2011 HK$'000
At 1 April		
Cost	**2,493**	–
Accumulated depreciation	**(103)**	–
Net carrying amount	**2,390**	–
During the year		
Opening net carrying amount	**2,390**	–
Acquisition of subsidiary *(note 35)*	**–**	2,442
Depreciation	**(316)**	(102)
Exchange realignment	**89**	50
Closing net carrying amount	**2,163**	2,390
At 31 March		
Cost	**2,590**	2,493
Accumulated depreciation	**(427)**	(103)
Net carrying amount	**2,163**	2,390

As at 31 March 2012, investment properties with a carrying amount of HK$2,163,000 (2011: HK$2,390,000) represent certain restricted properties situated in the PRC which are not allowed to trade 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, equivalent to approximately HK$2,590,000.

16. INTERESTS IN SUBSIDIARIES – COMPANY

	2012 **HK$'000**	2011 HK$'000
Unlisted shares, at cost	**9**	9
Amounts due from subsidiaries	**372,881**	378,953
Amount due to a subsidiary	**(370)**	(2)
	372,520	378,960
Less: Provision for impairment *	**(16,780)**	(79,266)
	355,740	299,694

* *Impairment of approximately HK$16,780,000 (2011: HK$79,266,000) was recognised for certain amounts due from subsidiaries out of total carrying amount of approximately HK$372,881,000 (2011: HK$378,953,000). In the opinion of the directors of the Company, certain subsidiaries have been loss-making for a lengthy period of time and the amounts due from these subsidiaries are considered not recoverable.*

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

	2012 **HK$'000**	2011 HK$'000
At the beginning of the year	**(79,266)**	(75,736)
Impairment loss recognised	**(5,757)**	(3,530)
Write off of receivables *(note)*	**68,243**	–
At the end of the year	**(16,780)**	(79,266)

Note: The write-off was made following the dissolution of a subsidiary of the Group.

16. INTERESTS IN SUBSIDIARIES – COMPANY (CONTINUED)

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 2012 are as follows:

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

16. INTERESTS IN SUBSIDIARIES – COMPANY (CONTINUED)

Name of company	Place/country of incorporation	Issued and fully paid share/Paid up capital	Percentage of equity interest held by the Company directly	Percentage of equity interest held by the Company indirectly	Principal activities and places of operations
Peaceful International Holdings Limited	Hong Kong, limited liability company	HK$1	–	100%	Investment holding, Hong Kong
Anxian HK	Hong Kong, limited liability company	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 *	The PRC, foreign owned enterprise	US$5,000,000	–	100%	Management services, PRC
Anxian Yuan *(i)*	The PRC, sino-foreign equity joint venture	RMB85,000,000 (2011: RMB5,000,000)	–	51% (2011: 41.2%)	Cemetery business, PRC

* *For identification purpose only.*

Notes:

(i) During the year, Anxian Yuan became a sino-foreign equity joint venture under the laws of the PRC. Its paid up capital was increased from RMB5,000,000 to RMB85,000,000, of which RMB41,290,000 and RMB38,710,000 were contributed by the Group and a director, Mr. Shi Hua, respectively (note 35).

(ii) The Group's subsidiary, namely Kingston Recycling Limited, was dissolved during the year.

17. INTANGIBLE ASSETS – GROUP

	Allocated land and cemetery operating licence	
	2012	2011
	HK$'000	HK$'000
At 1 April		
Cost	**382,234**	–
Accumulated amortisation	**(2,609)**	–
Net carrying amount	**379,625**	–
During the year		
Opening net carrying amount	**379,625**	–
Acquisition of subsidiary *(Note 35)*	**–**	374,436
Amortisation	**(2,117)**	(2,590)
Exchange realignment	**14,773**	7,779
Closing net carrying amount	**392,281**	379,625
At 31 March		
Cost	**397,143**	382,234
Accumulated amortisation	**(4,862)**	(2,609)
Net carrying amount	**392,281**	379,625

Intangible assets represented 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 have reviewed and adopted the techniques used by LCH for initial measurement of the intangible assets. In the opinion of the directors, the objective of LCH's valuation is to estimate fair value which reflects the current transactions and practices in the industry to which the asset belongs. The accounting policy including amortisation basis is set out in note 3.23.

18. DEPOSITS FOR POTENTIAL INVESTMENTS – GROUP AND COMPANY

Group

	2012 **HK$'000**	2011 HK$'000
Acquisition of the Topace Group *(note (a))*	**–**	80,000
Acquisition of a subsidiary in Chongqing, the PRC *(note (b))*	**7,317**	–
	7,317	80,000

Company

	2012 **HK$'000**	2011 HK$'000
Acquisition of a subsidiary in Chongqing, the PRC *(note (b))*	**7,317**	–

Note :

(a) 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 into 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. The Topace Group is principally engaged in cemetery operation in Shanghai, the PRC. Details of this potential investment are set out in the Company's circulars dated 24 December 2009 and 15 February 2011.

On 30 November 2010, Sino Grandeur entered into an amended and restated agreement, which superseded 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. Thus, the refundable deposit of HK$80,000,000 continued as a part of the consideration to acquire the Topace Group. As at 31 March 2011, the acquisition of the Topace Group had not been completed and thus the refundable deposit was treated as a non-current deposit.

On 30 May 2011, Sino Grandeur entered into an agreement with Mr. Fu to extend the long stop date for the completion of the potential investments in the Topace Group to 30 November 2011. Nevertheless, as announced by the Company on 1 December 2011, as conditions precedent specified in the amended and restated agreement were not satisfied or waived by 30 November 2011, the amended and restated agreement was lapsed on 1 December 2011 and the refundable deposit of HK$80,000,000 was re-classified to other receivable from 1 December 2011 (note 24).

(b) On 30 September 2011, the Company entered into an agreement with independent third parties to acquire a limited liability company in the PRC, which is principally engaged in cemetery development and operation in Chongqing, the PRC. Details of this potential acquisition are set out in the Company's announcements dated 13 October 2011 and 31 January 2012.

Pursuant to the agreement, a refundable deposit of RMB6,000,000 (equivalent to approximately HK$7,317,000) was paid to the vendors during the year and the capital commitment as at 31 March 2012 was approximately RMB130,800,000 (equivalent to approximately HK$159,512,000).

As at 31 March 2012, this potential acquisition has not been completed and the refundable deposit is accounted for as a non-current deposit.

19. DEFERRED EXPENDITURE – GROUP

	2012 HK$'000	2011 HK$'000
At 1 April		
Cost	**87,289**	–
Accumulated amortisation	**(8,181)**	–
Net carrying amount	**79,108**	–
Opening net carrying amount	**79,108**	–
Acquisition of subsidiary *(Note 35)*	**–**	76,890
Additions	**1,097**	2,051
Write-off	**(126)**	–
Amortisation	**(4,492)**	(1,424)
Exchange realignment	**3,013**	1,591
Closing net carrying amount	**78,600**	79,108
At 31 March		
Cost	**91,664**	87,289
Accumulated depreciation and impairment	**(13,064)**	(8,181)
Net carrying amount	**78,600**	79,108

20. DEFERRED TAX – GROUP

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

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

	Decelerated tax amortisation HK$'000	Impairment loss on investment properties HK$'000	Intangible assets HK$'000 *(note (a))*	Withholding tax HK$'000 *(note (b))*	Total HK$'000
At 1 April 2010					
Acquisition of subsidiary *(note 35)*	2,802	552	(94,573)	–	(91,219)
(Charged)/credited to profit or loss for the year	(105)	–	772	(865)	(198)
Exchange realignment	57	12	(1,964)	–	(1,895)
At 31 March 2011 and 1 April 2011	**2,754**	**564**	**(95,765)**	**(865)**	**(93,312)**
(Charged)/credited to profit or loss for the year *(note 9)*	**(389)**	**–**	**923**	**532**	**1,066**
Exchange realignment	**171**	**22**	**(3,887)**	**–**	**(3,694)**
At 31 March 2012	**2,536**	**586**	**(98,729)**	**(333)**	**(95,940)**

Notes:

(a) Deferred tax liabilities were recognised as a result of fair value adjustment upon business combination during the year ended 31 March 2011.

(b) As at 31 March 2012, the aggregate amount of the undistributed earnings of the PRC subsidiaries was HK$11,072,000 (2011: HK$17,301,000), deferred tax liabilities associated with which have been recognised.

(c) The Group has tax losses arising in Hong Kong of HK$80,582,000 (2011: HK$133,323,000), 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.

21. DEVELOPMENT AND FORMATION COSTS – GROUP

	2012 HK$'000	2011 HK$'000
Development and formation costs – columbarium niches and tombs	**100,807**	6,216

As at 31 March 2012, the development and formation costs of approximately HK$60,303,000 are expected to be recovered more than one year.

22. TRADE RECEIVABLES – GROUP

	2012 HK$'000	2011 HK$'000
Trade receivables, gross	**23,192**	152,406
Less: Provision for impairment loss	**–**	(58,847)
Trade receivables, net	**23,192**	93,559

Trade receivables generally have credit terms of 30 to 90 days (2011: 30 to 90 days). 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:

	2012 HK$'000	2011 HK$'000
Within 60 days	**–**	49,629
61 to 90 days	**–**	–
91 to 120 days	**–**	43,930
121 to 365 days	**–**	–
Over 365 days	**23,192**	58,847
	23,192	152,406

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 2012, balance of trade receivables which are neither past due nor impaired is nil (2011: HK$49,629,000).

22. TRADE RECEIVABLES – GROUP (CONTINUED)

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:

	2012 **HK$'000**	2011 HK$'000
Neither past due nor impaired	**–**	49,629
1 – 30 days past due	**–**	43,930
31 – 365 days past due	**–**	–
Over 365 days past due	**23,192**	–
	23,192	93,559

As at 31 March 2012, trade receivables that were past due but not impaired of approximately HK$23,192,000 (2011: HK$43,930,000) related to a customer with good and reliable credit rating. Management believes that no impairment allowance is necessary in respect of these balances as 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:

	2012 **HK$'000**	2011 HK$'000
At 1 April	**58,847**	58,847
Amounts written off as uncollectible	**(58,847)**	–
At 31 March	**–**	58,847

During the year, trade receivables of approximately HK$58,847,000 were written off against impairment loss provision.

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

The balance as at 31 March 2011 represented investments in equity securities listed in Hong Kong. These investments were stated at fair value which was determined by reference to their quoted bid prices in an active market at the reporting date.

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

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**22,170**	904	**192**	–
Other receivables *(note)*	**48,593**	43,268	**–**	–
Deposits paid	**1,214**	1,508	**1,013**	844
	71,977	45,680	**1,205**	844

Note:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other receivables	**128,593**	47,097	**–**	3,000
Less: Provision for impairment loss	**(80,000)**	(3,829)	**–**	(3,000)
Other receivables, net	**48,593**	43,268	**–**	–

Included in the Group's other receivables as at 31 March 2012 are receivable from Mr. Fu of HK$80,000,000 (details are set out in note 18(a)) and non-interest bearing advances of approximately HK$47,478,000 (2011: HK$41,499,000) made to certain independent third parties. These non-interest bearing advances are termed at a short-term basis and agreed to be repaid upon maturity with due dates of 28 September 2012 and 31 October 2012. The Group did not hold any collateral in respect of these balances.

On 14 May 2012, Sino Grandeur, a wholly-owned subsidiary of the Company, instituted legal proceedings in Hong Kong against Mr. Fu to claim the refundable deposit of HK$80,000,000 due to the lapse of the acquisition of the Topace Group. In the opinion of the directors, the recoverability of such amount will take a long period of time and it is estimated that its recoverability is remote. Accordingly, full provision was made as at 31 March 2012.

Except for those amounts with provision for impairment as above, 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 of short maturity periods on their inception.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP AND COMPANY (CONTINUED)

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	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 April	**3,829**	3,829	**3,000**	3,000
Provision for impairment loss	**80,000**	–	**–**	–
Write off of other receivables	**(3,829)**	–	**(3,000)**	–
At 31 March	**80,000**	3,829	**–**	3,000

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

The balance is unsecured, interest free and repayable on demand. This amount relates to the chargable income on sharing the office expenses and is due from a related company, of which Dr. Leung, who is the common director up to 30 November 2011. The carrying amount approximates to the fair value at the reporting date.

26. PLEDGED BANK DEPOSITS – GROUP AND COMPANY

As at 31 March 2012, the Group's bank borrowings amounted to approximately HK$18,504,000 (2011: Nil) (note 30) are secured by the Group's bank deposits of approximately HK$18,504,000 (2011: Nil). The interest rate of pledged bank deposits is 3.5% per annum.

The directors consider the fair value of the pledged bank deposits approximate to its carrying amount.

27. CASH AND BANK BALANCES – GROUP AND COMPANY

Included in bank and cash balances of the Group are bank balances of HK$9,601,000 (2011: HK$32,350,000) denominated in RMB which are placed with the banks in the PRC. Renminbi ("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.

28. TRADE PAYABLES – GROUP

The Group was granted by its suppliers oral credit periods ranging between 90 days to 3 years (2011: 90 days to 3 years). Based on the invoice dates, ageing analysis of trade payables is as follows:

	2012	2011
	HK$'000	HK$'000
Within 90 days	**6,444**	10,556
91 to 180 days	**3,544**	7,791
181 to 365 days	**5,950**	3,671
Over 1 year	**14,474**	10,508
	30,412	32,526

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

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

	Group		**Company**	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current portion:				
Accruals	**1,828**	3,298	**547**	1,391
Deposits received	**517**	739	**–**	–
Other payables	**20,653**	15,979	**–**	–
Receipts in advance *(note)*	**641**	587	**–**	–
	23,639	20,603	**547**	1,391
Non-current portion:				
Receipts in advance *(note)*	**5,056**	5,194	**–**	–

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

Note: The balances represent ten-year management fee received in advance in respect of tombs and niches sold. The management fee receipts in advance are credited to revenue on straight-line method over a period of the contractual periods (which are generally ten years) from the date of the sale of columbarium niche and tombs.

30. BANK BORROWINGS – GROUP

	2012 HK$'000	2011 HK$'000
Bank borrowings repayable within one year:		
– secured *(note (a))*	**18,504**	12,407
– guaranteed *(note (b))*	**55,512**	35,619
– secured and guaranteed *(note (c))*	**3,701**	–
	77,717	48,026

Notes:

(a) The balance is secured by the Group's pledged bank deposits amounted to approximately HK$18,504,000 (note 26). The balance bore interest at effective interest rate of 7.63% per annum.

(b) The balance is guaranteed by certain shareholders of a subsidiary, their family members and an independent third party. These bank borrowings bore interest at effective interest rates of 6.9 % to 7.63 % per annum.

(c) The balance are guaranteed by certain shareholders of a subsidiary, their family members, and also secured by a property held by a shareholder of a subsidiary. These bank borrowings bore interest at effective interest rates of 7.63% per annum.

All bank borrowings as at 31 March 2012 are due within 12 months of the reporting date and are denominated in RMB.

31. AMOUNTS DUE TO NON-CONTROLLING INTERESTS – GROUP

The balance is unsecured, interest free and due for repayment on demand.

32. SHARE CAPITAL

	2012		2011	
	Number of Shares ('000)	**HK$'000**	Number of Shares ('000)	HK$'000
Authorised:				
Shares of HK$0.10 each				
At 1 April 2010, 31 March 2011 and 2012	**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	**2,120,623**	**212,062**	1,975,623	197,562
Placing of new shares *(note (a))*	**615,000**	**61,500**	–	–
Repurchase and cancellation of shares *(note (b))*	**(15,000)**	**(1,500)**	–	–
Issue of shares upon acquisition of subsidiary *(note (c))*	**–**	**–**	145,000	14,500
At 31 March	**2,720,623**	**272,062**	2,120,623	212,062

Notes:

(a) During the year, the Company had made the following share placements:

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 issue 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.

On 10 January 2012, the Company entered into a placing agreement with placing agents to issue 450,000,000 shares at HK$0.11 per share. Of the gross proceeds of HK$49,500,000, amounts of HK$45,000,000 and approximately HK$3,955,000, after deduction of issue expense of approximately HK$545,000, were credited to share capital and share premium accounts respectively. The placing was completed on 18 January 2012.

(b) The Company repurchased 15,000,000 shares by way of market acquisition on the Stock Exchange with purchase prices ranging from HK$0.202 to HK0.230 per share on 22 July 2011. Total consideration paid was approximately HK$3,286,000, of which HK$1,500,000 was charged to share capital account and approximately HK$1,786,000 to share premium account. The cancellations of these shares was completed on 29 July 2011.

(c) During the year ended 31 March 2011, the Company issued 145,000,000 shares at HK$0.42 per share as a part of consideration for the acquisition of Anxian Yuan. Of the gross proceeds of HK$60,900,000, amounts of HK$14,500,000 and HK$45,625,000, after deduction of issued expenses of approximately HK$775,000, were credited to share capital and share premium accounts respectively.

All new shares issued during the years ended 31 March 2012 and 2011 rank pari passu with other shares in issue in all respect.

33. 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	Available-for-sale financial asset reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2010	207,887	21,678	–	(166,010)	63,555
Issue of new shares, net of expenses *(note 32(c))*	45,625	–	–	–	45,625
Cancellation of share options	–	(12,157)	–	12,157	–
Lapse of share options	–	(27)	–	27	–
Equity-settled share-based payments	–	32,763	–	–	32,763
Loss for the year	–	–	–	(48,430)	(48,430)
Balance at 31 March 2011 and 1 April 2011	**253,512**	**42,257**	**–**	**(202,256)**	**93,513**
Issue of new shares, net of expenses *(note 32(a))*	**48,206**	**–**	**–**	**–**	**48,206**
Repurchase of shares *(note 32(b))*	**(1,786)**	**–**	**–**	**–**	**(1,786)**
Cancellation of share options *(note 34)*	**–**	**(18,215)**	**–**	**18,215**	**–**
Lapse of share options	**–**	**(3,507)**	**–**	**3,507**	**–**
Equity-settled share-based payments *(note 34)*	**–**	**7,311**	**–**	**–**	**7,311**
Contingent consideration receivable *(note 35(vi))*	**–**	**–**	**2,731**	**–**	**2,731**
Loss for the year	**–**	**–**	**–**	**(28,941)**	**(28,941)**
Balance at 31 March 2012	**299,932**	**27,846**	**2,731**	**(209,475)**	**121,034**

34. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") which has been adopted since 18 July 2008 (the "Adoption Date"). 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.

34. SHARE OPTION SCHEME (CONTINUED)

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.

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 determined 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 determined 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 condition.

The Share Option Scheme has a life of 10 years from the Adoption Date. The remaining lives of the Share Option Scheme are 6.3 years from 1 April 2012.

34. SHARE OPTION SCHEME (CONTINUED)

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

2012

Name and category of participant	Date of grant	Exercisable period	Number of options: Balance at 1 April 2011	Granted during the year	Cancellation during the year	Expired/ Lapsed during the year	Balance at 31 March 2012	Exercise price per share HK$
Executive Directors								
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
Mr. Law	31 March 2012	3 April 2012 to 17 July 2018	–	8,000,000	–	–	8,000,000	0.101
Dr. Leung	30 July 2009	31 July 2009 to 17 July 2018	16,000,000	–	–	(16,000,000)	–	0.604
Mr. Shi Hua	31 March 2012	3 April 2012 to 17 July 2018	–	27,000,000	–	–	27,000,000	0.101
Mr. Shi Jun	31 March 2012	3 April 2012 to 17 July 2018	–	27,000,000	–	–	27,000,000	0.101
Ms. Shen	31 March 2012	3 April 2012 to 17 July 2018	–	27,000,000	–	–	27,000,000	0.101
Non-executive Directors								
Mr. Yu	25 October 2010	26 October 2010 to 17 July 2018	1,900,000	–	–	–	1,900,000	0.415
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
Dr. Qi	31 March 2012	3 April 2012 to 17 July 2018	–	2,000,000	–	–	2,000,000	0.101
Mr. Yu	31 March 2012	3 April 2012 to 17 July 2018	–	2,000,000	–	–	2,000,000	0.101

34. SHARE OPTION SCHEME (CONTINUED)

2012 (Continued)

Name and category of participant	Date of grant	Exercisable period	Number of options: Balance at 1 April 2011	Granted during the year	Cancellation during the year	Expired/ Lapsed during the year	Balance at 31 March 2012	Exercise price per share HK$
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
Ms. Tang	31 March 2012	3 April 2012 to 17 July 2018	–	2,000,000	–	–	2,000,000	0.101
Ms. Lau	31 March 2012	3 April 2012 to 17 July 2018	–	2,000,000	–	–	2,000,000	0.101
			42,600,000	97,000,000	–	(19,800,000)	119,800,000	
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	–	–	(3,000,000)	2,000,000	0.604
In aggregate	6 July 2010	7 July 2010 to 17 July 2018	18,400,000	–	–	(700,000)	17,700,000	0.435
In aggregate	25 October 2010	26 October 2010 to 17 July 2018	36,660,000	–	–	(1,960,000)	34,700,000	0.415
In aggregate	31 March 2012	3 April 2012 to 17 July 2018	–	18,000,000	–	–	18,000,000	0.101
			92,060,000	18,000,000	–	(5,660,000)	104,400,000	

34. SHARE OPTION SCHEME (CONTINUED)

2012 (Continued)

Name and category of participant	Date of grant	Exercisable period	Number of options: Balance at 1 April 2011	Granted during the year	Cancellation during the year	Expired/ Lapsed during the year	Balance at 31 March 2012	Exercise price per share HK$
Third parties								
In aggregate	27 August 2008	27 August 2008 to 20 August 2011	1,000,000	–	–	(1,000,000)	–	0.136
In aggregate	6 July 2010	7 July 2010 to 17 July 2018	71,200,000	–	(51,200,000)	–	20,000,000	0.435
In aggregate	25 October 2010	26 October 2010 to 17 July 2018	159,000,000	–	(114,000,000)	–	45,000,000	0.415
In aggregate	31 March 2012	3 April 2012 to 17 July 2018	–	112,062,260	–	–	112,062,260	0.101
			231,200,000	112,062,260	(165,200,000)	(1,000,000)	177,062,260	
Total			365,860,000	227,062,260	(165,200,000)	(26,460,000)	401,262,260	

2011

Name and category of participant	Date of grant	Exercisable period	Number of options: 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$
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

34. SHARE OPTION SCHEME (CONTINUED)

2011 (Continued)

Name and category of participant	Date of grant	Exercisable period	Number of options: 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$
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	
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	

34. SHARE OPTION SCHEME (CONTINUED)

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

	2012 Number	**2012** Weighted average exercise price HK$	2011 Number	2011 Weighted average exercise price HK$
Outstanding at 1 April	**365,860,000**	**0.457**	166,900,000	0.601
Granted	**227,062,260**	**0.101**	291,260,000	0.421
Cancelled	**(165,200,000)**	**0.421**	(92,100,000)	0.604
Lapsed	**(26,460,000)**	**0.564**	(200,000)	0.435
Outstanding at 31 March	**401,262,260**	**0.264**	365,860,000	0.457
Exercisable at 31 March	**401,262,260**		365,860,000	

All the options outstanding as at 31 March 2012 (2011: All) were exercisable. The options outstanding at 31 March 2012 had a weighted average remaining contractual life of 6.3 years (2011: 7.3 years). No share options were exercised during the years ended 31 March 2011 and 2012.

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	31 March 2012
No. of options	227,062,260
Share price per share at grant date	HK$0.090
Exercise price	HK$0.101
Expected volatility (adjusted regarding the expected life)	65%
Expected life (in years)	3.15 years
Risk free rate	0.36%
Expected dividend yield	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.

For share based payments with parties other than employees, there shall be a rebuttable presumption that the fair value of the goods or services received can be estimated reliably and that the fair value is measured at the date the Group obtains the goods or the counterparty renders service. The Group rebutted this presumption and has determined that the fair value of the goods or services received cannot be estimated reliably. Accordingly, the Group measured the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

34. SHARE OPTION SCHEME (CONTINUED)

During the year ended 31 March 2012, the total vested amount of approximately HK$7,311,000 (2011: HK$32,763,000) 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 ended 31 March 2012, the share options granted to third parties on 6 July 2010 and 25 October 2010 for 51,200,000 shares and 114,000,000 shares respectively were cancelled and equity-settled share-based payment expense of approximately HK$18,215,000 was released to accumulated loss accordingly.

35. ACQUISITION OF SUBSIDIARY

On the Acquisition Date, the Group acquired 41.2% equity interests of Anxian Yuan from independent third parties for a consideration of 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 Group appointed a nominee as the registered owner for its 41.2% equity interests in Anxian Yuan and entered into Contractual Agreements to obtain controls over the operating and financial polices of Anxian Yuan which became a subsidiary of the Group and its financial results have been consolidated into the Group's financial statements using acquisition method of accounting from the Acquisition Date. Details of net identifiable assets acquired and gain on bargain purchase of Anxian Yuan are as follows:

Net identifiable assets acquired	**Acquirees' fair value at the Acquisition Date** HK$'000
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	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

35. ACQUISITION OF SUBSIDIARY (CONTINUED)

	HK$'000
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 assets acquired	(298,541)
Gain on bargain purchase of Anxian Yuan *(note (iii))*	35,813

	HK$'000
Fair value of consideration satisfied by:	
Cash (RMB23,000,000)	26,286
Consideration Shares *(note (iv))*	60,900
Total consideration	87,186

	HK$'000
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

Note:

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

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

(iii) Gain on bargain purchase 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 the assets acquired as at the Acquisition Date. The gain on bargain purchase on Acquisition was mainly attributable to significant intangible assets which represent the land use rights allocated by the PRC government and the cemetery licences identified in the business combination. None of the gains arising on the acquisition was 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 the Acquisition Date, were issued to the vendors as a part of consideration. The issue of the shares represented a non-cash transaction of the Group for the year ended 31 March 2011.

35. ACQUISITION OF SUBSIDIARY (CONTINUED)

Note: (Continued)

(v) Acquisition-related costs amounting to HK$1,411,000 were excluded from the consideration and were recognised as administrative expense in the year ended 31 March 2011.

(vi) Pursuant to the Acquisition Agreement, the vendors provided profit guarantee ("Profit Guarantee") to the Group, stipulating that profit after tax of Anxian Yuan to be determined under the PRC Generally Accepted Accounting Principles for the years ended 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 could not achieve the Guarantee Amounts during the Profit Guarantee Period, the vendors would compensate the Group any shortfall in cash on a dollar to dollar basis. The above arrangement constituted a contingent consideration. The Group classified a right to return of previously transferred consideration as an asset if specified conditions were met.

For the year ended 31 December 2011, profit generated from Anxian Yuan did not meet the Guaranteed Amounts under the relevant Acquisition Agreement, and accordingly the Group was entitled to receive the compensation from the vendors for the shortfall of RMB2,214,000 (equivalent to approximately HK$2,731,000) and such fair value changes in contingent consideration receivable has been recognised in other comprehensive income.

For the year ended 31 December 2010, profits generated from Anxian Yuan met the Guaranteed Amounts under the relevant Acquisition Agreement and no compensations from the vendors were recognised.

(vii) Pursuant to the Acquisition Agreement, during the year, a subsidiary of the Company further invested capital with an aggregate of RMB80,000,000 to Anxian Yuan during the year and the equity interests in Anxian Yuan held by the Group was increased by 9.8% from 41.2% to 51%.

The increased portion in equity interests of 9.8% in Anxian Yuan represents a capital transaction and an amount of HK$12,659,000 was charged to the equity attributable to the owners of the Company with a corresponding credited to non-controlling interest.

36. DISCONTINUED OPERATIONS

Pursuant to a written resolution passed on 4 July 2011, the directors resolved that the Group's electronic trading, metal trading and leather trading business were discontinued effective from 4 July 2011 in view of the long-term strategy to focus its activity in the cemetery business.

The combined results of the Discontinued Operations included in the consolidated statement of comprehensive income and the consolidated statements of cash flows are set out below. The comparative loss and cash flows from the Discontinued Operations have been re-presented to include those operations classified as discontinued in the current year.

	2012	2011
	HK$'000	HK$'000
Revenue	–	7,825
Cost of sales	–	(7,687)
Gross profit	–	138
Other income	–	468
Administrative expenses	–	(659)
Loss for the year	–	(53)
Loss for the year from Discontinued operations attributable to:		
Owners of the Company	–	(53)
Non-controlling interests	–	–
Loss for the year	–	(53)
Net cash outflows from Discontinued Operations		
Net cash used in operating activities	–	(1,743)

There were no assets and liabilities of Discontinued Operations as at 31 March 2011 and 2012.

37. OPERATING LEASE COMMITMENTS

At 31 March 2012, the total future minimum lease payments under non-cancellable operating leases are payable by the Group and the Company as follows:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**4,234**	4,963	**3,224**	2,761
In the second to fifth year, inclusive	**3,990**	6,474	**3,342**	5,292
Over five years	**28**	–	**–**	–
	8,252	11,437	**6,566**	8,053

The Group and the Company lease a number of office premises under operating leases. The leases run for an initial period of one to ten years (2011: one to ten 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.

38. CAPITAL COMMITMENTS

Group

	2012	2011
	HK$'000	HK$'000
Contracted but not provided for:		
Acquisition of the Topace Group *(note 18(a))*	**–**	1,070,000
Potential acquisition of investment in Chongqing, the PRC *(note 18(b))*	**159,512**	–
Proposed acquisition of land use rights	**9,869**	–
Acquisition of property, plant and equipment	**–**	665
	169,381	1,070,665

Company

	2012	2011
	HK$'000	HK$'000
Contracted but not provided for:		
Potential acquisition of investment in Chongqing, the PRC *(note 18(b))*	**159,512**	–

39. 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

	2012	2011
	HK$'000	HK$'000
Share of office expenses receivable from a related company *(note 25)*	**624**	834

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 of the Company. Details of the key management remuneration are set out in note 13 to these financial statements.

40. 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 currency risk, interest 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 of directors 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 currency risk, interest 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.

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

40.1 Categories of financial assets and liabilities

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

Financial assets

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Available-for-sale financial asset	**2,731**	–	**2,731**	–
Financial assets at fair value through profit or loss				
– Held for trading	**–**	3,031	**–**	–
Loans and receivables				
– Trade receivables	**23,192**	93,559	**–**	–
– Deposits and other receivables	**49,807**	44,776	**1,013**	844
– Amounts due from subsidiaries	**–**	–	**356,101**	299,687
– Amount due from a related company	**–**	420	**–**	420
– Cash and bank balances	**52,099**	88,669	**26,202**	5,508
– Pledged bank deposits	**18,504**	–	**–**	–
	143,602	227,424	**383,316**	306,459
	146,333	230,455	**386,047**	306,459

Financial liabilities

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities measured at amortised cost				
– Trade payables	**(30,412)**	(32,526)	**–**	–
– Other payables and accruals	**(22,481)**	(19,277)	**(547)**	(1,391)
– Interest-bearing bank borrowings	**(77,717)**	(48,026)	**–**	–
– Amounts due to non-controlling interests	**(1,119)**	(31,315)	**–**	–
– Amount due to a subsidiary	**–**	–	**(370)**	(2)
	(131,729)	(131,144)	**(917)**	(1,393)

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

40.2 Foreign currency risk

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

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$ and RMB and the functional currencies of the Group's principal operating entities are HK$ and RMB.

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) The Company does not have significant exposure to foreign currency risk at 31 March 2012 (2011: Nil).

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

40.3 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 pledged bank deposits) and interest-bearing liabilities (bank borrowings) carried at effective interest rates with reference to the market (note 26, note 27 and note 30). 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 2012, it is estimated that a general increase of 50 (2011: 50) basis points in interest rates, with all other variables held constant, would increase the Group's pre-tax loss and increase its accumulated loss by approximately HK$179,000 (2011: increase the Group's pre-tax profit and decrease its accumulated loss by approximately HK$343,000).

A decrease of 50 (2011: 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.

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

40.3 Interest rate risk (Continued)

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 (2011: 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 2011.

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

40.4 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 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.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, 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 and other receivables are set out in notes 22 and 24 respectively.

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

40.5 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 Group did not expose to such risks as there were no financial assets at fair value through profit or loss at the reporting date.

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

40.6 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, accruals and other payables and amount due to a related company 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.

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

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

40.6 Liquidity risk (Continued)

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 2012				
– Trade payables	**30,412**	**30,627**	**16,153**	**14,474**
– Other payables, accruals and deposits received	**22,481**	**22,481**	**22,481**	**–**
– Interest-bearing bank borrowings	**77,717**	**81,293**	**81,293**	**–**
– Amounts due to non-controlling interests	**1,119**	**1,119**	**1,119**	**–**
	131,729	**135,520**	**121,046**	**14,474**
At 31 March 2011				
– Trade payables	32,526	32,930	2,803	30,127
– Other payables, accruals and deposits received	19,277	19,277	19,277	–
– Interest-bearing bank borrowings	48,026	49,017	49,017	–
– Amounts due to non-controlling interests	31,315	32,651	32,651	–
	131,144	133,875	103,748	30,127

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

40.6 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 2012			
Other payables and accruals	**547**	**547**	**547**
Amount due to a subsidiary	**370**	**370**	**370**
	917	**917**	**917**
At 31 March 2011			
Other payables and accruals	1,391	1,391	1,391
Amount due to a subsidiary	2	2	2
	1,393	1,393	1,393

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 exceed the cash outflow requirements.

40.7 Fair value measurements recognised in the statement of financial position

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 and liabilities. 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 from prices); and

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

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

40.7 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.

The financial assets measured at fair value as at 31 March 2011 and 2012 in the consolidated statements of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
31 March 2012				
Financial asset measured at fair value through other comprehensive income				
– Available-for-sale financial asset	**–**	**–**	**2,731**	**2,731**
Total fair values	**–**	**–**	**2,731**	**2,731**
31 March 2011				
Financial asset measured at fair value through profit or loss				
– Listed equity securities *(Note)*	3,031	–	–	3,031
Total fair values	3,031	–	–	3,031

Note: Fair values have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

There have been no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the year ended 31 March 2011 and 2012.

41. 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.

There are no changes in capital management policies and objectives from previous period.

41. CAPITAL MANAGEMENT (CONTINUED)

In order to maintain 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 2012 amounted to approximately HK$334,128,000 (2011: HK$332,692,000), which 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.

42. EVENT AFTER THE REPORTING DATE

Litigations

On 14 May 2012, Sino Grandeur, a wholly-owned subsidiary of the Company instituted legal proceedings in Hong Kong against Mr. Fu to claim a refundable deposit of HK$80,000,000 due to the lapse of the acquisition in the Topace Group as mentioned in the Company's circular dated 15 February 2011 (note 18(a) and note 24).

On 20 June 2012, Times Square Limited commenced legal proceedings to claim against the Company for outstanding rental and other outgoings in the sum of approximately HK$271,000 together with interest thereon at 8% per annum from 1 June 2012 to the date of judgment and thereafter at judgment rate until payment.

As at the date of the approval of the financial statements, the above litigations are still in progress.

Glossary

In this annual report (other than the report and financial statements from page 25 to 104), 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
Bye-laws	the bye-laws of the Company, as amended from time to time
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
HKICPA	the Hong Kong Institute of Certified Public Accountants

Glossary

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
Nomination Committee	the nomination committee of the Company
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$0.1 each in the share capital of the Company
Shareholder(s)	holder(s) of the Share(s)
Share Option Scheme	the share option scheme adopted by the Company on 18 July 2008
Stock Exchange	the Stock Exchange of Hong Kong Limited
Year	the year ended 31 March 2012
HK$	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