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 2013

* For identification 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. Lau Siu Ngor *(Committee Chairman)*
Ms. Tang Yan
Mr. Fu Xiao Dong

REMUNERATION COMMITTEE

Ms. Lau Siu Ngor *(Committee Chairman)*
Ms. Tang Yan
Mr. Fu Xiao Dong

NOMINATION COMMITTEE

Mr. Shi Hua *(Committee Chairman)*
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 lead the Company into becoming a first class cemetery developer and operator in the PRC.

Along this direction, the Group further acquired 47.38% equity interests in Anxian Yuan on 7 January 2013 thereby increased its equity interests in Anxian Yuan from 51% to 98.38%.

With sense of responsibility and expertise in cemetery operation, my team and I will continue to deploy our resources to further develop our existing cemetery business and to build up cemetery brand name in the PRC. We will also explore acquisition opportunity in the cemetery sector.

The cemetery business in the PRC has great potential as demand is there and new 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 which the Directors believe has ample growth opportunities due to growing trend of aged population and per capita income in the PRC coupled with limited supply of new cemetery land in the PRC.

The Group's Cemetery Business is conducted through Anxian Yuan, a Company's subsidiary engaging Cemetery Business in Hangzhou, the PRC. During the Year, the entire turnover of the Group was derived from Anxian Yuan which continued to make contribution to the Group's bottom line.

The Company succeeded in business transformation by acquiring 98.38% equity interests in Anxian Yuan, a subsidiary engaging Cemetery Business in Hangzhou, the PRC – 41.2% in November 2010, 9.8% in May 2011 and 47.38% in January 2013. Further details are set out under "Acquisition and disposal of subsidiaries and associated companies" below and in note 35 to the financial statements.

In order to simplify the corporate structure of the Group and to reduce the management and operating cost of the Group, on 26 February 2013, the Group disposed of Peaceful International Holdings Limited, a wholly-owned subsidiary incorporated under the laws of Hong Kong, and 中寧企業管理服務（上海）有限公司 (in English, for identification purpose, Sino Peace Enterprise Management & Service (Shanghai) Limited), a wholly foreign-owned enterprise established under the laws of the PRC and the entire equity interest of which is held by Peaceful International Holdings Limited. Details are set out under "Acquisition and disposal of subsidiaries and associated companies" below and in note 36 to the financial statements.

BUSINESS OUTLOOK

According to the National Bureau of Statistics of the PRC, the population at or over the age of 65 in the PRC for 2010 was approximately 119 million or approximately 8.87% (2000: approximately 6.96%) of the total population. According to the China Statistical Yearbook 2012, the per capita annual disposable income of urban households and rural households in the PRC for 2011 were RMB21,810 (2001: RMB6,860) and RMB6,977 (2001: RMB2,366) respectively. As the population of the PRC continues to age and per capita income to increase, the Board believes that there is an upward trend in the demand for cemetery services.

PRC cemetery service industry is an industry with a high entry barrier because of limited supply of new cemetery land coupled with regulatory complexities and zoning restrictions. The Board believes that Anxian Yuan has competitive edge over its competitors as it has obtained considerable knowledge and experience in cemetery services since the commencement of its operation in 2000.

It has been the objective of the Group to become a market leader and to build up national brand name in the PRC cemetery industry and the strategies of the Group to expand its cemetery business by generic growth and by acquisitions and to provide one-stop service from cemetery development to funeral and ancestral worship services.

The Group, through Anxian Yuan, will continue to construct burial sites on its land the undeveloped portion of which amounted to approximately 500,000 square meters, for sale to its customers. The Group will also continue to search and acquire cemeteries with sizable undeveloped land banks across densely populated geographies in the PRC.

Management Discussion and Analysis

FINANCIAL REVIEW

For the Year, the Group recorded net loss of approximately HK$4.4 million (2012: approximately HK$120.9 million) on turnover of approximately HK$127.4 million (2012: approximately HK$64.7 million).

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

1) Decrease in impairment loss on other receivables by approximately HK$72.7 million, from HK$80 million in 2012 to approximately HK$7.3 million in 2013;

2) Higher segment profit from Anxian Yuan, by approximately HK$17.4 million;

3) Reduction in administrative expenses (excluding Anxian Yuan) of HK$24.6 million due to austerity initiatives; and

4) Loss on disposals of subsidiaries of approximately HK$10.4 million (2012: nil) resulted from simplification of corporate structure of the Group.

During the Year, Anxian Yuan sold 1,144 tombs (2012: 1,047 tombs) with average selling price of approximately HK$60,200 (2012: approximately HK$61,200) and 13,000 columbarium niches (2012: nil) at approximately HK$4,450 each. Details are set out in note 5 to the financial statements–Segment Information. It is expected that a number of columbarium niches will continue to be sold in the foreseeable future.

Net assets of the Group as at 31 March 2013 was approximately HK$440 million (2012: approximately HK$505 million). During the Year, the Group raised approximately HK$38.3 million (2012: approximately HK$109.7 million) by placing shares and no repurchase of share (2012: approximately HK$3.3 million) was noted. 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$34.5 million (2012: approximately HK$37.0 million). As at 31 March 2013, the cash and cash equivalents of the Group were approximately HK$17.2 million (2012: approximately HK$52.1 million). The Group has bank borrowings of approximately HK$133.7 million as at 31 March 2013 (2012: approximately HK$77.7 million).

GEARING RATIO

The gearing ratio (total liabilities/total assets) at the end of the Year was 0.45 (2012: 0.34).

CHARGES ON ASSETS

As at 31 March 2013, the Group's bank borrowing of approximately HK$74.3 million was secured by pledging of the Group's bank deposits and trade receivables. Details are set out in notes 28 and 39 to the financial statements.

LITIGATION

No outstanding litigation of the Group as at 31 March 2013 was noted.

FINANCIAL GUARANTEE

Details of the financial guarantee of the Group are set out in note 42 to the financial statements.

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 2013, the Group had 13 employees (including Directors) (2012: 14 employees) and nil (2012: 5 employees) in Hong Kong and the PRC respectively. 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$4.8 million (2012: approximately HK$16.2 million), of which contribution to mandatory provident fund and share options granted were approximately HK$124,000 (2012: approximately HK$408,000) and nil (2012: approximately HK$3.7 million) respectively.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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 in the PRC, which is principally engaged in the business of developing and operating a cemetery in Chongqing, the PRC. Having reviewed the results of the due diligence investigation and evaluated the benefits expected to be brought by the acquisition, the Board decided not to extend the long stop date of the agreement and the agreement lapsed on 1 July 2012. Further details are set out in note 18 to the financial statements.

The Group acquired 41.2% equity interests in Anxian Yuan on 19 November 2010 and increased it to 51% in May 2011 by injecting a sum of RMB80 million in Anxian Yuan. On 18 September 2012, the Company, through its subsidiary, entered into an agreement with a limited liability company the entire issued share capital of which is held by Mr. Shi Hua who is the Chairman, Chief Executive Officer, Executive Director and Shareholder, to acquire 47.38% equity interests in Anxian Yuan. Upon completion, the Company will indirectly hold 98.38% equity interests in Anxian Yuan. The acquisition was completed on 7 January 2013. Further details are set out in note 35 to the financial statements.

On 26 February 2013, the Group disposed of Peaceful International Holdings Limited, a wholly-owned subsidiary incorporated under the laws of Hong Kong, and 中寧企業管理服務（上海）有限公司 (in English, for identification purpose, Sino Peace Enterprise Management & Service (Shanghai) Limited), a wholly foreign-owned enterprise established under the laws of the PRC and the entire equity interest of which is held by Peaceful International Holdings Limited. Further details are set out in note 36 to the financial statements.

EXECUTIVE DIRECTORS

Mr. Shi Hua, aged 61, 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.

Mr. Shi Hua is a father of Mr. Shi Jun, an Executive Director of the Company. The interest in Shares of Mr. Shi Hua has been disclosed under the heading "Directors' Interests in Shares, Underlying Shares & Debentures" of the Directors' Report.

Mr. Law Fei Shing, aged 53, 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 23 years of experience in the audit and accounting services.

Mr. Law was 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. He was also an executive director (January 2009 to May 2013) and company secretary (January 2009 to January 2013) 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 only*

Management Profile

Ms. Shen Mingzhen, aged 59, 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.

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

Mr. Shi Jun, aged 31, 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 is a son of Mr. Shi Hua, an Executive Director, the Chairman and Chief Executive Officer of the Company. The interest in Shares of Mr. Shi Jun has been disclosed under the heading "Directors' Interests in Shares, Underlying Shares & Debentures" of the Directors' Report.

* *For identification only*

NON-EXECUTIVE DIRECTORS

Dr. Qi Xing Gang, aged 40, 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.

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

Mr. Yu Ping, aged 52, 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 only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Tang Yan, aged 66, 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*).

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

Ms. Lau Siu Ngor, aged 49, 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 was an independent non-executive director of Bestway International Holdings Limited (Stock code: 718) for a period from September 2009 to May 2013, the shares of which are listed on the Main Board of the Stock Exchange.

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

Mr. Fu Xiao Dong, aged 60, 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 2013.

SENIOR MANAGEMENT

Mr. Leung Woon Che, aged 59, 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 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 activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 16 to the financial statements.

RESULTS AND DIVIDEND

The results of the Group for the Year are set out under the consolidated statement of comprehensive income on page 29.

The directors do not recommend the payment of any dividend for the Year (2012: Nil).

CONVERTIBLE NOTES AND SHARE CAPITAL

Details of movements in convertible notes and share capital for the Year are set out in notes 31 and 32 to the financial statements respectively.

RESERVES

Details of movements in the Company and the Group during the Year are set out in note 33 to the financial statements and in the consolidated statement of changes in equity on page 35 respectively.

RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 March 2013, there was no reserve available for distribution (2012: Nil).

DONATIONS

The Group made charitable donations for approximately HK$189,000 during the Year (2012: Nil).

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.

LITIGATION

The Group had no outstanding litigation as at 31 March 2013 (2012: Nil).

BORROWINGS AND PROMISSORY NOTES

Details of borrowings and promissory notes of the Group as at 31 March 2013 are set out in notes 28 and 30 to the financial statements respectively.

EVENTS AFTER THE REPORTING DATE

Details of events after the reporting date are set out in note 43 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)*
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	(Appointed on 1 April 2012)
Mr. So Livius	(Resigned on 4 April 2012)

The terms of office of each Director are subject to retirement by rotation in accordance with the Bye-laws.

In accordance with Article 84 of the Bye-laws, Mr. Shi Hua, Dr. Qi Xing Gang and Mr. Yu Ping will retire by rotation at the forthcoming annual general meeting of the Company (the "AGM") and, being eligible, offer themselves for re-election at the forthcoming AGM.

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 AGM 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.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out on pages 8 to 11 of the annual report.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES & DEBENTURES

As at 31 March 2013, 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

	Interest in Shares	Interests in underlying Shares	Share options		
Name of Directors	**Personal interests***	**Corporate interest+**	**Personal interests***	**Aggregate interest**	**Approximate percentage**
Mr. Shi Hua	194,780,000	3,300,000,000 *(Note 1)*	27,000,000	3,521,780,000	112.86%
Mr. Law Fei Shing	20,000,000	–	27,000,000	47,000,000	1.51%
Ms. Shen Mingzhen	95,000,000	–	27,000,000	122,000,000	3.91%
Mr. Shi Jun	95,000,000	–	27,000,000	122,000,000	3.91%
Dr. Qi Xing Gang	–	–	2,000,000	2,000,000	0.06%
Mr. Yu Ping	–	–	3,900,000	3,900,000	0.13%
Ms. Tang Yan	–	–	2,000,000	2,000,000	0.06%
Ms. Lau Siu Ngor	–	–	2,000,000	2,000,000	0.06%

* Beneficial owner

+ Interests of controlled corporation(s)

Notes:

1. These shares represent the Shares which might be allotted and issued to Master Point Overseas Limited upon the exercise in full of the conversion right attached to convertible notes. Master Point Overseas Limited is a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is legally and beneficially owned by Mr. Shi Hua. Mr. Shi Hua therefore deemed to be interested in 3,300,000,000 underlying shares held by Master Point Overseas Limited.

2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 March 2013, which was 3,120,622,600.

Save as disclosed above, as at 31 March 2013, 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.

DIRECTORS' INTERESTS IN CONTRACTS

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

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES

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

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2013, according to the register kept by the Company under Section 336 of the SFO, the following Shareholders, other than a Director or Chief Executive Officer, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name of Shareholder	Capacity	Interests in underlying Shares	Approximate percentage
Master Point Overseas Limited	Beneficial interests *(Note 1)*	3,300,000,000	105.75%

Notes

1. These shares represent the Shares which might be allotted and issued to Master Point Overseas Limited upon the exercise in full of the conversion right attached to convertible notes. The interests of Master Point Overseas Limited were also disclosed as the interests of Mr. Shi Hua, the beneficial owner of Master Point Overseas Limited, in the above section headed "Directors' Interests in Shares, Underlying Shares & Debentures".

2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 March 2013, which was 3,120,622,600.

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

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 in the annual report, there were no transactions required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

SHARE OPTION SCHEME

Details of the Share Option Scheme are set out in note 34 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year:

(i) The Group's largest customer and five largest customers accounted for approximately 46% and 49% respectively of the Group's total turnover; and

(ii) The Group's largest supplier and five largest suppliers accounted for approximately 32% and 77% respectively of the Group's total purchase (not including purchases of items which are of capital nature).

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

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

CORPORATE GOVERNANCE PRACTICES

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

AUDITOR

The financial statements for the years ended 31 March 2011, 2012 and 2013 were audited by BDO Limited.

A resolution for the re-appointment of BDO Limited as auditor of the Company will be proposed at the forthcoming AGM.

By Order of the Board
Mr. Shi Hua
Chairman and Chief Executive Officer
Hong Kong, 28 June 2013

Five Year Summary

Year ended 31 March	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	**127,405**	64,704	135,467	27,265	362,990
Profit/(Loss) before income tax	**4,901**	(121,494)	18,358	(98,074)	(45,476)
Income tax (expense)/credit	**(9,280)**	605	(14,002)	–	–
(Loss)/Profit for the year	**(4,379)**	(120,889)	4,356	(98,074)	(45,476)
(Loss)/Profit attributable to:					
Owners of the Company	**(20,088)**	(111,245)	(20,335)	(98,074)	(45,476)
Non-controlling interests	**15,709**	(9,644)	24,691	–	–
	(4,379)	(120,889)	4,356	(98,074)	(45,476)
STATEMENT OF FINANCIAL POSITION					
Non-current assets	**473,892**	490,692	555,961	83,682	5,202
Net current assets	**101,427**	115,238	82,683	172,570	53,635
Non-current liabilities	**(135,008)**	(100,996)	(101,824)	–	–
Net assets	**440,311**	504,934	536,820	256,252	58,837
Non-controlling interests	**(6,621)**	(170,806)	(204,128)	–	–
Equity attributable to owners of the Company	**433,690**	334,128	332,692	256,252	58,837

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, Code A.4.1 and Code A.6.7 as described below.

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

Composition of the Board

As at the date of this annual report, the Board comprises nine members, including four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. The Board members during the Year and up to the date of this annual report were:

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	(Appointed on 1 April 2012)
Mr. So Livius	(Resigned on 4 April 2012)

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

Biographical details of the Directors as at the date of this annual report are set out in the "Management Profile" section on pages 8 to 11 of this annual report. None of the Directors has any financial, business, family or other material or relevant relationships among members of the Board.

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.

Save as Dr. Qi Xing Gang and Mr. Yu Ping, the two Non-executive Directors, did not attend any board meeting of the Company during the Year, 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.

CODE A.2.1

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, Mr. Shi Hua was the Chairman and the Chief Executive Officer. The appointment of 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.

CODE A.4.1

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 AGM, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) should retire from office by rotation.

The Non-executive Directors have not been appointed for a specific term but are subject to retirement by rotation and re-election at the AGM in accordance with the Bye-laws. In this regard, the Company had deviated from Code A.4.1.

CODE A.6.7

Code A.6.7 provides that independent non-executive directors and other non-executive directors, as equal board members as other directors, should attend general meetings of the company. Due to business commitment, two Non-executive Directors, namely Dr. Qi Xing Gang and Mr. Yu Ping and two Independent Non-executive Directors, namely Ms. Tang Yan and Mr. Fu Xiao Dong, were unable to attend the AGM held on 20 August 2012.

Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

RELATIONSHIPS BETWEEN THE BOARD

Mr. Shi Hua, an executive Director, the Chairman and Chief Executive Officer of the Company, is the father of Mr. Shi Jun, an executive Director. Save for the aforesaid, none of the Directors is related to one another.

REMUNERATION COMMITTEE

The Company has set up a remuneration committee with written terms of reference in compliance with the Code to ensure that there are formal and transparent procedures for setting policies on the remuneration of Directors and senior management. The Remuneration Committee comprises three Independent Non-executive Directors, Ms. Lau Siu Ngor, Ms. Tang Yan and Mr. Fu Xiao Dong. The remuneration committee is chaired by 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 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. The Remuneration Committee makes recommendations of the Director's remuneration (including Audit Committee and Remuneration Committee members' fees) and other remuneration related matters to the Board for final approval.

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

AUDIT COMMITTEE

As at 31 March 2013, the Audit Committee comprises three Independent Non-executive Directors, Ms. Lau Siu Ngor, Ms. Tang Yan and Mr. Fu Xiao Dong. The Audit Committee is chaired by 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. The Audit Committee has reviewed the annual results of the Group for the Year.

NOMINATION COMMITTEE

As at 31 March 2013, the Nomination Committee comprises Mr. Shi Hua, the Chairman and the Chief Executive Officer, and Ms. Tang Yan, Ms. Lau Siu Ngor and Mr. Fu Xiao Dong, the Independent Non-executive Directors. The Nomination Committee is chaired by Mr. Shi Hua.

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 27 and 28.

The audit fee incurred for the Group for the Year was approximately HK$520,000. Non-auditing service fee of approximately HK$280,000 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.

During the Year, a total of 10 Board meetings, 2 Audit Committee meetings, 2 Remuneration Committee meetings and 1 Nomination Committee meeting were held and the attendance of each Director or member is set out below:

Board Meeting		**Number of meetings**	
Name of member		**Attended**	**Eligible**
Mr. Shi Hua *(Chairman and Chief Executive Officer)*		11	11
Mr. Law Fei Shing		11	11
Ms. Shen Mingzhen		11	11
Mr. Shi Jun		10	11
Dr. Qi Xing Gang		0	11
Mr. Yu Ping		0	11
Ms. Tang Yan		10	11
Ms. Lau Siu Ngor		10	11
Mr. Fu Xiao Dong	(Appointed on 1 April 2012)	10	11
Mr. So Livius	(Resigned on 4 April 2012)	0	0

Audit Committee Meeting		**Number of meetings**	
Name of member		**Attended**	**Eligible**
Ms. Tang Yan		2	2
Ms. Lau Siu Ngor		2	2
Mr. Fu Xiao Dong	(Appointed on 1 April 2012)	2	2
Mr. So Livius	(Resigned on 4 April 2012)	0	0

Remuneration Committee Meeting		**Number of meetings**	
Name of member		**Attended**	**Eligible**
Ms. Tang Yan		2	2
Ms. Lau Siu Ngor		2	2
Mr. Fu Xiao Dong	(Appointed on 1 April 2012)	2	2
Mr. So Livius	(Resigned on 4 April 2012)	0	0

Nomination Committee Meeting		**Number of meetings**	
Name of member		**Attended**	**Eligible**
Mr. Shi Hua *(Chairman and Chief Executive Officer)*		1	1
Ms. Tang Yan		1	1
Ms. Lau Siu Ngor		1	1
Mr. Fu Xiao Dong	(Appointed on 1 April 2012)	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 2013 or from 1 April 2012 to the dates of their resignation.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

The Directors are encouraged to participate in continuous professional developments (the "Continuous Professional Developments") to develop and refresh their knowledge and skills.

According to the confirmation records provided by the Directors, all the Directors have participated in Continuous Professional Development for the Year. During the Year, the Directors have participated in the Continuous Professional Developments in the following manner:

Name	Reading materials in relation to Continuous Professional Developments	Attending seminars/ courses/conferences in relation to Continuous Professional Developments
Executive Directors		
Mr. Shi Hua	✓	✓
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

The Company appointed Mr. Law Fei Shing as the Company Secretary since 4 June 2009. He is also an Executive Director and supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is also responsible for advising the Board through the Chairman on corporate governance and the implementation of the Code. The Company Secretary has day-to-day knowledge of the Group's affairs.

The Company Secretary reports to the Chairman and the Chief Executive Officer. All Directors also have access to the advice and services of the Company Secretary to ensure that all applicable laws, rules and regulations are followed. The selection, appointment and dismissal of the Company Secretary is subject to the Board approval.

The Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training during the Year.

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' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the Directors about their reporting responsibilities is set out on page 27 of this annual report.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROLS

A sound and effective internal control system is important to safeguard the shareholders' investment and the Company's assets. During the Year, the Board reviewed the effectiveness of the internal control system of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board in particular considered the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget. The Board considers the existing resources, qualifications and experience of staff and their training programmes and budget should be adequate in respect of the Group's accounting and financial reporting function.

SHAREHOLDERS' RIGHTS

Procedures for the Shareholders to convene a special general meeting

Pursuant to the article 58 of the Bye-laws, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an SGM to be called by the Board for the transaction of any business specified in such requisition.

Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The procedures for Shareholders to propose a person for election as Director is posted on the Company's website at www.china-boon.com.

Procedures for the Shareholders to put their enquiries to the Board

The Company endeavor to maintain two way communications with the Shareholders through various channels. The Shareholders are encouraged to put their enquiries about the Group by mail to the principle address of the Company at Room 2118, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong. All the enquiries are dealt with in timely manner. The Shareholders are also encouraged to attend the AGM and SGM of the Company and to put their enquiries to the Board directly. Notices are duly being circulated to the Shareholders in order to ensure each Shareholder is informed to attend the AGM and the SGM. The Chairman of the Board, chairmen of each of the Remuneration Committee, Nomination Committee and Audit Committee attend the aforesaid meetings and respond to the Shareholders' enquiries in a promptly manner. The detailed procedures for conducting a poll are set out in the proxy forms and will be explained by the chairmen of the AGM and SGM orally in the beginning of the aforesaid meetings.

CONSTITUTIONAL DOCUMENTS

During the Year, the Company adopted new Bye-laws which was passed by the Shareholders at the AGM held on 20 August 2012. Details were set out in the Company's circular dated 19 July 2012. Save as disclosed above, there is no any changes in the Company's constitutional documents during the Year.

The Bye-laws are available on the websites of the Company and the Stock Exchange.

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 29 to 104, which comprise the consolidated and company statements of financial position as at 31 March 2013, 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 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong, 28 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	6	**127,405**	64,704
Cost of sales		**(57,772)**	(16,802)
Gross profit		**69,633**	47,902
Other income	6	**8,979**	1,406
Selling expenses		**(16,180)**	(11,571)
Administrative expenses		**(38,328)**	(65,260)
Other operating expenses		**–**	(1,235)
Impairment loss on other receivables	23	**(7,317)**	(80,000)
Loss on disposals of subsidiaries	36	**(10,379)**	–
Finance costs	7	**(1,507)**	(12,736)
Profit/(Loss) before income tax	8	**4,901**	(121,494)
Income tax (expense)/credit	9	**(9,280)**	605
Loss for the year		**(4,379)**	(120,889)
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**1,662**	16,298
Release of exchange reserve upon disposals of subsidiaries		**(2,935)**	–
Settlement of available-for-sale financial assets/ Contingent consideration receivable		**(2,731)**	2,731
Other comprehensive (loss)/income for the year, net of tax		**(4,004)**	19,029
Total comprehensive loss for the year		**(8,383)**	(101,860)
Loss for the year attributable to:			
Owners of the Company	10	**(20,088)**	(111,245)
Non-controlling interests		**15,709**	(9,644)
		(4,379)	(120,889)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(24,069)**	(99,636)
Non-controlling interests		**15,686**	(2,224)
		(8,383)	(101,860)
Loss per share for loss attributable to the owners of the Company during the year	11		
Basic and diluted (HK cents)		**(0.71)**	(4.71)

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**6,984**	10,331
Investment properties	*15*	**1,850**	2,163
Intangible assets	*17*	**390,581**	392,281
Deposit for a potential investment	*18*	**–**	7,317
Deferred expenditure	*19*	**74,477**	78,600
		473,892	490,692
Current assets			
Development and formation costs	*21*	**140,758**	100,807
Inventories		**7,983**	8,302
Trade receivables	*22*	**72,068**	23,192
Prepayments, deposits and other receivables	*23*	**46,514**	71,977
Available-for-sale financial assets		**–**	2,731
Pledged bank deposits	*24*	**37,148**	18,504
Cash and bank balances	*25*	**17,200**	52,099
		321,671	277,612
Current liabilities			
Trade payables	*26*	**22,451**	30,412
Other payables, accruals, deposits received and receipts in advance	*27*	**30,441**	23,639
Bank borrowings	*28*	**133,735**	77,717
Amounts due to non-controlling interests	*29*	**1,123**	1,119
Tax payables		**32,494**	29,487
		220,244	162,374
Net current assets		**101,427**	115,238
Total assets less current liabilities		**575,319**	605,930

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Promissory notes	*30*	**30,144**	–
Receipts in advance	*27*	**7,415**	5,056
Deferred tax liabilities	*20*	**97,449**	95,940
		135,008	100,996
Net assets		**440,311**	504,934
EQUITY			
Share capital	*32*	**312,062**	272,062
Reserves	*33*	**121,628**	62,066
Equity attributable to owners of the Company		**433,690**	334,128
Non-controlling interests		**6,621**	170,806
Total equity		**440,311**	504,934

Shi Hua
Director

Law Fei Shing
Director

Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**298**	448
Deposit for a potential investment	*18*	**–**	7,317
Investments in subsidiaries	*16*	**9**	9
		307	7,774
Current assets			
Deposits and other receivables	*23*	**312**	1,205
Available-for-sale financial assets		**–**	2,731
Amounts due from subsidiaries	*16*	**440,075**	356,101
Cash and bank balances	*25*	**7,233**	26,202
		447,620	386,239
Current liabilities			
Other payables and accruals	*27*	**476**	547
Amount due to a subsidiary	*16*	**–**	370
		476	917
Net current assets		**447,144**	385,322
Total assets less current liabilities		**447,451**	393,096
Non-current liabilities			
Promissory notes	*30*	**30,144**	–
		30,144	–
Net assets		**417,307**	393,096
EQUITY			
Share capital	*32*	**312,062**	272,062
Reserves	*33*	**105,245**	121,034
Total equity		**417,307**	393,096

Shi Hua
Director

Law Fei Shing
Director

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Profit/(Loss) before income tax for the year		**4,901**	(121,494)
Adjustments for:			
Interest income	6	**(715)**	(173)
Interest expenses	7	**1,507**	12,736
Settlement of available-for-sale financial assets	6	**(2,731)**	–
Reversal of provision for impairment loss on other receivables	6	**(5,533)**	–
Depreciation on property, plant and equipment	8	**3,024**	3,197
Depreciation on investment properties	8	**319**	316
Impairment loss on other receivables	8	**7,317**	80,000
Equity-settled share-based payments	8	**–**	7,311
Loss on disposals of property, plant and equipment	8	**–**	272
Write-off of property, plant and equipment	8	**–**	271
Write-off of deferred expenditure	8	**–**	126
Amortisation of deferred expenditure	8	**4,387**	4,492
Amortisation of intangible assets	8	**3,168**	2,117
Fair value loss on financial assets at fair value through profit or loss	8	**–**	1,235
Loss on disposals of subsidiaries	36	**10,379**	–
Operating profit/(loss) before working capital changes		**26,023**	(9,594)
Increase in development and formation costs		**(31,211)**	(91,117)
Decrease/(Increase) in inventories		**339**	(2,339)
(Increase)/Decrease in trade receivables		**(48,698)**	74,016
Proceeds from financial assets at fair value through profit or loss		**–**	1,796
Decrease/(Increase) in prepayments, deposits and other receivables		**14,047**	(24,192)
Decrease in amount due from a related company		**–**	420
Decrease in trade payables		**(8,058)**	(3,383)
Increase in other payables, accruals, deposits received and receipts in advance		**9,257**	1,348
Cash used in operations		**(38,301)**	(53,045)
Interest paid		**(9,392)**	(14,424)
Income taxes paid		**(4,808)**	–
Net cash used in operating activities		**(52,501)**	(67,469)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from investing activities			
Settlement of available-for-sale financial assets	*6*	**2,731**	–
Deposit paid for a potential investment	*18*	**–**	(7,317)
Acquisition of property, plant and equipment	*14*	**(1,020)**	(2,293)
Proceeds from disposals of property, plant and equipment		**–**	113
Payments for deferred expenditure	*19*	**–**	(1,097)
Increase in pledged bank deposits	*24*	**(18,644)**	(18,504)
Interest received	*6*	**715**	173
Disposals of subsidiaries (net of cash and cash equivalents)	*36*	**4,895**	–
Net cash used in investing activities		**(11,323)**	(28,925)
Cash flows from financing activities			
Decrease in amounts due to non-controlling interests		**–**	(76,717)
Acquisition of additional interests in a subsidiary	*35*	**(50,000)**	–
Repayments of promissory notes	*30*	**(15,000)**	–
Proceeds from bank borrowings		**133,735**	77,717
Repayments of bank borrowings		**(77,717)**	(48,026)
Proceeds from issuance of shares	*32(a)*	**40,000**	112,200
Share issue expenses	*32(a)*	**(1,660)**	(2,494)
Repurchase of shares	*32(b)*	**–**	(3,286)
Net cash generated from financing activities		**29,358**	59,394
Net decrease in cash and cash equivalents		**(34,466)**	(37,000)
Cash and cash equivalents at beginning of the year		**52,099**	88,669
Effect of foreign exchange rate changes, net		**(433)**	430
Cash and cash equivalents at end of the year		**17,200**	52,099
Analysis of cash and cash equivalents			
Cash and bank balances	*25*	**17,200**	52,099

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Share capital HK$'000	Share premium* HK$'000	Exchange reserve* HK$'000	Statutory reserve* HK$'000	Share-based compensation reserve* HK$'000	Available-for-sale financial asset reserve* HK$'000	Convertible notes 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	–	–	–	–	–	–	–	(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 6)*	–	–	–	–	–	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 loss for the year	–	–	8,878	–	–	2,731	–	(111,245)	(99,636)	(2,224)	(101,860)
Lapse of share options *(note 34)*	–	–	–	–	(3,507)	–	–	3,507	–	–	–
Cancellation of share options *(note 34)*	–	–	–	–	(18,215)	–	–	18,215	–	–	–
Balance at 31 March 2012 and 1 April 2012	**272,062**	**299,932**	**12,853**	**-**	**27,846**	**2,731**	**-**	**(281,296)**	**334,128**	**170,806**	**504,934**
Issue of shares, net of issue expenses *(note 32(a))*	**40,000**	**(1,660)**	**-**	**-**	**-**	**-**	**-**	**-**	**38,340**	**-**	**38,340**
Acquisition of non-controlling interests *(note 35)*	**-**	**-**	**10,861**	**-**	**-**	**-**	**-**	**(73,130)**	**(62,269)**	**(179,871)**	**(242,140)**
Issue of convertible notes *(note 31)*	**-**	**-**	**-**	**-**	**-**	**-**	**147,560**	**-**	**147,560**	**-**	**147,560**
Transactions with owners	**40,000**	**(1,660)**	**10,861**	**-**	**-**	**-**	**147,560**	**(73,130)**	**123,631**	**(179,871)**	**(56,240)**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,088)**	**(20,088)**	**15,709**	**(4,379)**
Other comprehensive income											
Settlement of available-for-sale financial assets *(note 6)*	**-**	**-**	**-**	**-**	**-**	**(2,731)**	**-**	**-**	**(2,731)**	**-**	**(2,731)**
Exchange gain on translation of financial statements of foreign operations	**-**	**-**	**1,685**	**-**	**-**	**-**	**-**	**-**	**1,685**	**(23)**	**1,662**
Release of exchange reserve upon disposals of subsidiaries *(note 36)*	**-**	**-**	**(2,935)**	**-**	**-**	**-**	**-**	**-**	**(2,935)**	**-**	**(2,935)**
Total comprehensive loss for the year	**-**	**-**	**(1,250)**	**-**	**-**	**(2,731)**	**-**	**(20,088)**	**(24,069)**	**15,686**	**(8,383)**
Lapse of share options *(note 34)*	**-**	**-**	**-**	**-**	**(9,473)**	**-**	**-**	**9,473**	**-**	**-**	**-**
Appropriations to statutory reserve	**-**	**-**	**-**	**669**	**-**	**-**	**-**	**(669)**	**-**	**-**	**-**
Balance at 31 March 2013	**312,062**	**298,272**	**22,464**	**669**	**18,373**	**-**	**147,560**	**(365,710)**	**433,690**	**6,621**	**440,311**

* *These reserve accounts comprise the consolidated reserves of approximately HK$121,628,000 (2012: HK$62,066,000) in the consolidated statement of financial position.*

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 is Room 2118, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong. 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 business are in Hong Kong and in the People's Republic of China (the "PRC").

On 7 January 2013, the Group completed its further acquisition in respect of 47.38% equity interests in the Group's subsidiary, 浙江安賢陵園有限責任公司 Zhejiang Anxian Yuan Company Limited* ("Anxian Yuan"), from Mr. Shi Hua ("Mr. Shi", one of the directors of the Company). After the completion of further acquisition, the effective interest of the Group in Anxian Yuan was 98.38%, details of which are set out in note 35 to the financial statements.

On 26 February 2013, the Group disposed of two wholly-owned subsidiaries, namely Peaceful International Holdings Limited ("Peaceful") and 中寧企業管理服務(上海)有限公司 Sino Peace Enterprise Management & Service (Shanghai) Limited* ("Sino Peace") to an independent third party, for a consideration of HK$30,000,000. Details are set out in note 36 to the financial statements.

There were no other significant changes in the Group's operations during the year.

The financial statements on pages 29 to 104 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants (the "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 financial statements for the year ended 31 March 2013 were approved for issue by the board of directors on 28 June 2013.

* *For identification only.*

2. ADOPTION OF NEW OR AMENDED HKFRSs

(a) Adoption of new or amended HKFRSs – effective 1 April 2012

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "New HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2012:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets

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

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

Amendments to HKFRS 7 expand the disclosure requirements for transfer transactions of financial assets, in particular where the reporting entity has continuing involvement in financial assets that it has derecognised. The newly required disclosures allow users of financial statements to better understand the risks to which the reporting entity remains exposed. And such information is relevant in assessing the amount, timing and uncertainty of the entity's future cash flows. As the Group does not have continuing involvement in the derecognised assets, the amendments have no material impact on the financial statements of the Group.

(b) New or amended HKFRSs that have been issued but are not yet effective

At the date of approval of these financial statements, the following new or amended HKFRSs have been issued but are not yet effective, and have not been early adopted by the Group for the year ended 31 March 2013.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 19 (2011)	Employee Benefits[2]
HK(IFRIC) – Int 20	Stripping Costs of the Production Phase of a Surface Mine[2]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[3]

Notes:

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

Information on new or amended HKFRSs that have been issued but are not yet effective are expected to have impact on the Group's accounting policies is provided below.

2. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

(i) HKAS 1 Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) HKAS 32 Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 Interim Financial Reporting

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

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 or 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.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

2. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

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 derecognition of financial assets and financial liabilities.

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 implantation 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.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

2. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these new or amended HKFRSs that have been issued but are not yet effective and the directors of the Company so far concluded that the application of these new or amended 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 available-for-sale financial assets 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 de-consolidated 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 in 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 interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure 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 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, 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 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.

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)

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 unit "CGU"). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Impairment loss recognised for a CGU 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 rentals 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, deposits and other receivables, 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) 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.

(ii) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial assets (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial assets (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

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

Financial liabilities include trade payables, other payables and accruals, bank borrowings, promissory notes and amounts due to non-controlling interests and a subsidiary.

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 and promissory notes

These are recognised initially at fair value, net of transaction costs incurred. Borrowings and promissory notes 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 and promissory notes 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. Promissory notes are classified into current and non-current liabilities according to their repayment schedule.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Trade payables, other payables and accruals, amounts due to non-controlling interests and a subsidiary

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

3.11 Development and formation costs

Development and formation costs represent development costs incurred for tombs and columbarium niches in the cemetery site and are stated at cost less any impairment losses. These 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 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 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; and

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

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 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-based compensation 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-based compensation 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-based compensation 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.

3.23 Intangible assets

Intangible assets represent 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 charged in accordance with number of plots and niches sold.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For the years ended 31 March 2013 and 2012, the Group has one single business segment, namely cemetery business.

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 payments, finance costs, impairment losses provided or reversal on certain other receivables recognised, loss on disposals of subsidiaries, settlement of available-for-sale financial assets and other 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.

3.25 Convertible notes

The Group's convertible notes are accounted for as equity instruments on the ground that the entire number of convertible notes must be converted into conversion shares on or before the maturity date. At initial recognition, the fair value of convertible notes was recognised in the convertible notes reserve until these notes are either converted or expired/cancelled. When the notes are converted, the convertible notes reserve, at the time of conversion, will be transferred to share capital and share premium as consideration for the shares issued. When the notes are expired/cancelled, the convertible notes reserve will be released directly to accumulated losses.

3.26 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, accumulated amortisation recognised in accordance with HKAS 18 Revenue.

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.

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 assets 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.

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

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

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

(v) Valuation of share options granted

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

The estimation of fair values of the share options are derived after taking into account the input parameters. Significant estimates and assumptions made by management include the estimated life of share options granted; 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.

(vii) Fair value of financial instruments

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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. For the years ended 31 March 2013 and 2012, the Group has one single business segment, namely cemetery business.

5. SEGMENT INFORMATION (CONTINUED)

Information on the Group's cemetery business segment provided to the executive directors is set out below:

	2013 HK$'000	2012 HK$'000
From external customers		
Reportable segment revenue	**127,405**	64,704
Reportable segment profit	**28,140**	10,771
Interest income	**709**	158
Imputed interest expense	**(42)**	(1,543)
Depreciation	**(2,563)**	(2,772)
Amortisation of intangible assets	**(3,168)**	(2,117)
Amortisation of deferred expenditure	**(4,387)**	(4,492)
Income tax (expense)/credit	**(7,339)**	536
Reportable segment assets	**761,189**	664,432
Additions to non-current segment assets	**101**	2,777
Reportable segment liabilities	**(322,077)**	(261,777)

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

	2013 HK$'000	2012 HK$'000
Reportable segment revenue	**127,405**	64,704
Reportable segment profit	**28,140**	10,771
Settlement of available-for-sale financial assets	**2,731**	–
Equity-settled share-based payments	**–**	(7,311)
Finance costs	**(1,465)**	(11,193)
Reversal of provision for impairment loss on other receivables	**5,533**	–
Impairment loss on other receivables	**(7,317)**	(80,000)
Legal and professional fee	**(3,138)**	(2,870)
Employee benefit expenses	**(4,777)**	(16,217)
Operating lease charges	**(4,396)**	(4,149)
Loss on disposals of subsidiaries	**(10,379)**	–
Other unallocated corporate income and expenses	**(9,311)**	(9,920)
Loss for the year	**(4,379)**	(120,889)
Reportable segment assets	**761,189**	664,432
Property, plant and equipment	**1,048**	2,267
Deposit for a potential investment	**–**	7,317
Prepayments, deposits and other receivables	**25,361**	49,490
Cash and bank balances	**7,453**	42,518
Other unallocated corporate assets	**512**	2,280
Group assets	**795,563**	768,304
Reportable segment liabilities	**322,077**	261,777
Promissory notes	**30,144**	–
Other unallocated corporate liabilities	**3,031**	1,593
Group liabilities	**355,252**	263,370

5. SEGMENT INFORMATION (CONTINUED)

For the year ended 31 March 2013, approximately HK$58,538,000 or 46% of the Group's revenue was derived from a single customer in the cemetery business segment. As at 31 March 2013, approximately HK$72,068,000 was due from this customer.

During the year ended 31 March 2012, there was no customer with whom transactions had exceeded 10% of the Group's revenue.

For the years ended 31 March 2013 and 2012, the Group's revenue from external customers is all derived in the PRC where the services were provided or the goods were delivered.

The Group's non-current assets (other than financial instruments) are divided into the following geographical areas, which are 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:

	2013 **HK$'000**	2012 HK$'000
Hong Kong (domicile)	**1,048**	7,766
The PRC	**472,844**	482,926
Total	**473,892**	490,692

6. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to the 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:

	2013 HK$'000	2012 HK$'000
Revenue		
Sales of tombs and niches	**126,670**	64,084
Management fee income	**735**	620
	127,405	64,704
Other income		
Interest income on financial assets stated at amortised cost	**715**	173
Share of office expenses recharged	**–**	702
Reversal of provision for impairment loss on other receivables *(note 23(a))*	**5,533**	–
Settlement of available-for-sale financial assets *(note)*	**2,731**	–
Sundry income	**–**	531
	8,979	1,406

Note: Available-for-sale financial assets as at 31 March 2012 represented the contingent consideration receivable regarding the profit guarantee in relation to the acquisition of 41.2% equity interests in Anxian Yuan in November 2010. The balance has been fully settled and re-classified to other income during the year.

7. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest charged on:		
Bank borrowings stated at amortised cost wholly repayable within five years	**7,668**	3,231
Other borrowings stated at amortised cost wholly repayable within five years	**1,724**	11,193
Promissory notes	**564**	–
Trade payables wholly repayable within five years	**42**	197
Amounts due to non-controlling interests wholly repayable within five years	**–**	1,346
	9,998	15,967
Less: Amount capitalised in development and formation costs	**(8,491)**	(3,231)
	1,507	12,736

Borrowing costs were capitalised at the weighted average rate of 8.33% (2012: 33%) per annum for the year.

8. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2013 HK$'000	2012 HK$'000
Amortisation of intangible assets	**3,168**	2,117
Amortisation of deferred expenditure	**4,387**	4,492
Auditor's remuneration	**520**	495
Cost of inventories recognised as an expense	**49,937**	9,091
Depreciation		
– Property, plant and equipment	**3,024**	3,197
– Investment properties	**319**	316
Equity-settled share-based payments	**–**	7,311
Exchange losses, net	**570**	27
Fair value loss on financial assets at fair value through profit or loss*	**–**	1,235
Impairment loss on other receivables *(note 23)*	**7,317**	80,000
Loss on disposals of subsidiaries *(note 36)*	**10,379**	–
Loss on disposals of property, plant and equipment	**–**	272
Operating lease charges in respect of premises	**4,993**	5,665
Write-off of property, plant and equipment	**–**	271
Write-off of deferred expenditure	**–**	126

* *Included in other operating expenses*

9. INCOME TAX EXPENSE/(CREDIT)

	2013 HK$'000	2012 HK$'000
Current tax – the PRC		
Charged for the year	**8,128**	461
Deferred tax *(note 20)*		
Charged for the year	**2,089**	389
Credited for the year	**(937)**	(923)
Withholding tax	**–**	(532)
	9,280	(605)

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

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

9. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

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

	2013 HK$'000	2012 HK$'000
Profit/(Loss) before income tax for the year	**4,901**	(121,494)
Income tax at Hong Kong profits tax rate of 16.5% (2012: 16.5%)	**809**	(20,047)
Tax effect of different taxation rate in other tax jurisdiction	**2,490**	(979)
Tax effect of non-taxable income	**(4,117)**	(925)
Tax effect of non-deductible expenses	**5,703**	15,213
Tax effect of temporary differences	**1,264**	362
Tax losses utilised from previous period	**–**	(2,324)
Tax effect of unused tax loss not recognised	**3,131**	8,166
Tax effect of withholding tax *(note 20)*	**–**	(532)
Tax effect of tax on dividend income	**–**	461
Income tax expense/(credit)	**9,280**	(605)

10. LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Of the consolidated loss attributable to the owners of the Company of approximately HK$20,088,000 (2012: HK$111,245,000), a loss of approximately HK$19,311,000 (2012: HK$23,184,000) 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:

	2013	2012
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company	**(20,088)**	(111,245)

	2013	2012
	('000)	('000)
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,840,075**	2,363,491

Diluted loss per share for loss attributable to the owners of the Company for the years ended 31 March 2013 and 2012 was the same as basic loss per share because the impact of the exercise of the share options and convertible notes is anti-dilutive.

12. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2013	2012
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**4,434**	11,342
Discretionary bonus	**219**	764
Contributions to defined contribution plans	**124**	408
Equity-settled share-based payments	**–**	3,703
	4,777	16,217

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
2013					
Executive directors					
Shi Hua ("Mr. Shi Hua")	**360**	**–**	**–**	**–**	**360**
Law Fei Shing ("Mr. Law")	**960**	**100**	**15**	**–**	**1,075**
Shen Mingzhen ("Ms. Shen")	**240**	**–**	**–**	**–**	**240**
Shi Jun ("Mr. Shi Jun")	**240**	**–**	**–**	**–**	**240**
Non-executive directors					
Qi Xing Gang ("Dr. Qi")	**120**	**–**	**–**	**–**	**120**
Yu Ping ("Mr. Yu")	**120**	**–**	**–**	**–**	**120**
Independent non-executive directors					
Tang Yan ("Ms. Tang")	**120**	**–**	**–**	**–**	**120**
Lau Siu Ngor ("Ms. Lau")	**120**	**–**	**–**	**–**	**120**
So Livius ("Mr. So") *(j)*	**1**	**–**	**–**	**–**	**1**
Fu Xiao Dong *(l)*	**120**	**–**	**–**	**–**	**120**
	2,401	**100**	**15**	**–**	**2,516**
2012					
Executive directors					
Mr. Shi Hua *(a)*	281	–	–	870	1,151
Mr. Law	960	680	12	258	1,910
Ms. Shen *(b)*	71	–	–	870	941
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					
Dr. Qi *(e)*	728	–	–	64	792
Mr. Yu *(f)*	768	–	–	64	832
Yeung Mui Kwan David ("Mr. Yeung") *(g)*	120	–	–	–	120
Tu Zhimin *(g)*	120	–	–	–	120
Independent non-executive directors					
Ms. Tang *(h)*	36	–	–	64	100
Ms. Lau *(h)*	36	–	–	64	100
Law Yui Lun ("Mr. YL Law") *(i)*	127	–	–	–	127
Mr. So *(j)*	162	–	–	–	162
Bian Yi Jun *(k)*	112	–	–	–	112
	5,166	680	20	3,124	8,990

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) 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 and ceased to be the chairman and re-designated as a non-executive director on 15 December 2011.

(f) Re-designated as 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 a 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) Appointed on 1 April 2012.

The value of the share options granted to the directors was measured according to the Group's accounting policy for share-based 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 three (2012: five) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two individuals for the year (2012: Nil) are as follows:

	2013 HK$'000
Salaries, allowances and benefits in kind	**1,116**
Contributions to defined contribution plans	**30**
Discretionary bonus	**93**
	1,239

The emoluments fell within the following band:

	Number of individuals 2013
HK$1 – HK$1,000,000	**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 2013 and 2012.

13.4 During the year, emoluments paid or payable to members of senior management were within the following bands:

	Number of individuals	
	2013	2012
HK$1 – HK$1,000,000	**10**	13
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**–**	1

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 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
Year ended 31 March 2013					
Opening net book amount	**5,170**	**734**	**4,096**	**331**	**10,331**
Additions	**–**	**138**	**882**	**–**	**1,020**
Disposals of subsidiaries *(note 36)*	**–**	**(287)**	**(1,071)**	**–**	**(1,358)**
Depreciation	**(1,120)**	**(313)**	**(1,459)**	**(132)**	**(3,024)**
Exchange realignment	**12**	**–**	**3**	**–**	**15**
Closing net carrying amount	**4,062**	**272**	**2,451**	**199**	**6,984**
At 31 March 2013					
Cost	**6,809**	**1,022**	**4,668**	**394**	**12,893**
Accumulated depreciation	**(2,747)**	**(750)**	**(2,217)**	**(195)**	**(5,909)**
Net carrying amount	**4,062**	**272**	**2,451**	**199**	**6,984**

At 31 March 2013, the Group's buildings with aggregated net carrying amounts of approximately HK$3,878,000 (2012: HK$4,905,000) were situated on the land in the PRC and the land was 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$184,000 as at 31 March 2013 (2012: HK$265,000) 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 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
Year ended 31 March 2013			
Opening net book amount	**135**	**313**	**448**
Additions	**34**	**–**	**34**
Depreciation	**(70)**	**(114)**	**(184)**
Closing net carrying amount	**99**	**199**	**298**
At 31 March 2013			
Cost	**376**	**342**	**718**
Accumulated depreciation	**(277)**	**(143)**	**(420)**
Net carrying amount	**99**	**199**	**298**

15. INVESTMENT PROPERTIES – GROUP

	2013 HK$'000	2012 HK$'000
At 1 April		
Cost	**2,590**	2,493
Accumulated depreciation	**(427)**	(103)
Net carrying amount	**2,163**	2,390
During the year		
Opening net carrying amount	**2,163**	2,390
Depreciation	**(319)**	(316)
Exchange realignment	**6**	89
Closing net carrying amount	**1,850**	2,163
At 31 March		
Cost	**2,600**	2,590
Accumulated depreciation	**(750)**	(427)
Net carrying amount	**1,850**	2,163

As at 31 March 2013, investment properties with a carrying amount of HK$1,850,000 (2012: HK$2,163,000) 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 Renminbi ("RMB")2,100,000, equivalent to approximately HK$2,600,000.

16. INTERESTS IN SUBSIDIARIES – COMPANY

	2013 HK$'000	2012 HK$'000
Unlisted shares, at cost	**9**	9
Amounts due from subsidiaries	**541,057**	372,881
Amount due to a subsidiary	**–**	(370)
	541,066	372,520
Less: Provision for impairment*	**(100,982)**	(16,780)
	440,084	355,740

* *Impairment of approximately HK$100,982,000 (2012: HK$16,780,000) was recognised for certain amounts due from subsidiaries out of total carrying amount of approximately HK$541,057,000 (2012: HK$372,881,000). 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:

	2013 HK$'000	2012 HK$'000
At the beginning of the year	**(16,780)**	(79,266)
Impairment loss recognised	**(84,427)**	(5,757)
Write-off of receivables *(note)*	**225**	68,243
At the end of the year	**100,982**	(16,780)

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 2013 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 directly	Percentage of equity interest held by the Company indirectly	Principal activities and places of operations
Chong Sun Securities Limited	The British Virgin Islands ("BVI"), limited liability company	US$1	100%	–	Inactive
Asset Direct Trading Limited	BVI, limited liability company	US$1	100%	–	Inactive
Capital Spirit Limited	BVI, limited liability company	US$1	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		Principal activities and places of operations
			directly	indirectly	
Anxian Yuan (HK) Limited	Hong Kong, limited liability company	HK$1	–	100%	Investment holding, Hong Kong
Anxian Yuan (i)	The PRC, sino– foreign equity joint venture	RMB85,000,000	–	98.38% (2012: 51%)	Cemetery business, the PRC
Jia Yuan Trading Limited (“Jia Yuan”) (ii)	BVI, limited liability company	US$1	–	100%	Investment holding, Hong Kong
Hirise Corporation Limited (“Hirise”) (ii)	Hong Kong, limited liability company	HK$10,000	–	100%	Investment holding, Hong Kong

Notes:

(i) During the year, the Group completed a further acquisition of 47.38% equity interests in Anxian Yuan from Mr. Shi *(note 35)*.

(ii) Newly acquired during the year.

(iii) The Group’s subsidiary namely, Moral Access Limited, was dissolved during the year.

(iv) The Group’s subsidiaries namely, Peaceful and Sino Peace were disposed of during the year *(note 36)*.

17. INTANGIBLE ASSETS – GROUP

	Allocated land and cemetery operating licence	
	2013	2012
	HK$'000	HK$'000
At 1 April		
Cost	**397,143**	382,234
Accumulated amortisation	**(4,862)**	(2,609)
Net carrying amount	**392,281**	379,625
During the year		
Opening net carrying amount	**392,281**	379,625
Amortisation	**(3,168)**	(2,117)
Exchange realignment	**1,468**	14,773
Closing net carrying amount	**390,581**	392,281
At 31 March		
Cost	**398,649**	397,143
Accumulated amortisation	**(8,068)**	(4,862)
Net carrying amount	**390,581**	392,281

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. DEPOSIT FOR A POTENTIAL INVESTMENT – GROUP AND COMPANY

	2013	2012
	HK$'000	HK$'000
Acquisition of a subsidiary in Chongqing, the PRC	**–**	7,317

On 30 September 2011, the Company entered into an agreement with independent third parties ("Chongqing Vendors") to acquire a limited liability company in the PRC (the "Project Company"), which is principally engaged in cemetery development and operation in Chongqing, the PRC. Details of this potential acquisition were 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 Chongqing Vendors during the year ended 31 March 2012, 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 was not completed and the refundable deposit was accounted for as a non-current deposit.

After the execution of the agreement, the Company commenced due diligence investigation on the assets, liabilities, businesses, prospects and other affairs of the Project Company. Having reviewed the results of the due diligence investigation and evaluated the benefits expected to be brought by the acquisition, the board of directors decided not to proceed the acquisition and the deposit of RMB6,000,000 was required to be returned to the Company. Details of cancellation of this potential acquisition are set out in the Company's announcement dated 29 June 2012. As at 31 March 2013, the deposit was re-classified to other receivables *(note 23(b))*.

19. DEFERRED EXPENDITURE – GROUP

	2013	2012
	HK$'000	HK$'000
At 1 April		
Cost	**91,664**	87,289
Accumulated amortisation	**(13,064)**	(8,181)
Net carrying amount	**78,600**	79,108
During the year		
Opening net carrying amount	**78,600**	79,108
Additions	**–**	1,097
Write-off	**–**	(126)
Amortisation	**(4,387)**	(4,492)
Exchange realignment	**264**	3,013
Closing net carrying amount	**74,477**	78,600
At 31 March		
Cost	**92,011**	91,664
Accumulated amortisation	**(17,534)**	(13,064)
Net carrying amount	**74,477**	78,600

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))*	Interest capitalisation HK$'000	Total HK$'000
At 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 and 1 April 2012	**2,536**	**586**	**(98,729)**	**(333)**	**–**	**(95,940)**
(Charged)/Credited to profit or loss for the year *(note 9)*	**(324)**	**–**	**937**	**–**	**(1,765)**	**(1,152)**
Exchange realignment	**7**	**2**	**(366)**	**–**	**–**	**(357)**
At 31 March 2013	**2,219**	**588**	**(98,158)**	**(333)**	**(1,765)**	**(97,449)**

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 2013, the aggregate amount of the undistributed earnings of the PRC subsidiaries was approximately HK$6,798,000 (2012: HK$11,072,000), deferred tax liabilities associated with which have been recognised.

(c) The Group has tax losses arising in Hong Kong of approximately HK$97,161,000 (2012: HK$80,582,000), 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

	2013 HK$'000	2012 HK$'000
Development and formation costs		
– columbarium niches	**47,528**	42,033
– tombs	**93,230**	58,774
	140,758	100,807

As at 31 March 2013, development and formation costs of approximately HK$81,566,000 (2012: HK$60,303,000) are expected to be recovered more than one year.

22. TRADE RECEIVABLES – GROUP

	2013 **HK$'000**	2012 HK$'000
Trade receivables, gross	**72,068**	23,192
Less: Provision for impairment loss	**–**	–
Trade receivables, net	**72,068**	23,192

Trade receivables generally have credit terms of 30 to 90 days (2012: 30 to 90 days). No interest is charged to the Group's 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:

	2013 **HK$'000**	2012 HK$'000
Within 60 days	**–**	–
61 to 90 days	**–**	–
91 to 120 days	**61,171**	–
121 to 365 days	**–**	–
Over 365 days	**10,897**	23,192
	72,068	23,192

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 2013, the Group has pledged all of its trade receivables to secure a short-term bank borrowing to a related company of the Group *(note 42)* during the year.

22. TRADE RECEIVABLES – GROUP (CONTINUED)

As at 31 March 2013, balance of trade receivables which are neither past due nor impaired is Nil (2012: Nil). Ageing analysis of trade receivables past due but not impaired is as follows:

	2013	2012
	HK$'000	HK$'000
Neither past due nor impaired	**–**	–
1 – 30 days past due	**–**	–
31 – 365 days past due	**61,171**	–
Over 365 days past due	**10,897**	23,192
	72,068	23,192

As at 31 March 2013 and 2012, all trade receivables 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 on trade receivables is as follows:

	2013	2012
	HK$'000	HK$'000
At 1 April	**–**	58,847
Amounts written off as uncollectible	**–**	(58,847)
At 31 March	**–**	–

For the year ended 31 March 2012, trade receivables of approximately HK$58,847,000 were written off against impairment loss provision.

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

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**20,562**	22,170	**10**	192
Other receivables *(note)*	**25,646**	48,593	**–**	–
Deposits paid	**306**	1,214	**302**	1,013
	46,514	71,977	**312**	1,205

Note:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other receivables	**107,430**	128,593	**7,317**	–
Less: Provision for impairment loss	**(81,784)**	(80,000)	**(7,317)**	–
Other receivables, net	**25,646**	48,593	**–**	–

As at 31 March 2013, included in the Group's other receivables (before provision for impairment loss) are receivable from Mr. Fu Yuan Ji ("Mr. Fu") of HK$74,467,000 (2012: HK$80,000,000) (see note (a) below), receivable from the Chongqing Vendors of approximately HK$7,317,000 (2012: Nil) (see note (b) below and note 18) and receivable arising from the disposals of subsidiaries in February 2013 of HK$25,000,000 (2012: Nil) (see note (c) below and note 36). The balance as at 31 March 2012 also included non-interest bearing advances of approximately HK$47,478,000 made to certain independent third parties. These non-interest bearing advances had been fully settled during the year.

a) In October 2009, a refundable deposit of HK$80,000,000 was paid to an independent third party, 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 were set out in the Company's circulars dated 24 December 2009 and 15 February 2011. As announced by the Company on 1 December 2011, as the conditions precedent of this potential investment were not satisfied by 30 November 2011, the related 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. In the opinion of the directors, the recoverability of such amount would take a long period of time and it was estimated that its recoverability was remote. Accordingly, full provision was made as at 31 March 2012.

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

a) (Continued)

On 14 May 2012, Sino Grandeur instituted legal proceedings in Hong Kong against Mr. Fu to claim refundable deposit of HK$80,000,000. On 29 June 2012, Sino Grandeur and Mr. Fu reached an agreement pursuant to which Mr. Fu agreed to repay HK$80,000,000 together with interests accrued thereon by way of 16 quarterly instalments with the first instalment to be paid on or before 30 September 2012 and the last instalment to be paid on or before 30 June 2016. Details are set out in the Company's announcement dated 15 May 2012 and 9 July 2012. During the year, the first instalment of HK$5,533,000 was settled and the corresponding provision for impairment loss was written back as other income *(note 6)* accordingly.

b) As disclosed in note 18, the refundable deposit of RMB6,000,000 (equivalent to approximately HK$7,317,000) paid to the Chongqing Vendors was re-classified to other receivables as at 31 March 2013. 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 2013.

c) On 26 February 2013, the Group disposed of Peaceful and Sino Peace to an independent third party at a cash consideration of HK$30,000,000. An amount of HK$5,000,000 has been received before 31 March 2013 whilst the remaining amounts of HK$25,000,000 are to be received by three instalments within 6 months after the date of the disposal agreement.

The Group did not hold any collateral in respect of these balances.

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.

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.

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

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

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 April	**80,000**	3,829	**–**	3,000
Provision for impairment loss	**7,317**	80,000	**7,317**	–
Reversal of provision for impairment loss	**(5,533)**	–	**–**	–
Write-off of other receivables	**–**	(3,829)	**–**	(3,000)
At 31 March	**81,784**	80,000	**7,317**	–

24. PLEDGED BANK DEPOSITS – GROUP

As at 31 March 2013, the Group's bank borrowings amounted to approximately HK$37,148,000 (2012: HK$18,504,000) *(note 28)* are secured by the Group's bank deposits of approximately HK$37,148,000 (2012: HK$18,504,000). Interest rates of the two pledged bank deposits are 3.0% and 3.5% respectively (2012: 3.5%) per annum. The directors consider the fair value of the pledged bank deposits approximate to its carrying amount.

25. CASH AND BANK BALANCES – GROUP AND COMPANY

Included in cash and bank balances of the Group are bank balances of approximately HK$9,747,000 (2012: HK$9,601,000) denominated in RMB which are placed with the banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

Bank balances of the Group and the Company earn interests 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.

26. TRADE PAYABLES – GROUP

The Group was granted by its suppliers oral credit periods ranging between 90 days to 3 years (2012: 90 days to 3 years). Based on the invoice dates, ageing analysis of trade payables is as follows:

	2013 HK$'000	2012 HK$'000
Within 90 days	868	6,444
91 to 180 days	912	3,544
181 to 365 days	3,952	5,950
Over 1 year	16,719	14,474
	22,451	30,412

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

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

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Current portion:				
Accruals	1,550	1,828	476	547
Deposits received	896	517	–	–
Other payables	27,009	20,653	–	–
Receipts in advance *(note)*	986	641	–	–
	30,441	23,639	476	547
Non-current portion:				
Receipts in advance *(note)*	7,415	5,056	–	–

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

Note: The balances represent ten-year management fees received in advance in respect of tombs and columbarium niches sold. 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 tombs and columbarium niches.

28. BANK BORROWINGS – GROUP

	2013 **HK$'000**	2012 HK$'000
Bank borrowings repayable within one year:		
– secured *(note (a))*	**74,296**	18,504
– guaranteed *(note (b))*	**55,723**	55,512
– secured and guaranteed *(note (c))*	**3,716**	3,701
	133,735	77,717

Notes:

(a) The balances are secured by the Group's pledged bank deposits of approximately HK$37,148,000 (2012: HK$18,504,000) *(note 24)* and another pledged bank deposits of approximately HK$37,148,000 (2012: Nil) from a related company of the Group *(note 39)*. The balances bore interests at effective interest rates from 6.0% to 8.4% (2012: 7.63%) per annum.

(b) The balances are guaranteed by certain directors of the Company and their family members, the non-controlling interest holder of a subsidiary and an independent third party. These bank borrowings bore interests at effective interest rates from 6.6% to 7.56% (2012: 6.9% to 7.63%) per annum.

(c) The balance is guaranteed by certain directors of the Company and their family members and the non-controlling interest holder of a subsidiary, and also secured by a property held by the non-controlling interest holder of a subsidiary. This bank borrowing bore interest at effective interest rate of 6.6% (2012: 7.63%) per annum.

All bank borrowings as at 31 March 2013 and 2012 are due within 12 months of the reporting date and are denominated in RMB.

29. AMOUNTS DUE TO NON-CONTROLLING INTERESTS – GROUP

The balances are unsecured, interest free and due for repayment on demand.

30. PROMISSORY NOTES – GROUP AND COMPANY

On 7 January 2013, the Company issued the promissory notes ("PN") with principal amount of HK$50,000,000 as part of the consideration for the Group's acquisition of the entire issued share capital of Jia Yuan, which through Hirise, indirectly holds 47.38% equity interests in Anxian Yuan *(note 35)*. The PN has a maturity of 36 months from the date of issue and bear simple interest at a rate of 2% per annum.

The fair value of the PN is calculated based on the principal amount and simple interest of the PN and discounted at the effective interest rate of 7.84% per annum for the period before its maturity. The valuation of the PN as at the date of its issue was carried out by LCH, using discounted cash flow approach by applying an appropriate discount rate on the estimated future cash outflows on repayment of the PN. The discount rate is derived from market risk-free rate and risk premium specific to the Company with reference to market sources. The fair value of the PN is recorded as financial liabilities stated at amortised cost in accordance with HKAS 39.

30. PROMISSORY NOTES – GROUP AND COMPANY (CONTINUED)

At the sole discretion of the Company, the PN can be repaid earlier, and no interest will be incurred if the PN are fully repaid prior to its maturity date. The early repayment option of PN is regarded as an embedded derivative not closely related to the host contract (the PN). It shall be separately accounted for as a financial instrument at fair value through profit or loss. The directors of the Company consider that the fair value of the early repayment option was insignificant on initial recognition and as at the reporting date.

On 14 January 2013, the Company has repaid part of the PN amounting to HK$15,000,000. Movements of the PN during the year are set out as follows:

	HK$'000
Fair value of PN at the date of issue	44,580
Early repayment	(15,000)
Interest expenses	564
As at 31 March 2013	**30,144**

On 3 May 2013, part of the remaining PN amounting to HK$10,000,000 have been repaid.

31. CONVERTIBLE NOTES – GROUP AND COMPANY

On 7 January 2013, the Company issued the convertible notes ("CN") with a principal amount of HK$330,000,000 as part of the consideration for the Group's acquisition of the entire issued share capital of Jia Yuan, which through Hirise, indirectly holds 47.38% equity interests in Anxian Yuan *(note 35)*.

The CN are unsecured, non-interest bearing, and will mature on the 5th anniversary of the date of issue of the CN (the "Maturity Date"). The conversion price, subject to the anti-dilution adjustments, is HK$0.10 per conversion share. The CN can be converted in whole or in part into conversion shares at any time following the date of issue until one working day prior to the Maturity Date. Any CN which remain outstanding on the Maturity Date shall be converted automatically into the conversion shares unless such conversion will result in (1) a holder of the CN and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 29% or more of the entire issued shares of the Company or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Merger as being the level for triggering a mandatory general offer, whichever is lower, or (2) the Company will be in breach of the minimum public float requirement under the Listing Rules. In such events, the maturity date of the CN will be extended for further 5 years. Any CN which remain outstanding on the extended maturity date shall be converted automatically into the conversion shares. All outstanding CN which are not converted thereafter will be cancelled by the Company and fully waived without any cost or will not be converted into the debt of the Company. Holders of the CN will have no right to redeem, and the Company has no obligation to repay the outstanding amount.

The CN are accounted for as an equity instrument in accordance with HKAS 32 as the entire number of the CN must be converted into conversion shares on or before the Maturity Date or the extended maturity date of this CN, assuming that anti-dilution adjustment clauses in the CN are not breached the fixed-for-fixed rule in HKAS 32. The fair value of the CN at the date of its issue was carried out by LCH. The CN were priced as prepaid forward, an arrangement in which one can pay for the stock today and receive the stock at an agreed-upon date. Generally, the price of a prepaid forward is equal to the spot asset price. In valuing the CN, adjustment has been made for the dilution effect of the issue of the CN.

31. CONVERTIBLE NOTES – GROUP AND COMPANY (CONTINUED)

On 7 January 2013, the CN was issued at the fair value of approximately HK$147,560,000 and was recognised as convertible notes reserve in the consolidated statement of changes in equity of the Group. The reserve will be realised when the CN are converted or cancelled.

On 23 April 2013, part of the CN with aggregate amount of HK$85,000,000 were converted at the conversion price of HK$0.10 each into 850,000,000 ordinary shares of the Company at HK$0.10 each.

32. SHARE CAPITAL

	2013		2012	
	Number of shares ('000)	**HK$'000**	Number of shares ('000)	HK$'000
Authorised:				
Shares of HK$0.10 each				
At 1 April 2011, 31 March 2012 and 2013	**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	**2,720,623**	**272,062**	2,120,623	212,062
Placing of new shares *(note (a))*	**400,000**	**40,000**	615,000	61,500
Repurchase and cancellation of shares *(note (b))*	**–**	**–**	(15,000)	(1,500)
At 31 March	**3,120,623**	**312,062**	2,720,623	272,062

Notes:

(a) During the years ended 31 March 2013 and 2012, 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.

On 5 December 2012, the Company entered into a placing agreement with placing agents to issue 400,000,000 shares at HK$0.10 per share. Of the net proceeds of HK$38,340,000, amounts of HK$40,000,000 and approximately HK$1,660,000 of issue expense, were credited to share capital and debited to share premium accounts respectively. The placing was completed on 13 December 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 HK$0.230 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 cancellation of these shares was completed on 29 July 2011.

All new shares issued during the years ended 31 March 2013 and 2012 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$'000	Convertible notes reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 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 *(note 34)*	–	(3,507)	–	–	3,507	–
Equity-settled share-based payments *(note 34)*	–	7,311	–	–	–	7,311
Contingent consideration receivable *(note 6)*	–	–	2,731	–	–	2,731
Loss for the year	–	–	–	–	(28,941)	(28,941)
Balance at 31 March 2012 and 1 April 2012	**299,932**	**27,846**	**2,731**	**–**	**(209,475)**	**121,034**
Issue of new shares, net of expenses *(note 32(a))*	**(1,660)**	**–**	**–**	**–**	**–**	**(1,660)**
Issue of convertible notes *(note 31)*	**–**	**–**	**–**	**147,560**	**–**	**147,560**
Lapse of share options *(note 34)*	**–**	**(9,473)**	**–**	**–**	**9,473**	**–**
Settlement of available-for-sale financial assets *(note 6)*	**–**	**–**	**(2,731)**	**–**	**–**	**(2,731)**
Loss for the year	**–**	**–**	**–**	**–**	**(158,958)**	**(158,958)**
Balance at 31 March 2013	**298,272**	**18,373**	**–**	**147,560**	**(358,960)**	**105,245**

Loss of approximately HK$158,958,000 (2012: HK$28,941,000) for the year included impairment loss on the outstanding balances due from subsidiaries of approximately HK$139,647,000 (2012: HK$5,757,000).

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)

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 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. The Share Option Scheme has a life of 10 years from the Adoption Date.

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:

2013

Name and category of participant	Date of grant	Exercisable period	Number of options: Balance at 1 April 2012	Granted during the year	Cancelled during the year	Expired/ Lapsed during the year	Balance at 31 March 2013	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
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
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)

2013 (Continued)

Name and category of participant	Date of grant	Exercisable period	Number of options: Balance at 1 April 2012	Granted during the year	Cancelled during the year	Expired/ Lapsed during the year	Balance at 31 March 2013	Exercise price per share HK$
Independent non-executive directors								
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
			119,800,000	–	–	(1,900,000)	117,900,000	
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	2,000,000	–	–	–	2,000,000	0.604
In aggregate	6 July 2010	7 July 2010 to 17 July 2018	17,700,000	–	–	(14,200,000)	3,500,000	0.435
In aggregate	25 October 2010	26 October 2010 to 17 July 2018	34,700,000	–	–	(29,000,000)	5,700,000	0.415
In aggregate	31 March 2012	3 April 2012 to 17 July 2018	18,000,000	–	–	(5,000,000)	13,000,000	0.101
			104,400,000	–	–	(80,200,000)	24,200,000	

34. SHARE OPTION SCHEME (CONTINUED)

2013 (Continued)

Name and category of participant	Date of grant	Exercisable period	Balance at 1 April 2012	Granted during the year	Cancelled during the year	Expired/ Lapsed during the year	Balance at 31 March 2013	Exercise price per share HK$
			Number of options					
Third parties								
In aggregate	6 July 2010	7 July 2010 to 17 July 2018	20,000,000	–	–	–	20,000,000	0.435
In aggregate	25 October 2010	26 October 2010 to 17 July 2018	45,000,000	–	–	–	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
			177,062,260	–	–	–	177,062,260	
Total			**401,262,260**	**–**	**–**	**(82,100,000)**	**319,162,260**	

2012

Name and category of participant	Date of grant	Exercisable period	Balance at 1 April 2011	Granted during the year	Cancelled during the year	Expired/ Lapsed during the year	Balance at 31 March 2012	Exercise price per share HK$
			Number of options					
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

34. SHARE OPTION SCHEME (CONTINUED)

2012 (Continued)

			Number of options					
Name and category of participant	Date of grant	Exercisable period	Balance at 1 April 2011	Granted during the year	Cancelled during the year	Expired/ Lapsed during the year	Balance at 31 March 2012	Exercise price per share HK$
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
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	

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	Cancelled during the year	Expired/ Lapsed during the year	Balance at 31 March 2012	Exercise price per share HK$
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	
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	

34. SHARE OPTION SCHEME (CONTINUED)

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

	2013 Number	**2013** Weighted average exercise price HK$	2012 Number	2012 Weighted average exercise price HK$
Outstanding at 1 April	**401,262,260**	**0.264**	365,860,000	0.457
Granted	**–**	**–**	227,062,260	0.101
Cancelled	**–**	**–**	(165,200,000)	0.421
Lapsed	**(82,100,000)**	**0.477**	(26,460,000)	0.564
Outstanding at 31 March	**319,162,260**	**0.209**	401,262,260	0.264
Exercisable at 31 March	**319,162,260**		401,262,260	

All the options outstanding as at 31 March 2013 (2012: All) were exercisable. The options outstanding at 31 March 2013 had a weighted average remaining contractual life of 5.3 years (2012: 6.3 years). No share options were exercised during the years ended 31 March 2013 and 2012.

The fair value of the share options granted 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 2013, no share options are vested (2012: HK$7,311,000) 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, 82,100,000 (2012: 26,460,000) share options were lapsed after three months from the date when the directors and employees resigned and left the Group. The share-based compensation reserve of approximately HK$9,473,000 (2012: HK$3,507,000) was released to accumulated losses accordingly.

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 share-based compensation reserve of approximately HK$18,215,000 was released to accumulated losses accordingly.

35. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

In November 2010, the Group has obtained 41.2% equity interests in Anxian Yuan and control over the operating and financial policies of Anxian Yuan which became a subsidiary of the Group. During the year ended 31 March 2012, the Group further invested capital with an aggregate of RMB80,000,000 to Anxian Yuan and the equity interests in Anxian Yuan held by the Group increased by 9.8% from 41.2% to 51%.

On 18 September 2012, the acquisition agreement was entered into between Sino Grandeur, Master Point Overseas Limited (the "Vendor") and Mr. Shi, the ultimate controlling shareholder of the Vendor as guarantor. Pursuant to the acquisition agreement, Sino Grandeur agreed to acquire the entire issued share capital of Jia Yuan from the Vendor at a consideration of HK$430,000,000, which is satisfied partly by cash of HK$50,000,000 and partly by the Company's issue of the PN of HK$50,000,000 *(note 30)* and the CN of HK$330,000,000 *(note 31)* to the Vendor (the "Acquisition").

The Acquisition was completed on 7 January 2013 and resulted in an increase in equity interests of 47.38% in Anxian Yuan, which constituted a change in the Group's ownership interest in a subsidiary that does not result in a change of control. According to HKAS 27, the Acquisition is accounted for as an equity transaction. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid is recognised directly in equity attributable to owners of the Company.

35. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL (CONTINUED)

The effect of the changes in the ownership interests in Anxian Yuan is summarised as follows:

	HK$'000
Fair value of consideration paid	
– Cash consideration	50,000
– PN	44,580
– CN	147,560
	242,140
Carrying amount of non-controlling interests acquired	179,871
Excess consideration paid over carrying amount	62,269

36. DISPOSALS OF SUBSIDIARIES

On 26 February 2013, the disposal agreement was entered into between Sino Grandeur and an independent third party (the "Purchaser") to dispose of the entire equity interests in Peaceful and Sino Peace (the "Disposal Group") at a cash consideration of HK$30,000,000.

The total consideration was satisfied by the Purchaser as to pay HK$5,000,000 upon the completion of the disposals on 26 February 2013 and will be satisfied by the Purchaser as to pay HK$10,000,000, HK$10,000,000 and HK$5,000,000 within 2 months, 4 months and 6 months respectively from the date of the disposals on 26 February 2013. As at 31 March 2013, the total consideration receivable of HK$25,000,000 was recorded in other receivables *(note 23(c))*. On 23 April 2013 and 25 June 2013, the amounts of HK$10,000,000 and HK$10,000,000 have been received from the Purchaser respectively.

36. DISPOSALS OF SUBSIDIARIES (CONTINUED)

Assets and liabilities of the Disposal Group as at the date of disposal were as follows:

	HK$'000
Non-current assets	
Property, plant and equipment *(note 14)*	1,358
Other receivables	42,001
Cash and bank balances	105
Current liabilities	
Other payables and accruals	(150)
Net assets disposed of	43,314
Release of exchange reserve upon disposals	(2,935)
Loss on disposals of subsidiaries *(note 8)*	(10,379)
Total cash consideration	30,000

Net cash inflow arising on disposals	HK$'000
Cash consideration received during the year	5,000
Less: cash and bank balances of the Disposal Group	(105)
	4,895

37. OPERATING LEASE COMMITMENTS

At 31 March 2013, the total future minimum lease payments under non-cancellable operating leases are payable by the Group and the Company as follows:

	Group		**Company**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**1,369**	4,234	**1,027**	3,224
In the second to fifth year, inclusive	**994**	3,990	**842**	3,342
Over five years	**–**	28	**–**	–
	2,363	8,252	**1,869**	6,566

The Group and the Company lease a number of office premises under operating leases. The leases run for an initial period of one to three years (2012: 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

	2013 **HK$'000**	2012 HK$'000
Contracted but not provided for:		
Potential acquisition of investment in Chongqing, the PRC *(note 18)*	**–**	159,512
Proposed acquisition of land use rights	**9,906**	9,869
	9,906	169,381

Company

	2013 **HK$'000**	2012 HK$'000
Contracted but not provided for:		
Potential acquisition of investment in Chongqing, the PRC *(note 18)*	**–**	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

	2013 **HK$'000**	2012 HK$'000
Share of office expenses receivable from a related company	**–**	624

During the year ended 31 March 2012, the amount related to the chargeable income on sharing the office expenses and is due from a related company, of which Dr. Leung was the common director up to 30 November 2011. The transactions were made in the Group's normal course of business and were made with reference to the terms negotiated between the relevant parties.

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties (Continued)

As at 31 March 2013, Anxian Yuan pledged all its trade receivables and issued financial guarantee to a bank to secure a short-term borrowing of RMB30,000,000 (equivalent to approximately HK$37,148,000) to 杭州好樂天禮儀服務有限公司 ("好樂天"), a related company of which Mr. Shi is the common director with significant control. In return, 好樂天 also pledged a bank deposit of RMB30,000,000 (equivalent to approximately HK$37,148,000) to secure a bank borrowing granted to the Group *(note 28(a))*.

(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 the 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 rate risk and other price risk), credit risk and liquidity risk.

The Group does not have written risk management policies and guidelines. Generally, the Group employs a conservative strategy regarding its risk management. Financial risk management is coordinated at the Group's headquarter, in close co-operation with the board 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 rate risk and other price risk), credit risk and liquidity risk are kept at a minimum level, the Group has not used any derivative or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The most significant financial risks to which the Group is exposed are discussed below.

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	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Available-for-sale financial assets	**–**	2,731	**–**	2,731
Loans and receivables				
– Trade receivables	**72,068**	23,192	**–**	–
– Deposits and other receivables	**25,952**	49,807	**302**	1,013
– Amounts due from subsidiaries	**–**	–	**440,075**	356,101
– Cash and bank balances	**17,200**	52,099	**7,233**	26,202
– Pledged bank deposits	**37,148**	18,504	**–**	–
	152,368	143,602	**447,610**	383,316
	152,368	146,333	**447,610**	386,047

Financial liabilities

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities measured at amortised cost				
– Trade payables	**22,451**	30,412	**–**	–
– Other payables and accruals	**28,559**	22,481	**476**	547
– Bank borrowings	**133,735**	77,717	**–**	–
– Promissory notes	**30,144**	–	**30,144**	–
– Amounts due to non-controlling interests	**1,123**	1,119	**–**	–
– Amount due to a subsidiary	**–**	–	**–**	370
	216,012	131,729	**30,620**	917

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

40.2 Foreign currency risk

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. The Company does not have significant exposure to foreign currency risk at 31 March 2013 (2012: 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 and promissory notes) carried at effective interest rates with reference to the market (note 24, note 25, note 28 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 2013, it is estimated that a general increase of 50 (2012: 50) basis points in interest rates, with all other variables held constant, would decrease the Group's pre-tax profit and increase its accumulated losses by approximately HK$206,000 (2012: increase the Group's pre-tax loss and increase its accumulated losses by approximately HK$179,000). A decrease of 50 (2012: 50) basis points in interest rate would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for financial instruments at the reporting date. The 50 (2012: 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 2012.

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

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

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 carring amounts of 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.

Credit risk is concentrated as all (2012: all) trade receivables are due from the Group's single customer in the cemetery business segment. However, management of the Group closely monitors the progress of collecting the payments from the customer and reviews the overdue balance regularly. In this regard, the directors consider that the Group's credit risk is significantly reduced.

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 23 respectively.

40.5 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, amounts due to non-controlling interests, bank borrowings, promissory notes 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.

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

40.5 Liquidity risk (Continued)

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.

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$'000	Over one year or above HK$'000
At 31 March 2013				
– Trade payables	**22,451**	**22,629**	**5,910**	**16,719**
– Other payables and accruals	**28,559**	**28,559**	**28,559**	**–**
– Bank borrowings	**133,735**	**137,849**	**137,849**	**–**
– Promissory notes	**30,144**	**36,421**	**–**	**36,421**
– Amounts due to non-controlling interests	**1,123**	**1,123**	**1,123**	**–**
– Financial guarantees issued	**–**	**61,914**	**61,914**	**–**
	216,012	**288,495**	**235,355**	**53,140**
At 31 March 2012				
– Trade payables	30,412	30,627	16,153	14,474
– Other payables and accruals	22,481	22,481	22,481	–
– 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

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

40.5 Liquidity risk (Continued)

Company

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	Over one year or above HK$'000
At 31 March 2013				
Other payables and accruals	**476**	**476**	**476**	**–**
Promissory notes	**30,144**	**36,421**	**–**	**36,421**
	30,620	**36,897**	**476**	**36,421**
At 31 March 2012				
Other payables and accruals	547	547	547	–
Amount due to a subsidiary	370	370	370	–
	917	917	917	–

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.

40.6 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)

40.6 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.

There was no financial asset measured at fair value as at 31 March 2013. The financial assets measured at fair value as at 31 March 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 assets	–	–	2,731	2,731
Total fair values	–	–	2,731	2,731

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 2012.

Reconciliation for financial instruments carried at fair value based on unobservable inputs (Level 3) is as follows:

	Available-for-sale financial assets HK$'000
At 1 April 2011	–
Total gains or losses recognised in other comprehensive income	2,731
At 31 March 2012 and 1 April 2012	2,731
Total gains or losses recognised in other comprehensive income	(2,731)
At 31 March 2013	**–**

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.

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 2013 amounted to approximately HK$433,690,000 (2012: HK$334,128,000), 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. FINANCIAL GUARANTEE

At 31 March 2013, Anxian Yuan pledged all its trade receivables and issued financial guarantee to a bank to secure a short-term borrowing of RMB30,000,000 (equivalent to approximately HK$37,148,000) to 好樂天 *(note 39)*. In addition, Anxian Yuan also provided financial guarantee to a bank in respect of banking facilities granted to 浙江富安移民經濟開發有限公司, the non-controlling interests holder of Anxian Yuan, with the aggregate amount of RMB24,000,000 (equivalent to approximately HK$29,719,000) in which RMB20,000,000 (equivalent to approximately HK$24,766,000) has been utilised as at 31 March 2013. No provision for the Group's obligation under these financial guarantee contracts has been made as the directors consider the probability that a claim will be made against the Group under these financial guarantee contracts is remote.

43. EVENTS AFTER THE REPORTING DATE

On 23 May 2013, the board of directors of the Company proposed the change of Company's name from "China Boon Holdings Limited" to "Anxian Yuan China Holdings Limited", and when the change of the name becomes effective, a new Chinese name "安賢園中國控股有限公司" will be adopted to replace "中福控股發展有限公司" for identification purpose only ("Change of Company Name"). The proposed Change of Company Name is subject to a special resolution by the shareholders of the Company at a special general meeting of the Company and approval by the Registrar of Companies in Bermuda for the Change of Company Name.

Glossary

In this annual report (other than the report and financial statements from page 29 to 104), the following expressions shall have the following meanings unless the context otherwise requires:

AGM	Annual general meeting of the Company
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
Company Secretary	The company secretary of the Company
Director(s)	the director(s) of the Company
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)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
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)
SGM	Special general meeting of the Company
Share(s)	the ordinary share(s) of HK$0.1 each in the share capital of the Company
Shareholder(s)	holder(s) of the Share(s)
Share Option Scheme	the share option scheme adopted by the Company on 18 July 2008
Stock Exchange	the Stock Exchange of Hong Kong Limited
Year	the year ended 31 March 2013
HK$	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