



CHINA BOON HOLDINGS LIMITED

中福控股發展有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 00922

INTERIM REPORT 2012

* For identification only

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Qi Xing Gang (*Chairman*)
Mr. Yu Ping (*Chief Executive Officer*)
Dr. Leung Chi Wah Earnest
Mr. Law Fei Shing
Mr. Shi Hua
Mr. Wei Shu Jun

Non-Executive Directors

Mr. Yeung Mui Kwan David
Mr. Tu Zhimin

Independent Non-Executive Directors

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

COMPANY SECRETARY

Mr. Law Fei Shing

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Dr. Leung Chi Wah Earnest
Mr. Law Fei Shing

AUDITOR

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

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Cathay Bank Hong Kong Branch

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

SHARE INFORMATION

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

Management Discussion and Analysis

BUSINESS REVIEW

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

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

During the Period, Anxian Yuan, a Company's subsidiary engaging cemetery business in Hangzhou, the PRC, continued to make contribution to the Group's bottom line. The Group acquired 41.2% equity interest in Anxian Yuan in November 2010 and further increased it to 51% in the Period through capital injection of RMB80 million. Details are set out in note 1 to the condensed consolidated financial statements.

The Group actively search and acquire cemeteries with sizable undeveloped land banks across densely populated geographies in China. On 30 September 2011, the Group entered into an agreement with independent third parties to acquire a limited liability company, which is principally engaged in cemetery development and operation in Chongqing, the PRC. Further details of the acquisition are set out in the Company's announcement dated 13 October 2011.

BUSINESS OUTLOOK

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

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

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

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

Management Discussion and Analysis

FINANCIAL REVIEW

For the Period, the Group recorded net loss of approximately HK\$17.2 million (2010: approximately HK\$33.1 million) on turnover of approximately HK\$32.4 million (2010: nil). The entire turnover for the Period was derived from Cemetery Business.

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

- 1) The net profits from Anxian Yuan of approximately HK\$6.2 million for the Period (2010: nil).
- 2) There was no share option expense as that in the comparable period amounted to approximately HK\$13.3 million.

During the Period, Anxian Yuan sold 570 tombs with average selling price of approximately RMB46,800. For the period from 19 November 2010, the date Anxian Yuan was acquired by the Group, to 31 March 2011, Anxian Yuan sold 320 tombs with average selling price of approximately RMB44,800 and 26,000 niches at RMB3,610 per unit. It is expected that a number of niches will be sold in the second half of the current financial year.

The net assets of the Group as at 30 September 2011 was approximately HK\$592 million (at 31 March 2011: approximately HK\$537 million). During the Period, the Group raised approximately HK\$60.8 million by placing and repurchased its Shares for approximately HK\$3.3 million. Details are set out in note 20 to the condensed consolidated financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the net cash outflow was approximately HK\$58.8 million (2010: approximately HK\$44.6 million). As at 30 September 2011, the cash and cash equivalents of the Group were approximately HK\$31.5 million (at 31 March 2011: approximately HK\$88.7 million). The Group has bank borrowings of approximately HK\$33.1 million as at 30 September 2011 (at 31 March 2011: approximately HK\$48.0 million).

GEARING RATIO

The gearing ratio (total liabilities/total assets) at the end of the Period was 0.30 (at 31 March 2011: 0.33).

CHARGES ON ASSETS

As at 30 September 2011, there were no charges on the Group's assets.

LITIGATION

No outstanding litigation as at 30 September 2011 was noted.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in note 22 to the condensed consolidated financial statements.

Management Discussion and Analysis

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Period, 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 period end date as foreign operations. No foreign currency hedge was made during the Period.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2011, the Group had 24 employees (including Directors) in Hong Kong (at 31 March 2011: 20 employees) and 22 employees in PRC (at 31 March 2011: 16 employees). The Group regularly reviews remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary and mandatory provident fund, employees are entitled to other benefits such as share option scheme, of which the Directors may, at their discretion, grant options to employees of the Group. The remuneration policies of the Group's employees are subject to review regularly.

The Group has a share option scheme available for directors and employees of the Company or any of its subsidiaries.

Total staff costs (including Directors) for the Period amounted to approximately HK\$7.6 million (2010: approximately HK\$9.5 million), of which contribution to mandatory provident fund and share options granted were approximately HK\$213,000 (2010 (restated): approximately HK\$136,000) and nil (2010: approximately HK\$3.6 million) respectively.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group acquired 41.2% equity interest of Anxian Yuan on 19 November 2010 and during the Period increased such interest to 51% by injecting in it a sum of RMB80 million. Details are set out in note 1 to the condensed consolidated financial statements.

On 30 November 2010, a wholly-owned subsidiary of the Company entered into an amended and restated agreement with an independent third party on the acquisition of a joint venture enterprise in Shanghai, the PRC. Details of the acquisition are set out in the Company's circular dated 15 February 2011 and the announcement dated 31 May 2011 and 7 June 2011. As mentioned in the announcement of 31 May 2011, the amended and restated agreement shall lapse on 1 December 2011 if all the conditions precedent specified in such agreement are not satisfied or waived by 30 November 2011 (or such later date to be agreed). Further details are set out in note 14 to the condensed consolidated financial statements. The Company updates and announces the status of this acquisition as soon as reasonably practicable.

On 30 September 2011, a wholly-owned subsidiary of the Company entered into an agreement with independent third parties on the acquisition of a limited liability company in the PRC, which is principally engaged in cemetery development and operation in Chongqing, the PRC. Details of the acquisition and the related capital commitment are set out in the Company's announcement dated 13 October 2011.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2011, the interests and short positions of the Directors and the Chief Executive Officer in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Position

| Name of Director | Capacity | Number of Shares held | Approximate percentage of interest in The Company |
|---------------------------|---|--------------------------------------|---|
| Dr. Qi Xing Gang | Beneficial interests | 59,500,000 | 2.62% |
| Mr. Yu Ping | Beneficial interests Beneficial interests (2) | 55,000,000 1,900,000 | In total 2.51% |
| Dr. Leung Chi Wah Earnest | Beneficial interests Corporate interests (1) Beneficial interests (2) | 212,840,000 500,000 16,000,000 | In total 10.10% |
| Mr. Law Fei Shing | Beneficial interests Beneficial interests (2) | 20,000,000 19,000,000 | In total 1.72% |
| Mr. Shi Hua | Beneficial interests | 145,000,000 | 6.39% |
| Mr. Yeung Mui Kwan David | Beneficial interests Beneficial interests (2) | 20,000,000 1,900,000 | In total 0.96% |
| Mr. Law Yui Lun | Beneficial interests (2) | 1,900,000 | 0.08% |
| Mr. So Livius | Beneficial interests (2) | 1,900,000 | 0.08% |

Save as disclosed above, as at 30 September 2011, none of the Directors or the Chief Executive Officer had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Notes:

- 500,000 Shares are beneficially owned by Keywin Holdings Limited and the entire issued share capital of which is wholly owned by the spouse of Dr. Leung Chi Wah Earnest.
- These shares represent the Shares which might be allotted and issued to the Directors upon the exercise in full of the options granted pursuant to the Share Option Scheme.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 September 2011, the Company had not been notified of any substantial shareholders' interests, being 5% or more of the Company's shares and underlying shares, other than that of the Directors and the Chief Executive Officer.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, the Company repurchased 15,000,000 Shares by way of market acquisition on the Stock Exchange pursuant to the mandate given by the Shareholders. Details are set out in note 20 to the condensed consolidated financial statements.

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

CORPORATE GOVERNANCE PRACTICES

During the Period, the Board has adopted and complied with the Code in so far as they are applicable.

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2011.

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 Period.

By order of the Board
China Boon Holdings Limited
Dr. Qi Xing Gang
Chairman

Hong Kong, 30 November 2011

Condensed Consolidated Income Statement

For the six months ended 30 September 2011

| | Notes | Unaudited Six months ended 30 September 2011 HK\$'000 | 2010 HK\$'000 (Restated) |
|--|-------|---|--------------------------------|
| Revenue | 4 | 32,431 | – |
| Cost of sales | | (7,463) | – |
| Gross profit | | 24,968 | – |
| Other income | 4 | 570 | 461 |
| Selling expenses | | (4,711) | – |
| Administrative expenses | | (31,774) | (33,196) |
| Other operating expenses | | (1,235) | (29) |
| Operating loss | | (12,182) | (32,764) |
| Finance costs | 5 | (1,543) | – |
| Loss before income tax | | (13,725) | (32,764) |
| Income tax expense | 7 | (3,452) | – |
| Loss for the period from a continuing operation | | (17,177) | (32,764) |
| Loss for the period from discontinued operations | 8 | – | (338) |
| Loss for the period | | (17,177) | (33,102) |
| (Loss)/Profit for the period attributable to: | 9 | | |
| Owners of the Company | | | |
| – From a continuing operation | | (20,510) | (32,764) |
| – From discontinued operations | | – | (338) |
| – From a continuing and discontinued operations | | (20,510) | (33,102) |
| Non-controlling interests | | | |
| – From a continuing operation | | 3,333 | – |
| – From discontinued operations | | – | – |
| – From a continuing and discontinued operations | | 3,333 | – |
| | | (17,177) | (33,102) |
| Loss per share for loss attributable to owners of the Company during the period | 10 | | |
| Basic (HK cents) | | | |
| – From a continuing operation | | (0.90) | (1.66) |
| – From discontinued operations | | – | (0.02) |
| – From a continuing and discontinued operations | | (0.90) | (1.68) |
| Diluted (HK cents) | | | |
| – From a continuing operation | | N/A | N/A |
| – From discontinued operations | | N/A | N/A |
| – From a continuing and discontinued operations | | N/A | N/A |

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2011

| | <i>Notes</i> | Unaudited | |
|--|--------------|------------------|------------------------|
| | | Six months ended | |
| | | 2011 | 2010 |
| | | HK\$'000 | HK\$'000 (Restated) |
| Loss for the period | | (17,177) | (33,102) |
| Other comprehensive income | | | |
| Exchange gain on translation of financial statements of foreign operations | | 14,644 | 293 |
| Other comprehensive income for the period | | 14,644 | 293 |
| Total comprehensive loss for the period | | (2,533) | (32,809) |
| Total comprehensive (loss)/profit for the period attributable to: | | | |
| Owners of the Company | | (12,583) | (32,809) |
| Non-controlling interests | | 10,050 | – |
| | | (2,533) | (32,809) |

Condensed Consolidated Statement of Financial Position

As at 30 September 2011

| | <i>Notes</i> | Unaudited 30 September 2011 HK\$'000 | Audited 31 March 2011 HK\$'000 |
|---|--------------|---|---|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 11,852 | 11,520 |
| Investment properties | 12 | 2,310 | 2,390 |
| Intangible assets | 13 | 390,966 | 379,625 |
| Deposits for acquisition of subsidiaries | 14 | 80,000 | 80,000 |
| Deferred expenditure | 15 | 122,675 | 79,108 |
| Deferred tax assets | | 3,266 | 3,318 |
| | | 611,069 | 555,961 |
| Current assets | | | |
| Development and formation costs of columbarium | | 25,066 | 6,216 |
| Inventories | | 6,387 | 5,515 |
| Trade receivables | 16 | 72,113 | 93,559 |
| Financial assets at fair value through profit or loss | | – | 3,031 |
| Prepayments, deposits and other receivables | 17 | 93,296 | 45,680 |
| Amounts due from a related company | | 468 | 420 |
| Amount due from non-controlling interests | | 7,358 | – |
| Cash and bank balances | | 31,514 | 88,669 |
| | | 236,202 | 243,090 |
| Current liabilities | | | |
| Trade payables | 18 | 31,609 | 32,526 |
| Other payables, accruals, deposits received and receipts in advance | | 53,564 | 20,603 |
| Bank borrowings | 19 | 33,113 | 48,026 |
| Amount due to non-controlling interests | | – | 31,315 |
| Tax payables | | 32,536 | 27,937 |
| | | 150,822 | 160,407 |
| Net current assets | | 85,380 | 82,683 |
| Total assets less current liabilities | | 696,449 | 638,644 |
| Non-current liabilities | | | |
| Receipts in advance | | 5,224 | 5,194 |
| Deferred tax liabilities | | 99,473 | 96,630 |
| | | 104,697 | 101,824 |
| Net assets | | 591,752 | 536,820 |
| EQUITY | | | |
| Share capital | 20 | 227,062 | 212,062 |
| Reserves | | 137,853 | 120,630 |
| Equity attributable to owners of the Company | | 364,915 | 332,692 |
| Non-controlling interests | | 226,837 | 204,128 |
| Total equity | | 591,752 | 536,820 |

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2011

| | Unaudited | |
|--|-------------------------|------------|
| | Six months ended | |
| | 30 September | |
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Net cash used in operating activities | (55,443) | (27,321) |
| Net cash used in investing activities | (45,166) | (17,279) |
| Net cash generated from financing activities | 41,783 | – |
| Net decrease in cash and cash equivalents | (58,826) | (44,600) |
| Cash and cash equivalents at beginning of the period | 88,669 | 155,628 |
| Effect of foreign exchange rate changes, net | 1,671 | 293 |
| Cash and cash equivalents at end of the period | 31,514 | 111,321 |

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2011

| | Unaudited | | | | | | | | |
|--|---------------------------|----------------------------|-------------------------------|---|--------------------------------|---------------------------------|--|---------------------------------------|-------------------|
| | Share capital HK\$'000 | Share premium* HK\$'000 | Exchange reserve* HK\$'000 | Share-based compensation reserve* HK\$'000 | Statutory reserve* HK\$'000 | Accumulated losses* HK\$'000 | Equity attributable to owners of the Company HK\$'000 | Non-Controlling Interests HK\$'000 | Total HK\$'000 |
| Balance at 1 April 2010 | 197,562 | 207,887 | 88 | 21,678 | - | (170,963) | 256,252 | - | 256,252 |
| Equity-settled share-based payments | - | - | - | 13,265 | - | - | 13,265 | - | 13,265 |
| Transaction with owners | - | - | - | 13,265 | - | - | 13,265 | - | 13,265 |
| Loss for the period | - | - | - | - | - | (33,102) | (33,102) | - | (33,102) |
| Other comprehensive income | | | | | | | | | |
| Exchange gain on translation of financial statements of foreign operations | - | - | 293 | - | - | - | 293 | - | 293 |
| Total comprehensive income/(loss) for the period | - | - | 293 | - | - | (33,102) | (32,809) | - | (32,809) |
| Cancellation of share options | - | - | - | (12,157) | - | 12,157 | - | - | - |
| Balance at 30 September 2010 | 197,562 | 207,887 | 381 | 22,786 | - | (191,908) | 236,708 | - | 236,708 |
| 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 20) | 16,500 | 44,251 | - | - | - | - | 60,751 | - | 60,751 |
| Repurchase of Shares, related expenses included (note 20) | (1,500) | (1,786) | - | - | - | - | (3,286) | - | (3,286) |
| Additional interest in a subsidiary | - | - | - | - | - | (12,659) | (12,659) | 12,659 | - |
| Transaction with owners | 15,000 | 42,465 | - | - | - | (12,659) | 44,806 | 12,659 | 57,465 |
| (Loss)/Profit for the Period | - | - | - | - | - | (20,510) | (20,510) | 3,333 | (17,177) |
| Other comprehensive income | | | | | | | | | |
| Exchange gain on translation of financial statements of foreign operations | - | - | 7,927 | - | - | - | 7,927 | 6,717 | 14,644 |
| Total comprehensive income/(loss) for the Period | - | - | 7,927 | - | - | (20,510) | (12,583) | 10,050 | (2,533) |
| Lapse of share options | - | - | - | (33) | - | 33 | - | - | - |
| Cancellation of share options | - | - | - | (18,215) | - | 18,215 | - | - | - |
| Transfer to statutory reserve | - | - | - | - | 678 | (678) | - | - | - |
| Balance at 30 September 2011 | 227,062 | 295,977 | 11,902 | 24,009 | 678 | (194,713) | 364,915 | 226,837 | 591,752 |

* These reserve accounts comprise the consolidated reserves of approximately HK\$137,853,000 (at 30 September 2010: approximately HK\$39,146,000) in the consolidated statement of financial position.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. Following the cessation of Electronic Trading, Metal Trading and Leather Trading during the Period, the principal activities of the Company's subsidiaries are Cemetery Business. The Group's principal activities are in Hong Kong and the PRC.

On 19 November 2010, through a wholly-owned subsidiary, the Company acquired 41.2% equity interest of Anxian Yuan which is principally engaged in the provision of cemetery services in Hangzhou, the PRC. Anxian Yuan has become a subsidiary of the Company since that day as the Group appointed a nominee as the registered owner for the 41.2% equity interests in Anxian Yuan and entered into contractual agreements to obtain control over its operating and financial policies. Pursuant to the terms of the sale and purchase agreement, the Group injected a total of RMB80,000,000 into Anxian Yuan, through the nominee, during the Period thereby increase its equity interest in Anxian Yuan by 9.8% to 51%.

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with HKAS34 "Interim Financial Reporting" issued by HKICPA and with the applicable disclosure requirements of the Listing Rules.

These financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2011, except for the adoption of the new and revised HKFRSs as disclosed in note 2 to the condensed consolidated financial statements.

These financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2011.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

2. ADOPTION OF NEW AND AMENDED HKFRSS

(a) Adoption of new and amended HKFRSS

In the Period, the Group has applied for the first time the following new and revised HKFRSSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2011:

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

Other than as explained below, the adoption of these new and revised HKFRSSs had no material effect on the interim condensed consolidated financial statements of the Group.

HKAS 24 (Revised) – Related Party Disclosures

The revised standard introduced an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

- The name of the government and the nature of their relationship;
- The nature and amount of any individually significant transactions; and
- The extent of any collectively significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

Improvements to HKFRSSs 2010

HKAS 34 (Amendment) – Interim Financial Reporting emphasizes the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant) and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional Disclosures.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

2. ADOPTION OF NEW AND AMENDED HKFRSS (CONTINUED)

(b) New and revised HKFRSSs that have been issued but are not yet effective

The following new and revised HKFRSSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

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

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

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

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

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

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

The Group is in the process of making an assessment of the potential impact of these new and revised HKFRSSs and the directors so far concluded that the application of these new and revised HKFRSSs will have no material impact on the Groups financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

3. 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.

During the Period, there were no activities in Leather Trading, Electronic Trading and Metal Trading and these trading activities were discontinued and have been classified as discontinued operations (note 1 and 8 to the condensed consolidated financial statements). Thus, only segment information was presented for Cemetery Business.

There were no inter-segment sales and transfer during both periods ended 30 September 2010 and 2011. Information on the Group's reportable segments provided to the Executive Directors is set out below:

| | Unaudited Cemetery Business | |
|--|--|------------------------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 (Restated) |
| Six months ended 30 September 2011 and 2010: | | |
| From external customer | | |
| Reportable segment revenue | 32,431 | – |
| Reportable segment profit | 6,202 | – |
| Interest income | 91 | – |
| Imputed interest expense | (1,543) | – |
| Depreciation | (1,435) | – |
| Amortisation of intangible assets | (1,142) | – |
| Amortisation of deferred expenditure | (2,576) | – |
| Income tax | (3,342) | – |
| As at 30 September 2011 and 2010: | | |
| Reportable segment assets | 709,236 | – |
| Additions to non-current segment assets during the period | 45,217 | – |
| Reportable segment liabilities | (252,462) | – |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

3. SEGMENT INFORMATION (CONTINUED)

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

| | Unaudited | |
|--|-------------------------|------------|
| | Six months ended | |
| | 30 September | |
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Reportable segment revenue and Group revenue | 32,431 | – |
| Reportable segment profit | 6,202 | – |
| Loss from discontinued operations | – | (338) |
| Equity-settled share-based payments | – | (13,265) |
| Operating lease charges | (2,105) | (1,932) |
| Other unallocated income/(expenses), net | (21,274) | (17,567) |
| Group loss for the period | (17,177) | (33,102) |
| | Unaudited | Audited |
| | As at | As at |
| | 30 September | 31 March |
| | 2011 | 2011 |
| | HK\$'000 | HK\$'000 |
| Reportable segment assets | 709,236 | 612,187 |
| Corporate assets | 138,035 | 186,864 |
| Group assets | 847,271 | 799,051 |
| Reportable segment liabilities | 252,462 | 258,005 |
| Corporate liabilities | 3,057 | 4,226 |
| Group liabilities | 255,519 | 262,231 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

3. SEGMENT INFORMATION (CONTINUED)

During the Period, no significant revenue of the Group was derived from a single customer. The Group's revenue from external customers and its non-current assets (other than deferred tax assets) are divided into the following geographical areas:

Revenue from external customers:

| | Unaudited | |
|------------------------------------|-------------------------|------------|
| | Six months ended | |
| | 30 September | |
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Hong Kong (domicile) <i>(note)</i> | – | – |
| The PRC | 32,431 | – |
| Total | 32,431 | – |

The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

Non-current assets:

| | Unaudited | Audited |
|------------------------------------|---------------------|----------|
| | As at | As at |
| | 30 September | 31 March |
| | 2011 | 2011 |
| | HK\$'000 | HK\$'000 |
| Hong Kong (domicile) <i>(note)</i> | 80,784 | 80,884 |
| The PRC | 527,019 | 471,759 |
| Total | 607,803 | 552,643 |

The geographical location of non-current assets is based on the physical location of these assets.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

4. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to the condensed consolidated 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 Period is as follows:

| | Unaudited Six months ended 30 September | |
|--|--|--------------------------------|
| | 2011 HK\$'000 | 2010 HK\$'000 (Restated) |
| Revenue | | |
| Sales of tombs | 32,126 | – |
| Cemetery management fee income | 305 | – |
| | 32,431 | – |
| Other income | | |
| Interest income on financial assets stated at amortised cost | 102 | 45 |
| Share of office expenses recharged (<i>note 21</i>) | 468 | 414 |
| Sundry income | – | 2 |
| | 570 | 461 |

5. FINANCE COSTS

| | Unaudited Six months ended 30 September | |
|---|--|------------------|
| | 2011 HK\$'000 | 2010 HK\$'000 |
| Interest charged on: | | |
| Bank borrowings stated at amortised cost wholly repayable within five years | 954 | – |
| Less: Amount capitalised in development and formation costs of columbarium | (954) | – |
| Imputed interest charged on: | | |
| Amount due to non-controlling interests and certain trade payables wholly repayable within five years | 1,543 | – |
| | 1,543 | – |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

| | Unaudited | |
|---|------------------|------------|
| | Six months ended | |
| | 30 September | |
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Amortisation of intangible assets | 1,142 | – |
| Amortisation of deferred expenditure | 2,576 | – |
| Auditor's remuneration | 242 | 215 |
| Cost of inventories recognised as an expense | 3,745 | – |
| Depreciation | | |
| – Property, plant and equipment | 1,655 | 683 |
| – Investment properties | 157 | – |
| Equity-settled share-based payments | – | 13,265 |
| Exchange losses | 27 | 144 |
| Fair value loss on financial assets at fair value through profit or loss* | 1,235 | 29 |
| Losses on disposals of property, plant and equipment | 24 | – |
| Operating lease charges in respect of premises | 2,417 | 1,932 |
| Write-off of property, plant and equipment | 4 | – |

* Included in other operating expenses.

7. INCOME TAX EXPENSE

| | Unaudited | |
|---------------------------|------------------|----------|
| | Six months ended | |
| | 30 September | |
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Current tax – the PRC | | |
| Charged for the period | 3,596 | – |
| Deferred tax – the PRC | | |
| Charged for the period | 159 | – |
| Credited for the period | (413) | – |
| Withholding tax – the PRC | 110 | – |
| | 3,452 | – |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

7. INCOME TAX EXPENSE (CONTINUED)

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 periods.

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

8. LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS

As mentioned in note 3 to the condensed consolidated financial statements, Electronic Trading, Metal Trading and Leather Trading were presented as discontinued operations in accordance with HKFRS 5. An analysis of the results and cash flows of the discontinued operations included in the condensed consolidated income statement, condensed consolidated statement of comprehensive income and condensed consolidated statement of cash flows were as follows.

| Discontinued operations | Unaudited Six months ended 30 September | |
|---|---|--------------------------------|
| | 2011 HK\$'000 | 2010 HK\$'000 (Restated) |
| Revenue | – | 5,151 |
| Cost of sales | – | (5,057) |
| Gross profit | – | 94 |
| Administrative expenses | – | (432) |
| Loss/Total comprehensive loss for the period attributable to the owners of the Company | – | (338) |
| Net cash generated from operating activities | – | 1,026 |
| Cash and cash equivalents at beginning of the period | – | 1,743 |
| Cash and cash equivalents at end of the period | – | 2,769 |

The revenue and cost of sales for the six months ended 30 September 2010 were all derived from Leather Trading.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

9. DIVIDEND

The board does not recommend the payment of interim dividend for the Period (2010: nil).

10. LOSS PER SHARE

The calculation of basic loss per share for the Period is based on the loss attributable to the owners of the Company as set out below and the weighted average number of 2,274,967,000 (2010: 1,975,622,600) Shares in issue during the Period.

| | Unaudited | |
|--|-------------------------|------------|
| | Six months ended | |
| | 30 September | |
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Loss for the period attributable to the owners of the Company from a continuing operation | 20,510 | 32,764 |
| Loss for the period attributable to the owners of the Company from discontinued operations | – | 338 |
| Loss for the period attributable to the owners of the Company | 20,510 | 33,102 |

Diluted loss per Share for the periods ended 30 September 2011 and 2010 is not presented as there were no dilutive potential shares.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

11. PROPERTY, PLANT AND EQUIPMENT

| | Unaudited | | | | Total HK\$'000 |
|---|-----------------------|--|-------------------------------|---------------------------------------|-------------------|
| | Buildings HK\$'000 | Furniture fixtures and equipment HK\$'000 | Motor vehicles HK\$'000 | Leasehold improvements HK\$'000 | |
| At 1 April 2010 | | | | | |
| Cost | – | 1,092 | 2,259 | 890 | 4,241 |
| Accumulated depreciation | – | (307) | (113) | (139) | (559) |
| Net carrying amount | – | 785 | 2,146 | 751 | 3,682 |
| Six months ended 30 September 2010 | | | | | |
| Opening net carrying amount | – | 785 | 2,146 | 751 | 3,682 |
| Additions | – | 159 | – | – | 159 |
| Depreciation | – | (104) | (218) | (363) | (685) |
| Exchange realignment | – | 1 | 18 | – | 19 |
| Closing net carrying amount | – | 841 | 1,946 | 388 | 3,175 |
| At 30 September 2010 | | | | | |
| Cost | – | 1,252 | 2,279 | 890 | 4,421 |
| Accumulated depreciation | – | (411) | (333) | (502) | (1,246) |
| Net carrying amount | – | 841 | 1,946 | 388 | 3,175 |
| 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 |
| Six months ended 30 September 2011 | | | | | |
| Opening net carrying amount | 6,135 | 1,084 | 4,256 | 45 | 11,520 |
| Additions | – | 138 | 1,570 | – | 1,708 |
| Disposal | – | – | (41) | – | (41) |
| Write-off (<i>note</i>) | – | (4) | – | – | (4) |
| Depreciation | (600) | (263) | (779) | (13) | (1,655) |
| Exchange realignment | 192 | 16 | 115 | 1 | 324 |
| Closing net carrying amount | 5,727 | 971 | 5,121 | 33 | 11,852 |
| At 30 September 2011 | | | | | |
| Cost | 6,744 | 1,837 | 6,710 | 945 | 16,236 |
| Accumulated depreciation | (1,017) | (866) | (1,589) | (912) | (4,384) |
| Net carrying amount | 5,727 | 971 | 5,121 | 33 | 11,852 |

Note: As at 30 September 2011, certain of the Group's furniture, fixtures and equipment with net carrying amount of approximately HK\$4,000 was written off because of obsolescence.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At 30 September 2011, the Group's buildings with aggregate net carrying amounts of approximately HK\$5,423,000 (at 30 September 2010: nil) were situated on the land in the PRC granted to Anxian Yuan 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\$304,000 (at 30 September 2010: nil) as at 30 September 2011 were situated in the PRC and are held on leases under medium term.

12. INVESTMENT PROPERTIES

| | Unaudited Six months ended 30 September | |
|-----------------------------|---|------------------|
| | 2011 HK\$'000 | 2010 HK\$'000 |
| At 1 April | | |
| Cost | 2,493 | – |
| Accumulated depreciation | (103) | – |
| Net carrying amount | 2,390 | – |
| During the period | | |
| Opening net carrying amount | 2,390 | – |
| Depreciation | (157) | – |
| Exchange realignment | 77 | – |
| Closing net carrying amount | 2,310 | – |
| At 30 September | | |
| Cost | 2,575 | – |
| Accumulated depreciation | (265) | – |
| Net carrying amount | 2,310 | – |

At 30 September 2011, investment properties with a net carrying amount of approximately HK\$2,310,000 (at 30 September 2010: nil) represent restricted properties situated in the PRC which are not allowed to be traded in the open market until, in future, the PRC government resumes the land on which the investment properties are situated and the maximum compensation payable to the Group will be RMB2,100,000 (at 30 September 2010: nil), equivalent to approximately HK\$2,575,000 (at 30 September 2010: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

13. INTANGIBLE ASSETS

| | Unaudited Six months ended 30 September | |
|-----------------------------|---|------------------|
| | 2011 HK\$'000 | 2010 HK\$'000 |
| At 1 April | | |
| Cost | 382,234 | – |
| Accumulated amortisation | (2,609) | – |
| Net carrying amount | 379,625 | – |
| During the period | | |
| Opening net carrying amount | 379,625 | – |
| Amortisation | (1,142) | – |
| Exchange realignment | 12,483 | – |
| Closing net carrying amount | 390,966 | – |
| At 30 September | | |
| Cost | 394,825 | – |
| Accumulated amortisation | (3,859) | – |
| Net carrying amount | 390,966 | – |

Intangible assets include the land use rights allocated by the PRC government and the cemetery licenses.

14. DEPOSITS FOR ACQUISITION OF SUBSIDIARIES

In October 2009, a refundable deposit of HK\$80,000,000 was paid to an independent third party, Mr. Fu Yuan Ji ("Mr. Fu") by the Company's subsidiary, Sino Grandeur Limited, in respect of the original agreement dated 13 October 2009, entered with Mr. Fu to acquire the entire equity interests in Topace Investments Limited (together with its subsidiaries collectively referred to as the "Topace Group") for a consideration of HK\$2,000,000,000 (subject to adjustments). The Topace Group is principally engaged in cemetery operation in Shanghai, the PRC.

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

On 30 May 2011, Sino Grandeur Limited entered into an agreement with Mr. Fu to extend the long stop date for the completion of the said amended and restated agreement dated 30 November 2010 from 31 May 2011 to 30 November 2011. If all the conditions precedent specified in the amended and restated agreement are not satisfied or waived by 30 November 2011 (or such later date to be agreed), the amended and restated agreement shall lapse on 1 December 2011 and the deposit of HK\$80,000,000 be returned to the Company. As at 30 September 2011, the acquisition of Topace Group was not completed and the deposit was treated as a non-current deposit.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

15. DEFERRED EXPENDITURE

| | Unaudited | |
|-----------------------------|------------------|----------|
| | Six months ended | |
| | 30 September | |
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| At 1 April | | |
| Cost | 87,289 | – |
| Accumulated amortisation | (8,181) | – |
| Net carrying amount | 79,108 | – |
| During the period | | |
| Opening net carrying amount | 79,108 | – |
| Additions | 43,578 | – |
| Amortisation | (2,576) | – |
| Exchange realignment | 2,565 | – |
| Closing net carrying amount | 122,675 | – |
| At 30 September | | |
| Cost | 133,742 | – |
| Accumulated amortisation | (11,067) | – |
| Net carrying amount | 122,675 | – |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

16. TRADE RECEIVABLES

| | Unaudited As at 30 September 2011 HK\$'000 | Audited As at 31 March 2011 HK\$'000 |
|-------------------------------------|---|--|
| Trade receivables, gross | 72,113 | 152,406 |
| Less: Provision for impairment loss | – | (58,847) |
| Trade receivables, net | 72,113 | 93,559 |

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

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

| | Unaudited As at 30 September 2011 HK\$'000 | Audited As at 31 March 2011 HK\$'000 |
|-----------------|---|--|
| Within 60 days | – | 49,629 |
| 61 to 90 days | – | – |
| 91 to 120 days | – | 43,930 |
| 121 to 270 days | 72,113 | – |
| 271 to 365 days | – | – |
| Over 365 days | – | 58,847 |
| | 72,113 | 152,406 |

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

16. TRADE RECEIVABLES (CONTINUED)

As at 30 September 2011, no net balance of trade receivables is neither past due nor impaired (at 31 March 2010: approximately HK\$49,629,000). Ageing analysis of trade receivables past due but not impaired is as follows:

| | Unaudited As at 30 September 2011 HK\$'000 | Audited As at 31 March 2011 HK\$'000 |
|-------------------------------|---|--|
| Neither past due nor impaired | – | 49,629 |
| 91 – 120 days past due | 51,264 | 43,930 |
| 121 – 270 days past due | 20,849 | – |
| | 72,113 | 93,559 |

As at 30 September 2011, trade receivables that were past due but not impaired of approximately HK\$72,113,000 (at 31 March 2011: approximately HK\$43,930,000) related to a customer with good and reliable credit rating. Management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

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

| | Unaudited Six months ended 30 September 2011 HK\$'000 | Audited Year ended 31 March 2011 HK\$'000 |
|------------------------------------|--|--|
| At 1 April 2011/1 April 2010 | 58,847 | 58,847 |
| Trade receivables written off | (58,847) | – |
| At 30 September 2011/31 March 2011 | – | 58,847 |

During the Period, trade receivables of approximately HK\$58,847,000 were written off against impairment loss provision. These receivables were derived from Metal Trading and Electronic Trading, the business of which was discontinued during the Period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | Unaudited As at 30 September 2011 HK\$'000 | Audited As at 31 March 2011 HK\$'000 |
|-----------------------------------|---|--|
| Prepayments | 7,796 | 904 |
| Other receivables (<i>note</i>) | 83,952 | 43,268 |
| Deposits paid (<i>note</i>) | 1,548 | 1,508 |
| | 93,296 | 45,680 |

Note:

| | Unaudited As at 30 September 2011 HK\$'000 | Audited As at 31 March 2011 HK\$'000 |
|--|---|--|
| Other receivables and deposits paid, gross | 85,500 | 48,605 |
| Less: Provision for impairment loss | – | (3,829) |
| Other receivables and deposits paid, net | 85,500 | 44,776 |

Included in other receivables as at 30 September 2011 are non-interest bearing advances of approximately HK\$79,908,000 (at 31 March 2011: HK\$41,499,000) made to certain independent third parties. Management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

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

| | Unaudited Six months ended 30 September 2011 HK\$'000 | Audited Year ended 31 March 2011 HK\$'000 |
|------------------------------------|--|--|
| At 1 April 2011/1 April 2010 | 3,829 | 3,829 |
| Other receivables written off | (3,829) | – |
| At 30 September 2011/31 March 2011 | – | 3,829 |

18. TRADE PAYABLES

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

| | Unaudited As at 30 September 2011 HK\$'000 | Audited As at 31 March 2011 HK\$'000 |
|-----------------|---|--|
| Within 90 days | 1,902 | 10,556 |
| 91 to 180 days | 5,993 | 7,791 |
| 181 to 365 days | 12,322 | 3,671 |
| Over 1 year | 11,392 | 10,508 |
| | 31,609 | 32,526 |

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

19. BANK BORROWINGS

| | Unaudited As at 30 September 2011 HK\$'000 | Audited As at 31 March 2011 HK\$'000 |
|--|---|--|
| Bank borrowings repayable within one year: | | |
| – secured | – | 12,407 |
| – guaranteed (<i>note</i>) | 33,113 | 35,619 |
| | 33,113 | 48,026 |

Note:

The bank borrowing as at 30 September 2011 was guaranteed by a Director and his associates. This bank borrowing bore interest at effective interest rates of 8.2% per annum.

The bank borrowing as at 30 September 2011 is due in August 2012 and denominated in RMB.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

20. SHARE CAPITAL

| | Unaudited Six months ended 30 September 2011 | | Audited Year ended 31 March 2011 | |
|---|--|------------------|--|-----------|
| | Number of Shares (‘000) | HK\$’000 | Number of Shares (‘000) | HK\$’000 |
| Authorised: | | | | |
| Shares of HK\$0.10 each At 30 September 2011 and 31 March 2011 | 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 2011 and 1 April 2010 | 2,120,623 | 212,062 | 1,975,623 | 197,562 |
| Placing of new Shares (<i>note (a)</i>) | 165,000 | 16,500 | – | – |
| Repurchase of Shares (<i>note (b)</i>) | (15,000) | (1,500) | – | – |
| Issue of Shares (for acquisition of subsidiary) | – | – | 145,000 | 14,500 |
| At 30 September 2011 and 31 March 2011 | 2,270,623 | 227,062 | 2,120,623 | 212,062 |

Notes:

- (a) On 28 March 2011, the Company entered into a placing agreement with placing agents to issue 165,000,000 Shares at HK\$0.38 per Share. Of the gross proceeds of HK\$62,700,000, amounts of HK\$16,500,000 and approximately HK\$44,251,000 (after deduction of issuing expense of approximately HK\$1,949,000) were credited to share capital and share premium accounts respectively. The placing was completed on 7 April 2011.
- (b) On 22 July 2011, 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 each. The total consideration paid was approximately HK\$3,286,000 (including transaction cost of approximately HK\$10,000), of which HK\$1,500,000 was charged to share capital account and approximately HK\$1,786,000 to share premium account. These Shares were cancelled immediately after repurchase.

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

Notes to the Condensed Consolidated Financial Statements

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21. RELATED PARTY TRANSACTIONS

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

(a) Significant transactions with related parties

| | Unaudited Six months ended 30 September | |
|--|---|------------------|
| | 2011 HK\$'000 | 2010 HK\$'000 |
| Share of office expenses receivable from a related company | 468 | 414 |

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

(b) Compensation of key management personnel

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

| | Unaudited Six months ended 30 September | |
|---|---|------------------|
| | 2011 HK\$'000 | 2010 HK\$'000 |
| Salaries and allowances of key management | | |
| Salaries, allowances and benefit in kind | 2,701 | 1,747 |
| Discretionary bonus | 600 | – |
| Contributions to defined contribution plans | 12 | 12 |
| Equity-settled share-based payments | – | 786 |
| | 3,313 | 2,545 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

22. CONTINGENT LIABILITIES

At 30 September 2011, neither the Group nor the Company had any significant contingent liabilities.

23. EVENTS AFTER THE REPORTING DATE

Other than as mentioned elsewhere in these condensed consolidated financial statements, the Group has the following events after the reporting date.

Payment of deposit for acquisition of a subsidiary

On 30 September 2011, a wholly-owned subsidiary of the Company entered into an agreement with independent third parties on the acquisition of a limited liability company in the PRC, which is principally engaged in cemetery development and operation in Chongqing, the PRC. Details of the acquisition and the related capital commitment are set out in the announcement dated 13 October 2011. Pursuant to the agreement, a refundable deposit of RMB6,000,000 has been paid to the vendors subsequent to 30 September 2011.

Glossary

In this interim report, the following expressions shall have the following meanings unless the context otherwise requires:

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| 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 |
| Board | the board of Directors |
| 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 Holdings Limited, a company incorporated in the Bermuda with limited liability and the issued Shares are listed on the Stock Exchange |
| Director(s) | the director(s) of the Company |
| Electronic Trading | an operating segment of the Group which is engaged in the trading of consumer electronic appliances |
| Executive Director(s) | the executive Director(s) |
| Group | the Company and its subsidiaries |
| HKAS | the Hong Kong Accounting Standards issued by HKICPA |
| HKFRS(s) | the Hong Kong Financial Reporting Standards, collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by HKICPA |
| HKICPA | the Hong Kong Institute of Certified Public Accountants |
| Hong Kong | the Hong Kong Special Administrative Region of the PRC |
| Leather Trading | an operating segment of the Group which is engaged in the trading of leather |
| Listing Rules | the Rules Governing the Listing of Securities on the Stock Exchange |
| Metal Trading | an operating segment of the Group which is engaged in the trading of scrap metal |

Glossary

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|---------------------------|---|
| Model Code | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules |
| Non-executive Director(s) | the non-executive Director(s) of the Company |
| Period | the six months ended 30 September 2011 |
| 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 |
| SFO | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| Share(s) | the ordinary share(s) of HK\$0.1 each in the share capital of the Company |
| Shareholder(s) | holder(s) of the Share(s) |
| Share Option Scheme | the share option scheme adopted by the Company on 18 July 2008 |
| Stock Exchange | the Stock Exchange of Hong Kong Limited |
| HK\$ | Hong Kong dollars, the lawful currency of Hong Kong |
| RMB | Renminbi, the lawful currency of PRC |
| % | per cent |