



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
2013

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Shi Hua (*Chairman and Chief Executive Officer*)

Mr. Law Fei Shing

Ms. Shen Mingzhen

Mr. Shi Jun

Non-executive Directors

Dr. Qi Xing Gang

Mr. Yu Ping

Independent Non-executive Directors

Ms. Tang Yan

Ms. Lau Siu Ngor

Mr. Fu Xiao Dong

COMPANY SECRETARY

Mr. Law Fei Shing

AUDIT COMMITTEE

Ms. Tang Yan

Ms. Lau Siu Ngor

Mr. Fu Xiao Dong

REMUNERATION COMMITTEE

Ms. Tang Yan

Ms. Lau Siu Ngor

Mr. Fu Xiao Dong

NOMINATION COMMITTEE

Mr. Shi Hua

Ms. Tang Yan

Ms. Lau Siu Ngor

Mr. Fu Xiao Dong

AUTHORISED REPRESENTATIVES

Mr. Shi Hua

Mr. Law Fei Shing

AUDITOR

BDO Limited

Certified Public Accountants

25th Floor, Wing On Centre

111 Connaught Road Central, Hong Kong

PRINCIPAL BANKERS

The Hong Kong 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

Management Discussion and Analysis

BUSINESS REVIEW

During the Period, 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.

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

The Group acquired 41.2% equity interest of Anxian Yuan in November 2010 and increased it to 51% in May 2011. The Company, through its subsidiary, is in the process of acquiring 47.38% equity interest of Anxian Yuan. Upon completion, the Company will indirectly hold 98.38% equity interest in Anxian Yuan. As at the date this unaudited interim report was approved and authorized for issue by the Board, the proposed acquisition had yet to be completed. Details are set out in the section headed "Acquisition and disposal of subsidiaries and associated companies" below.

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 2011, the per capita annual disposable income of urban households and rural households in the PRC enjoyed a percentage increase of approximately 86.81% and approximately 77.67% respectively from 2000 to 2010. 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 Period, the Group recorded net loss of approximately HK\$3.2 million (2011: approximately HK\$17.2 million) on turnover of approximately HK\$32.8 million (2011: approximately HK\$32.4 million). The improvement in the results of the Group was mainly attributable to lower administrative expenses.

The entire turnover for the Period was derived from Cemetery Business. During the Period, Anxian Yuan sold 602 burial sites (2011: 570 burial sites) with average selling price of approximately RMB43,900 (2011: approximately RMB46,800). No columbarium niche sales were noted for the six months ended 30 September 2012 and 2011. In the absence of unforeseen circumstances, it is expected that a number of columbarium niches will be sold in the second half of the current financial year. Details are set out in the Company's announcement dated 9 November 2012.

The net assets of the Group as at 30 September 2012 was approximately HK\$495 million (31 March 2012: approximately HK\$505 million).

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the net cash outflow was approximately HK\$32.5 million (2011: approximately HK\$58.8 million). As at 30 September 2012, the cash and cash equivalents of the Group were approximately HK\$19.6 million (31 March 2012: approximately HK\$52.1 million). The Group had bank borrowings of approximately HK\$95.4 million as at 30 September 2012 (31 March 2012: approximately HK\$77.7 million).

GEARING RATIO

The gearing ratio (total liabilities/total assets) at the end of the Period was 0.39 (31 March 2012: 0.34).

CHARGES ON ASSETS

As at 30 September 2012, the Group's bank borrowing of approximately HK\$36.7 million (31 March 2012: HK\$18.5 million) was secured by pledged of the Group's bank deposits of approximately HK\$36.7 million (31 March 2012: HK\$18.5 million). Details are set out in note 18 to the condensed consolidated financial statements.

LITIGATION

Details of the litigation of the Group are set out in note 24 to the condensed consolidated financial statements.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in note 25 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 was mainly denominated in RMB. The PRC subsidiaries of the Group were operated in the 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 2012, the Group had 13 employees (including Directors) in Hong Kong (31 March 2012: 14 employees) and 5 employees in the PRC (31 March 2012: 5 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\$2.3 million (2011: approximately HK\$7.6 million), of which contribution to mandatory provident fund accounted for approximately HK\$64,000 (2011: approximately HK\$213,000). No share options were granted during the six months ended 30 September 2012 and 2011.

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 13(a) to the condensed consolidated financial statements.

The Group acquired 41.2% equity interest of 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 interest of Anxian Yuan. Upon completion, the Company will indirectly hold 98.38% equity interest of Anxian Yuan. As at the date this unaudited interim report was approved and authorized for issue by the Board, the acquisition had yet to be completed. Further details are set out in note 13(b) to the condensed consolidated financial statements.

Other Information

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

As at 30 September 2012, the interests and short positions of the Directors and the Chief Executive Officer in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Position

Name of Director	Capacity	Number of Shares held	Approximate percentage of interest in The Company
Mr. Shi Hua	Beneficial interests	65,000,000	In total 3.38%
	Beneficial interests (Note 1)	27,000,000	
Mr. Law Fei Shing	Beneficial interests	20,000,000	In total 1.73%
	Beneficial interests (Note 1)	27,000,000	
Ms. Shen Mingzhen	Beneficial interests	95,000,000	In total 4.48%
	Beneficial interests (Note 1)	27,000,000	
Mr. Shi Jun	Beneficial interests	95,000,000	In total 4.48%
	Beneficial interests (Note 1)	27,000,000	
Dr. Qi Xing Gang	Beneficial interests (Note 1)	2,000,000	0.07%
Mr. Yu Ping	Beneficial interests (Note 1)	3,900,000	0.14%
Ms. Tang Yan	Beneficial interests (Note 1)	2,000,000	0.07%
Ms. Lau Siu Ngor	Beneficial interests (Note 1)	2,000,000	0.07%

Save as disclosed above, as at 30 September 2012, none of the Directors or the Chief Executive Officer had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Notes:

1. 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 2012, the Company had not been notified of any substantial shareholders' interests, being 5% or more of the Company's shares and underlying shares, other than that of the Directors and the Chief Executive Officer.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

During the Period, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the "New CG Code") (effective from 1 April 2012) as set out in Appendix 14 of the Listing Rules, except for the deviations from code A2.1 and A4.1 regarding the role of chairman and chief executive and the appointment of directors, details of which were set out in the Company's annual report for the year ended 31 March 2012.

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2012.

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

Mr. Shi Hua

Chairman and Chief Executive Officer

Hong Kong, 30 November 2012

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

	Notes	Unaudited Six months ended 30 September	
		2012 HK\$'000	2011 HK\$'000
Revenue	4	32,752	32,431
Cost of sales		(10,086)	(7,463)
Gross profit		22,666	24,968
Other income	4	3,117	570
Selling expenses		(4,849)	(4,711)
Administrative expenses		(17,629)	(31,774)
Other operating expenses		–	(1,235)
Impairment loss on other receivables, net	17	(1,784)	–
Operating profit/(loss)		1,521	(12,182)
Finance costs	5	(1,709)	(1,543)
Loss before income tax	6	(188)	(13,725)
Income tax expense	7	(2,980)	(3,452)
Loss for the period		(3,168)	(17,177)
Other comprehensive income			
Exchange (loss)/gain on translation of financial statements of foreign operations		(3,993)	14,644
Other comprehensive (loss)/income for the period, net of tax		(3,993)	14,644
Total comprehensive loss for the period		(7,161)	(2,533)
Profit/(Loss) for the period attributable to:			
Owners of the Company		(6,637)	(20,510)
Non-controlling interests		3,469	3,333
		(3,168)	(17,177)
Total comprehensive income /(loss) for the period attributable to:			
Owners of the Company		(8,908)	(12,583)
Non-controlling interests		1,747	10,050
		(7,161)	(2,533)
Loss per share for loss attributable to the owners of the Company during the period	9		
Basic (HK cents)		(0.24)	(0.90)
Diluted (HK cents)		N/A	N/A

Condensed Consolidated Statement of Financial Position

As at 30 September 2012

	<i>Notes</i>	Unaudited 30 September 2012 HK\$'000	Audited 31 March 2012 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	9,685	10,331
Investment properties	11	1,985	2,163
Intangible assets	12	387,606	392,281
Deposits for potential investments	13	40,000	7,317
Deferred expenditure	14	75,819	78,600
		515,095	490,692
Current assets			
Development and formation costs	15	149,778	100,807
Inventories		9,832	8,302
Trade receivables	16	10,760	23,192
Prepayments, deposits and other receivables	17	65,483	71,977
Available-for-sale financial assets		–	2,731
Pledged bank deposits	18	36,683	18,504
Cash and bank balances		19,615	52,099
		292,151	277,612
Current liabilities			
Trade payables	19	27,525	30,412
Other payables, accruals, deposits received and receipts in advance		28,612	23,639
Bank borrowings	20	95,375	77,717
Amounts due to directors		7,000	–
Amounts due to non-controlling interests		25,546	1,119
Tax payables		28,269	29,487
		212,327	162,374
Net current assets		79,824	115,238
Total assets less current liabilities		594,919	605,930
Non-current liabilities			
Receipts in advance		4,852	5,056
Deferred tax liabilities		95,025	95,940
		99,877	100,996
Net assets		495,042	504,934
EQUITY			
Share capital	21	272,062	272,062
Reserves		50,427	62,066
Equity attributable to owners of the Company		322,489	334,128
Non-controlling interests		172,553	170,806
Total equity		495,042	504,934

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	Unaudited	
	Six months ended	
	30 September	
	2012	2011
	HK\$'000	HK\$'000
Net cash used in operating activities	(22,726)	(55,443)
Net cash used in investing activities	(59,213)	(45,166)
Net cash generated from financing activities	49,486	41,783
Net decrease in cash and cash equivalents	(32,453)	(58,826)
Cash and cash equivalents at beginning of the period	52,099	88,669
Effect of foreign exchange rate changes, net	(31)	1,671
Cash and cash equivalents at end of the period	19,615	31,514

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Share capital HK\$'000	Share premium* HK\$'000	Exchange reserve* HK\$'000	Share-based compensation reserve* HK\$'000	Available-for-sale financial assets 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 2011	212,062	253,512	3,975	42,257	-	-	(179,114)	332,692	204,128	536,820
Issue of Shares, net of issue expenses	16,500	44,251	-	-	-	-	-	60,751	-	60,751
Repurchase and cancellation of Shares, net of expenses	(1,500)	(1,786)	-	-	-	-	-	(3,286)	-	(3,286)
Additional investment 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)	-	-	-	-	-	-
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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Share capital HK\$'000	Share premium* HK\$'000	Exchange reserve* HK\$'000	Share-based compensation reserve* HK\$'000	Unaudited Available-for-sale financial assets 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 2012	272,062	299,932	12,853	27,846	2,731	-	(281,296)	334,128	170,806	504,934
Transaction with owners	-	-	-	-	-	-	-	-	-	-
(Loss)/Profit for the Period	-	-	-	-	-	-	(6,637)	(6,637)	3,469	(3,168)
Other comprehensive income										
- Exchange loss on translation of financial statements of foreign operations			(2,271)					(2,271)	(1,722)	(3,993)
Total comprehensive income/(loss) for the Period	-	-	(2,271)	-	-	-	(6,637)	(8,908)	1,747	(7,161)
Contingent consideration received (note 4)	-	-	-	-	(2,731)	-	-	(2,731)	-	(2,731)
Lapse of share options	-	-	-	(8,139)	-	-	8,139	-	-	-
Transfer to statutory reserve	-	-	-	-	-	416	(416)	-	-	-
Balance at 30 September 2012	272,062	299,932	10,582	19,707	-	416	(280,210)	322,489	172,553	495,042

* These reserve accounts comprise the consolidated reserves of approximately HK\$50,427,000 (30 September 2011: approximately HK\$137,853,000) in the condensed consolidated statement of financial position.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and domiciled in Hong Kong. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's principal place of business in Hong Kong was changed from Suite 3908, Shell Tower, Times Square, Causeway Bay, Hong Kong to Room 2118, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong, with effect from 1 February 2012. The Company's shares are listed on the Stock Exchange.

The principal activity of the Company is investment holding. The principal activities of the Group for the Period are Cemetery Business. The Group's principal places of the business are in Hong Kong and in the PRC.

On 19 November 2010, the Group completed its acquisition in respect of 41.2% equity interests in Anxian Yuan from independent third parties. According to the acquisition agreement, the Group appointed a nominee as the registered owner for its 41.2% equity interests in Anxian Yuan and entered into contractual agreements to obtain control over the operating and financial polices of Anxian Yuan, which became a subsidiary of the Group and its financial results have been consolidated into the Group's financial statement from 19 November 2010. Pursuant to the acquisition agreement, the Group further invested capital for RMB80,000,000 into Anxian Yuan in May 2011 thereby increased its interest in Anxian Yuan by 9.8% from 41.2% to 51%. Anxian Yuan became a Sino-foreign equity joint venture in the PRC on 23 December 2011 and all the above-mentioned contractual agreements were terminated on 30 December 2011. The Group has indirect holding relationship in Anxian Yuan through its subsidiary, Anxian Yuan (HK) Limited.

Pursuant to a written resolution of the Board passed on 4 July 2011, the Electronic Trading, Metal Trading and Leather Trading businesses (the "Discontinued Operations") were discontinued effective from 4 July 2011 in light of its long-term strategy in the Cemetery Business. For the period from 1 April 2011 to 4 July 2011, there were no activities relating to the Discontinued Operations. There were also no assets and liabilities relating to the Discontinued Operations as at 30 September 2011. During the Period, there were no significant changes in the Group's operations and the Group has a single segment activity in Cemetery Business.

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 2012, 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 2012.

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 2012

2. ADOPTION OF NEW AND AMENDED HKFRSs

(a) Adoption of new or revised HKFRSs

In the Period, the Group has applied for the first time the following new standards, amendments and interpretations 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
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

As explained below, the adoption of these amendments to HKFRSs did not change the Group's accounting policies as followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

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

Amendments to HKAS 12 – Deferred Tax – Recovery of Underlying Assets

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

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

The Group has not applied the following new or revised HKFRSs that have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 – 2011 Cycle ²
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income ¹
Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ³
Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans ²
Amendments to HKFRS 7	Disclosures – 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 19 (2011)	Employee Benefits ²
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

2. ADOPTION OF NEW AND AMENDED HKFRSS (CONTINUED)

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

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

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

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

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

HKFRS 9 – Financial Instruments

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

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

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.

As described in note 1 to the financial statements, pursuant to a written resolution passed on 4 July 2011, the directors resolved that the Electronic Trading, Metal Trading and Leather Trading businesses were discontinued effective from 4 July 2011 in light of its long-term strategy in the Cemetery Business. Accordingly the Group has a single business segment, namely Cemetery Business, for the Period.

During the period from 1 April 2011 to 4 July 2011, there were no activities in Leather Trading, Electronic Trading and Metal Trading. There were also no assets and liabilities relating to these activities as at 30 September 2011. Thus, only Cemetery Business was presented for the six months ended 30 September 2011.

There were no inter-segment sales and transfer during the six months ended 30 September 2011 and 2012. Information on the Group's reportable segments provided to the Executive Directors is set out below:

	Unaudited	
	Six months ended	
	30 September	
	2012	2011
	HK\$'000	HK\$'000
Cemetery Business		
From external customer		
Reportable segment revenue	32,752	32,431
Reportable segment profit	7,081	6,202
Interest income	29	91
Imputed interest expense	–	(1,543)
Depreciation	(769)	(1,435)
Amortisation of intangible assets	(1,231)	(1,142)
Amortisation of deferred expenditure	(2,218)	(2,576)
Income tax	(2,820)	(3,342)
	Unaudited	Audited
	As at	As at
	30 September	31 March
	2012	2012
	HK\$'000	HK\$'000
Cemetery Business		
Reportable segment assets	704,899	664,432
Additions to non-current segment assets during the period/year	175	2,777
Reportable segment liabilities	(302,431)	(261,777)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

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	
	2012	2011
	HK\$'000	HK\$'000
Reportable segment revenue and Group revenue	32,752	32,431
Reportable segment profit	7,081	6,202
Financial costs	(1,709)	–
Impairment loss on other receivables	(1,784)	–
Operating lease charges	(1,895)	(2,105)
Other unallocated expenses, net	(4,861)	(21,274)
Loss for the period	(3,168)	(17,177)
	Unaudited	Audited
	As at	As at
	30 September	31 March
	2012	2012
	HK\$'000	HK\$'000
Reportable segment assets	704,899	664,432
Corporate assets	102,347	103,872
Group assets	807,246	768,304
Reportable segment liabilities	302,431	261,777
Corporate liabilities	9,773	1,593
Group liabilities	312,204	263,370

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

3. SEGMENT INFORMATION (CONTINUED)

During the Period, there was no customer with whom transaction had exceeded 10% of the Group's revenue. The Group's revenue from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

Revenue from external customers:

	Unaudited	
	Six months ended	
	30 September	
	2012	2011
	HK\$'000	HK\$'000
The PRC	32,752	32,431

Non-current assets:

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2012	2012
	HK\$'000	HK\$'000
Hong Kong (domicile)	41,200	7,766
The PRC	473,895	482,926
Total	515,095	490,692

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

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 recognized during the Period are as follows:

	Unaudited	
	Six months ended	
	30 September	
	2012	2011
	HK\$'000	HK\$'000
Revenue		
Sales of tombs	32,427	32,126
Management fee income	325	305
	32,752	32,431
Other revenue		
Interest income on financial assets stated at amortised cost	31	102
Imputed interest income	355	–
Share of office expenses recharged	–	468
Contingent consideration received *	2,731	–
Other income	3,117	570

* *Contingent consideration receivable, reported as available-for-sale financial assets as at 31 March 2012, has been fully settled in the Period.*

5. FINANCE COSTS

	Unaudited	
	Six months ended	
	30 September	
	2012	2011
	HK\$'000	HK\$'000
Interest charged on:		
Bank borrowings stated at amortised cost wholly repayable within five years	3,633	954
Other borrowings stated at amortised cost wholly repayable within five years	1,700	–
Less: Amount capitalised in development and formation cost	(3,624)	(954)
Imputed interest charged on:		
Amount due to non-controlling interests and certain trade payables wholly repayable within five years	–	1,543
	1,709	1,543

Borrowing cost was capitalized at the rate of 11.0% (2011: 6.6%) per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Unaudited Six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Amortisation of intangible assets	1,231	1,142
Amortisation of deferred expenditure	2,218	2,576
Auditor's remuneration	250	242
Inventories, development and formation cost recognised as an expense	6,636	3,745
Depreciation		
– Property, plant and equipment	1,507	1,655
– Investment properties	159	157
Exchange losses	570	27
Fair value loss on financial assets at fair value through profit or loss*	–	1,235
Impairment loss on other receivables, net (<i>note 17</i>)	1,784	–
Loss on disposals of property, plant and equipment	–	24
Operating lease charges in respect of premises	2,146	2,417
Write-off of property, plant and equipment	–	4

* Included in other operating expenses.

7. INCOME TAX EXPENSE

	Unaudited Six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Current tax–the PRC		
Charged for the period	3,052	3,596
Deferred tax–the PRC		
Charged for the period	162	159
Credited for the period	(394)	(413)
Withholding tax	160	110
	2,980	3,452

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

7. INCOME TAX EXPENSE (CONTINUED)

The subsidiaries established in the PRC are subject to income taxes at tax rate of 25% (2011: 25%).

8. DIVIDEND

The board does not recommend the payment of interim dividend for the Period (2011: Nil).

9. LOSS PER SHARE

The calculation of basic earnings per Share is based on the following data:

	Unaudited	
	Six months ended	
	30 September	
	2012	2011
	HK\$'000	HK\$'000
Loss for the period, attributable to the owners of the Company	6,637	20,510
Weighted average number of Shares for the purpose of calculating basic earnings per Share	('000)	('000)
	2,720,623	2,274,967

Diluted loss per Share for the six months ended 30 September 2012 and 2011 is not presented because the potential ordinary shares are anti-dilutive.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

10. 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 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	–	(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
At 1 April 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
Six months ended 30 September 2012					
Opening net carrying amount	5,170	734	4,096	331	10,331
Additions	–	61	882	–	943
Depreciation	(558)	(156)	(723)	(70)	(1,507)
Exchange realignment	(44)	(5)	(33)	–	(82)
Closing net carrying amount	4,568	634	4,222	261	9,685
At 30 September 2012					
Cost	6,724	1,439	6,710	393	15,266
Accumulated depreciation	(2,156)	(805)	(2,488)	(132)	(5,581)
Net carrying amount	4,568	634	4,222	261	9,685

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At 30 September 2012, the Group's buildings with aggregate net carrying amounts of approximately HK\$4,346,000 (30 September 2011: HK\$5,423,000) 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). As at 30 September 2012, the Group's remaining buildings with a net carrying amount of approximately HK\$222,000 (30 September 2011: HK\$304,000) were situated in the PRC and are held on leases under medium term.

11. INVESTMENT PROPERTIES

	Unaudited Six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
At 1 April		
Cost	2,590	2,493
Accumulated depreciation	(427)	(103)
Net carrying amount	2,163	2,390
During the period		
Opening net carrying amount	2,163	2,390
Depreciation	(159)	(157)
Exchange realignment	(19)	77
Closing net carrying amount	1,985	2,310
At 30 September		
Cost	2,567	2,575
Accumulated depreciation	(582)	(265)
Net carrying amount	1,985	2,310

At 30 September 2012, investment properties with a net carrying amount of approximately HK\$1,985,000 (30 September 2011: HK\$2,310,000) 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 (30 September 2011: RMB2,100,000), equivalent to approximately HK\$2,568,000 (30 September 2011: HK\$2,575,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

12. INTANGIBLE ASSETS

	Unaudited	
	Six months ended	
	30 September	
	2012	2011
	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 period		
Opening net carrying amount	392,281	379,625
Amortisation	(1,231)	(1,142)
Exchange realignment	(3,444)	12,483
Closing net carrying amount	387,606	390,966
At 30 September		
Cost	393,651	394,825
Accumulated amortisation	(6,045)	(3,859)
Net carrying amount	387,606	390,966

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

13. DEPOSITS FOR POTENTIAL INVESTMENTS

	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Acquisition of a subsidiary in Chongqing, the PRC (<i>note (a)</i>)	–	7,317
Acquisition of additional equity interest in Anxian Yuan (<i>note (b)</i>)	40,000	–
	40,000	7,317

- (a) On 30 September 2011, the Company entered into an agreement with independent third parties (the “Chongqing Vendors”) to acquire a limited liability company in the PRC, which is principally engaged in cemetery development and operation in Chongqing, the PRC. Pursuant to the agreement, a refundable deposit of RMB6,000,000 (equivalent to approximately HK\$7,317,000) was paid to the Chongqing Vendors. Details are set out in the Company’s announcements dated 13 October 2011 and 31 January 2012. As at 31 March 2012, this potential acquisition had not been 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 decided not to extend the long stop date of the agreement which lapsed on 1 July 2012 and the deposit of RMB6,000,000 was required to be returned to the Company. Details are set out in the Company’s announcement dated 29 June 2012. As at 30 September 2012, the said deposit was treated as other receivable (note 17(b)).

- (b) 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 interest of Anxian Yuan. Upon completion, the Company will indirectly hold 98.38% equity interest of Anxian Yuan. As at the date this unaudited interim report was approved and authorized for issue by the Board, a refundable deposit of HK\$40,000,000 had been paid to Mr. Shi Hua and the acquisition had yet to be completed. The capital commitment as at the reporting date is set out in note 22 to the condensed consolidated financial statements. Further details are set out in the Company’s announcement dated 4 October 2012 and the Company’s circular dated 28 November 2012.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

14. DEFERRED EXPENDITURE

	Unaudited Six months ended 30 September	
	2012 HK\$'000	2011 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 period		
Opening net carrying amount	78,600	79,108
Additions	122	43,578
Amortisation	(2,218)	(2,576)
Exchange realignment	(685)	2,565
Closing net carrying amount	75,819	122,675
At 30 September		
Cost	90,980	133,742
Accumulated amortisation	(15,161)	(11,067)
Net carrying amount	75,819	122,675

15. DEVELOPMENT AND FORMATION COSTS

	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Development and formation costs – columbarium niches and tombs	149,778	100,807

As at 30 September 2012, the development and formation costs of approximately HK\$119,283,000 (31 March 2012: approximately HK\$60,303,000) are expected to be recovered more than one year.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

16. TRADE RECEIVABLES

	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Trade receivables, gross	10,760	23,192
Less: Provision for impairment loss	–	–
Trade receivables, net	10,760	23,192

Trade receivables generally have credit terms of 30 to 90 days (2011: 30 to 90 days). No interest is charged to the Group's business-related customers. The Group has a credit policy in place, and exposures are monitored and overdue balances are reviewed by senior management on an ongoing basis.

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

	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Within 60 days	–	–
61 to 365 days	–	–
Over 365 days	10,760	23,192
	10,760	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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

16. TRADE RECEIVABLES (CONTINUED)

As at 30 September 2012 and 31 March 2012, there were no trade receivables which are neither past due nor impaired.

All the unimpaired trade receivables were past due as at the reporting dates. Ageing analysis of trade receivables past due but not impaired is as follows:

	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Neither past due nor impaired	–	–
Over 365 days past due	10,760	23,192
	10,760	23,192

As at 30 September 2012, trade receivables that were past due but not impaired of approximately HK\$10,760,000 (31 March 2012: HK\$23,192,000) related to a customer with good and reliable credit rating. Management believes that no impairment allowance is necessary in respect of these balances as the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

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

	Unaudited Six months ended 30 September 2012 HK\$'000	Audited Year ended 31 March 2012 HK\$'000
At 1 April 2012/1 April 2011	–	58,847
Amount written off as uncollectible	–	(58,847)
At 30 September 2012/31 March 2012	–	–

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Prepayments	14,920	22,170
Other receivables, net (<i>note</i>)	49,385	48,593
Deposits paid	1,178	1,214
	65,483	71,977

Note

	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Other receivables (<i>note (a), (b), (c)</i>)	131,169	128,593
Less: Provision for impairment loss	(81,784)	(80,000)
Other receivables, net	49,385	48,593

Included in the Group's other receivables as at 30 September 2012 are receivable from Mr. Fu Yuan Ji ("Mr. Fu") of HK\$80,000,000 (*note (a)* below) (31 March 2012: HK\$80,000,000), receivable from the Chongqing Vendors of approximately HK\$7,317,000 (*note (b)* below and *note 13(a)*) and non-interest bearing advances of approximately HK\$41,413,000 (*note (c)* below) (31 March 2012: HK\$47,478,000) made to certain independent third parties.

Note

- (a) On 14 May 2012, Sino Grandeur Limited, a wholly-owned subsidiary of the Company, instituted legal proceedings in Hong Kong against Mr. Fu to claim refundable deposit of HK\$80,000,000 due to the lapse of the acquisition of the equity interest of Topace Investment Limited. Impairment loss provision against this deposit was made in full as at 31 March 2012. On 29 June 2012, Sino Grandeur Limited and Mr. Fu, through their respective legal advisers, reached an agreement pursuant to which Mr. Fu agreed to refund the deposit of HK\$80,000,000 together with interests accrued thereon by way of 16 quarterly installments with the first installment to be paid on or before 30 September 2012 and the last installment to be paid on or before 30 June 2016. Based on such agreed terms, the two parties obtained a consent order from the Court of First Instance of the High Court of the Hong Kong Special Administrative Region on 6 July 2012 that the legal proceedings instituted by the Group be stayed except for the purpose of carrying the consent order and the agreed terms into effect. Details are set out in the Company's announcement dated 15 May 2012 and 9 July 2012. Subsequent to the reporting date, the first installment of HK\$5,533,000 was settled and accordingly impairment loss provision for same was written back in the Period. In the opinion of the directors, the recoverability of the remaining balance is remote and full impairment loss provision is required to be maintained.
- (b) Actions have been taken against the Chongqing Vendors (*note 13 (a)*) for the return of the refundable deposit in the amount of RMB6,000,000 (equivalent to approximately HK\$7,317,000). In the opinion of the directors, its recoverability is remote and accordingly impairment loss provision was made in the Period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Note (Continued)

- (c) These non-interest bearing advances made to certain third parties in the aggregate amount of HK\$41,413,000 (31 March 2012: approximately HK\$47,478,000) are termed at a short-term basis and agreed to be repaid upon maturity with due date of 31 March 2013. 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.

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

	Unaudited Six months ended 30 September 2012 HK\$'000	Audited Year ended 31 March 2012 HK\$'000
At 1 April 2012/1 April 2011	80,000	3,829
Provision for impairment loss	7,317	80,000
Provision for impairment loss written back	(5,533)	–
Other receivables written off	–	(3,829)
At 30 September 2012/31 March 2012	81,784	80,000

18. PLEDGED BANK DEPOSITS

As at 30 September 2012, the Group's bank borrowings amounted to approximately HK\$36,683,000 (31 March 2012: HK\$18,504,000) (note 20) were secured by the Group's bank deposits of approximately HK\$36,683,000 (31 March 2012: HK\$18,504,000). The fixed interest rate of pledged bank deposits as at 30 September 2012 was 3.5% (31 March 2012: 3.5%) per annum.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

19. TRADE PAYABLES

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

	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Within 90 days	1,046	6,444
91 to 180 days	3,198	3,544
181 to 365 days	8,505	5,950
Over 1 year	14,776	14,474
	27,525	30,412

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

20. BANK BORROWINGS

	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Bank borrowings repayable within one year:		
– secured (<i>note (a)</i>)	36,683	18,504
– guaranteed (<i>note (b)</i>)	55,024	55,512
– secured and guaranteed (<i>note (c)</i>)	3,668	3,701
	95,375	77,717

Notes:

- (a) The balance was secured by the Group's pledged bank deposits amounted to approximately HK\$36,683,000 (*note 18*). The balance bore interest at effective interest rate of 7.63 % per annum.
- (b) The balance was guaranteed by certain shareholders of a subsidiary, their family members and an independent third party. These bank borrowings bore interest at effective interest rates of 6.90 % to 7.63 % per annum.
- (c) The balance was guaranteed by certain shareholders of a subsidiary, their family members, and also secured by a property held by a shareholder of a subsidiary. These bank borrowings bore interest at effective interest rates of 7.63 % per annum.

All bank borrowings as at 30 September 2012 are due within 12 months of the reporting date and are denominated in RMB.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

21. SHARE CAPITAL

	Unaudited Six months ended 30 September 2012		Audited Year ended 31 March 2012	
	Number of Shares (‘000)	HK\$’000	Number of Shares (‘000)	HK\$’000
Authorised:				
Shares of HK\$0.10 each At 30 September 2012 and 31 March 2012	10,000,000	1,000,000	10,000,000	1,000,000
Issued and fully paid:				
Shares of HK\$0.10 each At 1 April 2012 and 1 April 2011	2,720,623	272,062	2,120,623	212,062
Placing of new Shares (<i>note (a)</i>)	-	-	615,000	61,500
Repurchase and cancellation of Shares (<i>note (b)</i>)	-	-	(15,000)	(1,500)
At 30 September 2012 and 31 March 2012	2,720,623	272,062	2,720,623	272,062

Notes:

- (a) During the year ended 31 March 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.

- (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 cancellations of these shares were completed on 29 July 2011.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

22. CAPITAL COMMITMENTS

	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Contracted but not provided for:		
Potential acquisition of investment in Chongqing, the PRC (<i>note 13(a)</i>)	–	159,512
Additional investment in Anxian Yuan (<i>note 13(b)</i>)	390,000	–
Proposed acquisition of land use rights	9,782	9,869
	399,782	169,381

23. 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 2012 HK\$'000	2011 HK\$'000
Share of office expenses receivable from a related company	–	468

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(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	
	2012 HK\$'000	2011 HK\$'000
Salaries and allowances of key management		
Salaries, allowances and benefit in kind	1,201	2,701
Discretionary bonus	–	600
Contributions to defined contribution plans	7	12
	1,208	3,313

24. LITIGATIONS

No outstanding litigation as at 30 September 2012 was noted.

25. CONTINGENT LIABILITIES

At 30 September 2012, neither the Group nor the Company had any significant contingent liabilities.

26. EVENTS AFTER THE REPORTING DATE

Other than as mentioned elsewhere in these condensed consolidated financial statements, the Group had no significant events after the reporting date.

Glossary

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

Anxian Yuan	浙江安賢陵園有限責任公司 (in English, for identification purpose only, Zhejiang Anxian Yuan Company Limited), a limited liability company established under the laws of the PRC
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
Company/China Boon	China Boon Holdings Limited, a company incorporated in the Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
Director(s)	the director(s) of the Company
Electronic Trading	an operating segment of the Group which is engaged in the trading of consumer electronic appliances
Executive Director(s)	the executive Director(s)
Group	the Company and its subsidiaries
HKAS	the Hong Kong Accounting Standards issued by HKICPA
HKFRS(s)	the Hong Kong Financial Reporting Standards, collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by HKICPA
HKICPA	the Hong Kong Institute of Certified Public Accountants
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

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 2012
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
US\$	United States dollars, the lawful currency of USA
%	per cent