CHINA BOON HOLDINGS LIMITED

中福控股發展有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00922)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the Year together with the comparative figures for the year ended 31 March 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	**2011 HK$'000**	2010 HK$'000
Revenue	*4*	**135,467**	27,265
Cost of sales		**(60,782)**	(35,104)
Gross profit/(loss)		**74,685**	(7,839)
Other income	*4*	**2,400**	2,326
Selling expenses		**(9,840)**	–
Administrative expenses		**(81,250)**	(54,837)
Other operating expenses		**(1,653)**	(37,473)
Operating loss		**(15,658)**	(97,823)
Finance costs		**(1,797)**	(251)
Gain on bargain purchase of subsidiary	*14*	**35,813**	–
Profit/(Loss) before income tax	*5*	**18,358**	(98,074)
Income tax expense	*6*	**(14,002)**	–
Profit/(Loss) for the year		**4,356**	(98,074)
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**7,782**	88
Other comprehensive income for the year		**7,782**	88
Total comprehensive income/(loss) for the year		**12,138**	(97,986)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**(20,335)**	(98,074)
Non-controlling interests		**24,691**	–
		4,356	(98,074)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**(16,448)**	(97,986)
Non-controlling interests		**28,586**	–
		12,138	(97,986)
Loss per share for loss attributable to owners of the Company during the year	*7*		
– Basic (HK cents)		**(1.00)**	(5.66)
– Diluted (HK cents)		**N/A**	N/A

* *for identification purposes only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**11,520**	3,682
Investment properties		**2,390**	–
Intangible assets	*8*	**379,625**	–
Deposits for acquisition of subsidiaries	*9*	**80,000**	80,000
Deferred expenditure	*10*	**79,108**	–
Deferred tax assets		**3,318**	–
		555,961	83,682
Current assets			
Development and formation costs of columbarium		**6,216**	–
Inventories	*11*	**5,515**	–
Trade receivables	*12*	**93,559**	3,678
Financial assets at fair value through profit or loss		**3,031**	7,085
Prepayments, deposits and other receivables		**45,680**	8,363
Tax recoverable		**–**	1,144
Amounts due from a related company		**420**	345
Cash and bank balances		**88,669**	155,628
		243,090	176,243
Current liabilities			
Trade payables	*13*	**32,526**	2,103
Other payables, accruals, deposits received and receipts in advance		**20,603**	1,570
Bank borrowings		**48,026**	–
Amount due to non-controlling interests		**31,315**	–
Tax payables		**27,937**	–
		160,407	3,673
Net current assets		**82,683**	172,570
Total assets less current liabilities		**638,644**	256,252
Non-current liabilities			
Receipts in advance		**5,194**	–
Deferred tax liabilities		**96,630**	–
		101,824	–
Net assets		**536,820**	256,252
EQUITY			
Share capital		**212,062**	197,562
Reserves		**120,630**	58,690
Equity attributable to owners of the Company		**332,692**	256,252
Non-controlling interests		**204,128**	–
Total equity		**536,820**	256,252

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

The financial statements have been prepared under historical cost convention except for financial assets at fair value through profit or loss which are stated at fair values.

2. ADOPTION OF NEW AND AMENDED HKFRSs

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

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

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

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

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

The revised accounting policies are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The Group has accounted for the acquisition of Anxian Yuan according to the revised standard, details of which are set out in note 14.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. SEGMENT INFORMATION

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

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

As a result of the acquisition of a subsidiary, namely Anxian Yuan, completed in November 2010, the reportable segments of the Group are provision of Cemetery Business and Leather Trading.

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

2011

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

2010

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

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

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

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

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

Revenue from external customers:

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

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

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

Non-current assets:

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

4. REVENUE AND OTHER INCOME

Revenue from the Group's principal activities and other income recognised during the Year are as follows:

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

5. PROFIT/(LOSS) BEFORE INCOME TAX

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

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

* Included in other operating expenses.

6. INCOME TAX EXPENSE

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

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

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

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

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

7. LOSS PER SHARE

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

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

8. INTANGIBLE ASSETS

	Allocated land and cemetery operating licence	
	2011	2010
	HK$'000	HK$'000
At 1 April		
Cost	**–**	–
Accumulated amortisation	**–**	–
Net carrying amount	**–**	–
During the year		
Opening net carrying amount	**–**	–
Acquisition of subsidiary *(note 14)*	**374,436**	–
Amortisation	**(2,590)**	–
Exchange realignment	**7,779**	–
Closing net carrying amount	**379,625**	–
At 31 March		
Cost	**382,234**	–
Accumulated amortisation	**(2,609)**	–
Net carrying amount	**379,625**	–

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

9. 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, in respect of the original agreement dated 13 October 2009, entered with Mr. Fu to acquire the entire equity interests in Topace Investments Limited (together with its subsidiaries collectively referred to as the "Topace Group") for a consideration of HK$2,000,000,000 (subject to adjustments). The Topace Group is principally engaged in cemetery operation in Shanghai, the PRC. As at 31 March 2010, acquisition of the Topace Group was not completed and the deposit was treated as a non-current deposit.

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

10. DEFERRED EXPENDITURE

	2011 **HK$'000**	2010 HK$'000
At 1 April		
Cost	**–**	–
Accumulated amortisation	**–**	–
Net carrying amount	**–**	–
For the year		
Opening net carrying amount	**–**	–
Acquisition of subsidiary *(note 14)*	**76,890**	–
Additions	**2,051**	–
Amortisation	**(1,424)**	–
Exchange realignment	**1,591**	–
Closing net carrying amount	**79,108**	–
At 31 March		
Cost	**87,289**	–
Accumulated amortisation	**(8,181)**	–
Net carrying amount	**79,108**	–

11. INVENTORIES

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

12. TRADE RECEIVABLES

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

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

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

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

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

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

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

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

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

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

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

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

13. TRADE PAYABLES

The Group was granted by its suppliers oral credit periods ranging between 90 days to 3 years (2010: 30 to 60 days). Based on the invoice dates, ageing analysis of trade payables is as follows:

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

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

14. ACQUISITION OF SUBSIDIARY

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

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

Net identifiable assets acquired	**Acquirees' fair value at the Acquisition Date** HK$'000
Property, plant and equipment	8,367
Investment properties	2,442
Intangible assets *(note 8)*	374,436
Deferred expenditure *(note 10)*	76,890
Deferred tax assets	3,354
Development and formation costs of columbarium	8,030
Inventories	5,841
Prepayments and other receivables *(note (i))*	4,260
Cash and bank balance	11,368
Trade and other payables	(29,629)
Amount due to shareholder	(41,054)
Bank borrowings	(17,446)
Tax payables	(13,745)
Deferred tax liabilities	(94,573)
Fair value of net identifiable assets acquired, at the Acquisition Date	298,541
Gain on bargain purchase of Anxian Yuan	
Fair value of consideration	87,186
Plus: Non-controlling interests *(note (ii))*	175,542
Less: Fair value of net assets acquired	(298,541)
Gain on bargain purchase of Anxian Yuan *(note (iii))*	35,813

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

Note:

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

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

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

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

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

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

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

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

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

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

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

15. EVENT AFTER THE REPORTING DATE

15.1 Placing of Shares

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

15.2 Increase in ownership interests in a subsidiary

As mentioned in note 14 for the capital commitment for a Company's subsidiary, the Group has injected RMB1,000,000 into Anxian Yuan, the registered capital of Anxian Yuan has been increased from RMB5,000,000 to RMB6,000,000 subsequent to the reporting date. A revised business licence in respect of the increase in registered capital has been issued by the Administration for Industry and Commerce Bureau of Zhejiang Province on 13 May 2011 and the equity interest in Anxian Yuan of the Group was increased from 41.2% to 51% accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Operation Overview

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

Cemetery Business

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

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

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

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

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

Leather Trading

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

Electronic Trading and Metal Trading

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

Financial Overview

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

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

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

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

2) The gain on acquisition of Anxian Yuan which was mainly attributable to the difference between the fair value of consideration as at the date of acquisition of Anxian Yuan and the consideration as stipulated in the sale and purchase agreement on the acquisition of Anxian Yuan. Note 14 has the details on the gain.

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

SEGMENT

Segment overview

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

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

Cemetery Business

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

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

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

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

THE FUTURE

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

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

OTHER INFORMATION

1. **Purchase, sale or redemption of listed securities of the Company**

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

2. **Corporate governance practices**

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

3. **Dividend**

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

4. **Review by Audit Committee**

   The Audit Committee has reviewed the annual results of the Group for the Year.

5. **Scope of work of BDO Limited**

   The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

By order of the Board
China Boon Holdings Limited
Leung Chi Wah Earnest
Chairman and Chief Executive Officer

Hong Kong, 17 June 2011

As at the date of this announcement, the Board comprises three Executive Directors, namely Dr. Leung Chi Wah Earnest, Mr. Law Fei Shing and Mr. Yu Ping; two Non-executive Directors, namely Mr. Yeung Mui Kwan David and Mr. Tu Zhimin; and three Independent Non-executive Directors namely Mr. Law Yui Lun, Mr. So Livius and Mr. Bian Yijun.

GLOSSARY

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
Audit Committee	the audit committee of the Company
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	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
Executive Director(s)	the executive Director(s)
Electronic Trading	an operating segment of the Group which is engaged in the trading of consumer electronic appliances
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
Independent Non-executive Director(s)	the independent non-executive Director(s)
Leather Trading	an operating segment of the Group which is engaged in the trading of leather
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Metal Trading	an operating segment of the Group which is engaged in the trading of scrap metal
Non-executive Director(s)	the non-executive Director(s)

PRC	the People's Republic of China, which for the purpose of this report exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Share(s)	the ordinary share(s) of HK$0.1 each in the share capital of the Company
Shareholder(s)	holder(s) of the Share(s)
Stock Exchange	the Stock Exchange of Hong Kong Limited
USA	the United States of America
Year	the year ended 31 March 2011
HK$	Hong Kong dollars, the lawful currency of Hong Kong
RMB	Renminbi, the lawful currency of PRC
US$	United States dollars, the lawful currency of USA
%	per cent