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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The Board of the Company announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2011 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2011

		Unaudited Six months ended 30 September	
		2011	2010
	Notes	***HK$'000***	*HK$'000* (Restated)
Revenue	*4*	**32,431**	–
Cost of sales		**(7,463)**	–
Gross profit		**24,968**	–
Other income	*4*	**570**	461
Selling expenses		**(4,711)**	–
Administrative expenses		**(31,774)**	(33,196)
Other operating expenses		**(1,235)**	(29)
Operating loss		**(12,182)**	(32,764)
Finance costs	*5*	**(1,543)**	–
Loss before income tax	*6*	**(13,725)**	(32,764)
Income tax expense	*7*	**(3,452)**	–
Loss for the period from a continuing operation		**(17,177)**	(32,764)
Loss for the period from discontinued operations	*8*	**–**	(338)
Loss for the period		**(17,177)**	(33,102)

* *For identification purposes only*

	Notes	Unaudited Six months ended 30 September **2011** ***HK$'000***	 2010 *HK$'000* (Restated)
(Loss)/Profit for the period attributable to:	*9*		
Owners of the Company			
– From a continuing operation		**(20,510)**	(32,764)
– From discontinued operations		**–**	(338)
– From a continuing and discontinued operations		**(20,510)**	(33,102)
Non-controlling interests			
– From a continuing operation		**3,333**	–
– From discontinued operations		**–**	–
– From a continuing and discontinued operations		**3,333**	–
		(17,177)	(33,102)
Loss per share for loss attributable to owners of the Company during the period	*10*		
Basic (HK cents)			
– From a continuing operation		**(0.90)**	(1.66)
– From discontinued operations		**–**	(0.02)
– From a continuing and discontinued operations		**(0.90)**	(1.68)
Diluted (HK cents)			
– From a continuing operation		**N/A**	N/A
– From discontinued operations		**N/A**	N/A
– From a continuing and discontinued operations		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2011

		Unaudited Six months ended 30 September	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Loss for the period		**(17,177)**	(33,102)
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**14,644**	293
Other comprehensive income for the period		**14,644**	293
Total comprehensive loss for the period		**(2,533)**	(32,809)
Total comprehensive (loss)/profit for the period attributable to:			
Owners of the Company		**(12,583)**	(32,809)
Non-controlling interests		**10,050**	–
		(2,533)	(32,809)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	Notes	Unaudited 30 September 2011 HK$'000	Audited 31 March 2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	**11,852**	11,520
Investment properties	12	**2,310**	2,390
Intangible assets	13	**390,966**	379,625
Deposits for acquisition of subsidiaries	14	**80,000**	80,000
Deferred expenditure	15	**122,675**	79,108
Deferred tax assets		**3,266**	3,318
		611,069	555,961
Current assets			
Development and formation costs of columbarium		**25,066**	6,216
Inventories		**6,387**	5,515
Trade receivables	16	**72,113**	93,559
Financial assets at fair value through profit or loss		**–**	3,031
Prepayments, deposits and other receivables	17	**93,296**	45,680
Amounts due from a related company		**468**	420
Amount due from non-controlling interests		**7,358**	–
Cash and bank balances		**31,514**	88,669
		236,202	243,090
Current liabilities			
Trade payables	18	**31,609**	32,526
Other payables, accruals, deposits received and receipts in advance		**53,564**	20,603
Bank borrowings	19	**33,113**	48,026
Amount due to non-controlling interests		**–**	31,315
Tax payables		**32,536**	27,937
		150,822	160,407
Net current assets		**85,380**	82,683
Total assets less current liabilities		**696,449**	638,644

	Notes	**Unaudited 30 September 2011** *HK$'000*	Audited 31 March 2011 *HK$'000*
Non-current liabilities			
Receipts in advance		**5,224**	5,194
Deferred tax liabilities		**99,473**	96,630
		104,697	101,824
Net assets		**591,752**	536,820
EQUITY			
Share capital	*20*	**227,062**	212,062
Reserves		**137,853**	120,630
Equity attributable to owners of the Company		**364,915**	332,692
Non-controlling interests		**226,837**	204,128
Total equity		**591,752**	536,820

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

1. GENERAL INFORMATION

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

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

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

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

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

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

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

2. ADOPTION OF NEW AND AMENDED HKFRSs

In the Period, the Group has applied for the first time the following new and revised 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 2011:

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

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

HKAS 24 (Revised) – Related Party Disclosures

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

– The name of the government and the nature of their relationship;

– The nature and amount of any individually significant transactions; and

– The extent of any collectively significant transactions qualitatively or quantitatively.

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

Improvements to HKFRSs 2010

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

3. SEGMENT INFORMATION

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

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

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

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

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

	Unaudited Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Reportable segment revenue and Group revenue	**32,431**	–
Reportable segment profit	**6,202**	–
Loss from discontinued operations	**–**	(338)
Equity-settled share-based payments	**–**	(13,265)
Operating lease charges	**(2,105)**	(1,932)
Other unallocated income/(expenses), net	**(21,274)**	(17,567)
Group loss for the period	**(17,177)**	(33,102)

	Unaudited As at 30 September 2011 *HK$'000*	Audited As at 31 March 2011 *HK$'000*
Reportable segment assets	**709,236**	612,187
Corporate assets	**138,035**	186,864
Group assets	**847,271**	799,051
Reportable segment liabilities	**252,462**	258,005
Corporate liabilities	**3,057**	4,226
Group liabilities	**255,519**	262,231

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

Revenue from external customers:

	Unaudited Six months ended 30 September	
	2011 ***HK$'000***	2010 *HK$'000* (Restated)
Hong Kong (domicile) *(note)*	**–**	–
The PRC	**32,431**	–
Total	**32,431**	–

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

Non-current assets:

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

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

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

4. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to the condensed consolidated financial statements. Turnover of the Group is the revenue from these activities. Revenue from the Group's principal activities and other income recognised during the Period is as follows:

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

5. FINANCE COSTS

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

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

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

* *Included in other operating expenses.*

7. INCOME TAX EXPENSE

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

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

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

8. LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS

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

	Unaudited Six months ended 30 September	
Discontinued operations	**2011**	2010
	HK$'000	*HK$'000*
		(Restated)
Revenue	–	5,151
Cost of sales	–	(5,057)
Gross profit	–	94
Administrative expenses	–	(432)
Loss/Total comprehensive loss for the period attributable to the owners of the Company	–	(338)

9. DIVIDEND

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

10. LOSS PER SHARE

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

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

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

11. PROPERTY, PLANT AND EQUIPMENT

	Unaudited				
	Buildings *HK$'000*	Furniture fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Leasehold improvements *HK$'000*	Total *HK$'000*
At 1 April 2010					
Cost	–	1,092	2,259	890	4,241
Accumulated depreciation	–	(307)	(113)	(139)	(559)
Net carrying amount	–	785	2,146	751	3,682
Six months ended 30 September 2010					
Opening net carrying amount	–	785	2,146	751	3,682
Additions	–	159	–	–	159
Depreciation	–	(104)	(218)	(363)	(685)
Exchange realignment	–	1	18	–	19
Closing net carrying amount	–	841	1,946	388	3,175
At 30 September 2010					
Cost	–	1,252	2,279	890	4,421
Accumulated depreciation	–	(411)	(333)	(502)	(1,246)
Net carrying amount	–	841	1,946	388	3,175
At 1 April 2011					
Cost	**6,529**	**1,687**	**5,050**	**943**	**14,209**
Accumulated depreciation	**(394)**	**(603)**	**(794)**	**(898)**	**(2,689)**
Net carrying amount	**6,135**	**1,084**	**4,256**	**45**	**11,520**
Six months ended 30 September 2011					
Opening net carrying amount	**6,135**	**1,084**	**4,256**	**45**	**11,520**
Additions	**–**	**138**	**1,570**	**–**	**1,708**
Disposal	**–**	**–**	**(41)**	**–**	**(41)**
Written 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**

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

At 30 September 2011, the Group's buildings with aggregate net carrying amounts of approximately HK$5,423,000 (at 30 September 2010: nil) were situated on the land in the PRC granted to Anxian Yuan by Hangzhou City Housing and Land Resources Bureau on 5 June 2003 at no consideration. The land is restricted for cemetery use with indefinite lease term but is not freely transferable under the land use rights certificate（杭余國用(2003)字第8-834號）. The Group's remaining buildings with a net carrying amount of approximately HK$304,000 (at 30 September 2010: nil) as at 30 September 2011 were situated in the PRC and are held on leases under medium term.

12. INVESTMENT PROPERTIES

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

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

13. INTANGIBLE ASSETS

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

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

14. DEPOSITS FOR ACQUISITION OF SUBSIDIARIES

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

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

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

15. DEFERRED EXPENDITURE

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

16. TRADE RECEIVABLES

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

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

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

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

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

As at 30 September 2011, no net balance of trade receivables is neither past due nor impaired (As at 31 March 2010: approximately HK$49,629,0000). Ageing analysis of trade receivables past due but not impaired is as follows:

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

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

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

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

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

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

Note:

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

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

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

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

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

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

18. TRADE PAYABLES

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

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

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

19. BANK BORROWINGS

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

Note:

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

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

20. SHARE CAPITAL

	Unaudited Six months ended 30 September 2011		Audited Year ended 31 March 2011	
	Number of Shares ***('000)***	***HK$'000***	Number of Shares *('000)*	*HK$'000*
Authorised:				
Shares of HK$0.10 each				
At 30 September 2011 and 31 March 2011	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Issued and fully paid:				
Shares of HK$0.10 each				
At 1 April 2011 and 1 April 2010	**2,120,623**	**212,062**	1,975,623	197,562
Placing of new Shares *(note (a))*	**165,000**	**16,500**	–	–
Repurchase of Shares *(note (b))*	**(15,000)**	**(1,500)**	–	–
Issue of Shares (for acquisition of subsidiary)	**–**	**–**	145,000	14,500
At 30 September 2011 and 31 March 2011	**2,270,623**	**227,062**	2,120,623	212,062

Notes:

(a) On 28 March 2011, the Company entered into a placing agreement with placing agents to issue 165,000,000 Shares at HK$0.38 per Share. Of the gross proceeds of HK$62,700,000, amounts of HK$16,500,000 and approximately HK$44,251,000 (after deduction of issuing expense of approximately HK$1,949,000) were credited to share capital and share premium accounts respectively. The placing was completed on 7 April 2011.

(b) On 22 July 2011, the Company repurchased 15,000,000 Shares by way of market acquisition on the Stock Exchange with purchase prices ranging from HK$0.202 to HK0.230 each. The total consideration paid was approximately HK$3,286,000 (including transaction cost of approximately HK$10,000), of which HK$1,500,000 was charged to share capital account and approximately HK$1,786,000 to share premium account. These Shares were cancelled immediately after repurchase.

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

21. RELATED PARTY TRANSACTIONS

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

(a) Significant transactions with related parties

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

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

(b) **Compensation of key management personnel**

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

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

22. CONTINGENT LIABILITIES

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

23. EVENTS AFTER THE REPORTING DATE

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

Payment of deposit for acquisition of a subsidiary

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

BUSINESS OUTLOOK

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

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

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

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

FINANCIAL REVIEW

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

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

1) The net profits from Anxian Yuan of approximately HK$6.2 million for the Period (2010: nil).

2) There was no share option expense as that in the comparable period amounted to approximately HK$13.3 million.

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

EMPLOYEE AND REMUNERATION POLICIES

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

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

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

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

By Order of the Board of
CHINA BOON HOLDINGS LIMITED
Qi Xing Gang
Chairman

Hong Kong, 30 November 2011

As at the date of this announcement, the Board comprises six executive directors, namely Dr. Qi Xing Gang, Mr. Yu Ping, Dr. Leung Chi Wah Earnest, Mr. Law Fei Shing, Mr. Shi Hua and Mr. Wei Shu Jun; 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

In this announcement, 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
Code	the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules
Company	China Boon Holdings Limited, a company incorporated in the Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
Director(s)	the director(s) of the Company
Electronic Trading	an operating segment of the Group which is engaged in the trading of consumer electronic appliances
Executive Director(s)	the executive Director(s)
Group	the Company and its subsidiaries
HKAS	the Hong Kong Accounting Standards issued by HKICPA
HKFRS(s)	the Hong Kong Financial Reporting Standards, collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by HKICPA
HKICPA	the Hong Kong Institute of Certified Public Accountants
Hong Kong	the Hong Kong Special Administrative Region of the PRC

Leather Trading	an operating segment of the Group which is engaged in the trading of leather
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Metal Trading	an operating segment of the Group which is engaged in the trading of scrap metal
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Non-executive Director(s)	the non-executive Director(s) of the Company
Period	the six months ended 30 September 2011
PRC	the People's Republic of China, which for the purpose of this announcement exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	the ordinary share(s) of HK$0.1 each in the share capital of the Company
Shareholder(s)	holder(s) of the Share(s)
Share Option Scheme	the share option scheme adopted by the Company on 18 July 2008
Stock Exchange	the Stock Exchange of Hong Kong Limited
HK$	Hong Kong dollars, the lawful currency of Hong Kong
RMB	Renminbi, the lawful currency of PRC
%	per cent