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福寿园
FU SHOU YUAN

Fu Shou Yuan International Group Limited
福壽園國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1448)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2014

2014 INTERIM RESULTS HIGHLIGHTS

- Total revenue for the six months ended June 30, 2014 amounted to approximately RMB410.1 million, representing an increase of approximately 33.7% compared with the six months ended June 30, 2013.
- Profit and total comprehensive income attributable to owners of the Company amounted to approximately RMB128.9 million, representing an increase of approximately 29.4% compared with the six months ended June 30, 2013.
- Basic earnings per Share amounted to approximately RMB6.2 cents, decreased by 11.4% compared with the six months ended June 30, 2013 as the weighted average number of ordinary shares increased by approximately 38.1% following the Listing in December 2013.
- The Board has declared an interim dividend of HK$0.0195 per Share for the six months ended June 30, 2014, and also set aside sufficient cash for further business development while repaying shareholders with benefits.

The Board of Directors of Fu Shou Yuan International Group Limited is pleased to announce the unaudited consolidated financial results of the Group for the six months ended June 30, 2014 together with the comparative figures for the corresponding period in 2013 as set out below.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2014

		For the six months ended June 30,	
	NOTES	**2014**	**2013**
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
Revenue	5	410,145	306,656
Cost of sales and services		(83,732)	(60,217)
Gross profit		326,413	246,439
Other income and gains, net	6	30,814	29,650
Distribution and selling expenses		(76,560)	(52,586)
Administrative expenses		(82,059)	(50,519)
Finance costs		(4,649)	(5,351)
Other expenses		—	(8,298)
Profit before taxation		193,959	159,335
Income tax expenses	7	(32,195)	(41,198)
Profit and total comprehensive income for the period		161,764	118,137
Profit and total comprehensive income attributable to:			
Owners of the Company		128,913	99,595
Non-controlling interests		32,851	18,542
		161,764	118,137
		RMB cents	RMB cents
Earnings per share - Basic	8	6.2	7.0
- Diluted	8	6.1	7.0

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2014

	NOTES	**June 30, 2014** *RMB'000* *(Unaudited)*	**December 31, 2013** *RMB'000* *(Audited)*
Non-current assets			
Property and equipment	9	203,821	187,667
Intangible assets		13,411	13,474
Cemetery assets		446,573	440,531
Restricted deposits		19,740	19,506
Deferred tax assets		27,694	31,093
Goodwill		28,102	28,102
		739,341	720,373
Current assets			
Inventories	10	171,035	182,680
Other receivables		31,978	21,086
Bank balances and cash		1,649,353	1,544,012
		1,852,366	1,747,778
Current liabilities			
Trade and other payables	11	135,682	171,321
Deferred income	12	14,568	11,629
Dividends payable	13	—	159,500
Income tax liabilities		115,387	130,628
Borrowings		44,950	39,050
		310,587	512,128
Net current assets		1,541,779	1,235,650
Total assets less current liabilities		2,281,120	1,956,023

	NOTES	June 30, 2014 RMB'000 (Unaudited)	December 31, 2013 RMB'000 (Audited)
Non-current liabilities			
Deferred income	12	153,811	142,967
Loans from non-controlling interests		39,880	38,173
Deferred tax liabilities		28,512	29,946
		222,203	211,086
Net assets		2,058,917	1,744,937
Capital and reserves			
Share capital		125,689	121,158
Reserves		1,775,991	1,458,960
Equity attributable to owners of the Company		1,901,680	1,580,118
Non-controlling interests		157,237	164,819
Total equity		2,058,917	1,744,937

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Fu Shou Yuan International Group Limited (the "Company") is a limited company incorporated on January 5, 2012 as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands, and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 19, 2013. The Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in the sale of burial plots, provision of funeral services and provision of cemetery maintenance services (the "Core Business").

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its principal subsidiaries.

2. BASIS OF PREPARATION OF CONDENSED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidation financial statements for the six months ended June 30, 2014 are the same as those followed in the preparation of the Group's annual financial statement for the year ended December 31, 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to International Financial Reporting Standards ("IFRS") that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC-21	Levies

The application of the above new or revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's financial instruments, including the loans and receivables (including other receivables, amounts due from related parties, bank balances and cash) and financial liabilities (including trade and other payables, amounts due to related parties and borrowings), are recorded at amortized cost. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values.

5. SEGMENT INFORMATION

Information reported to the Group's General Manager, being the Group's chief operating decision maker, for the purpose of making decisions about allocating resources and assessing performance, focuses on the products and services delivered or provided.

The Group's reportable and operating segments are as follows:

- Burial services - sale of burial plots and provision of cemetery maintenance services.

- Funeral services - planning of funeral arrangement and interment to the organization and hosting of the funeral.

- Auxiliary services - provision of design services and products auxiliary to burial services and funeral services

Segment revenues and results

	Burial services					
	Sale of burial plots	Cemetery maintenance services	Sub-total	Funeral services	Auxiliary services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended June 30, 2014:						
Segment revenue	340,285	7,284	347,569	52,794	9,782	410,145
Segment profit	283,340	1,633	284,973	38,781	2,659	326,413
Other income and gains, net						30,814
Distribution and selling expenses						(76,560)
Administrative expenses						(82,059)
Finance costs						(4,649)
Profit before taxation						193,959

	Burial services					
	Sale of burial plots	Cemetery maintenance services	Sub-total	Funeral services	Auxiliary services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended June 30, 2013:						
Segment revenue	263,755	5,798	269,553	37,103	—	306,656
Segment profit	219,209	1,372	220,581	25,858	—	246,439
Other income and gains, net						29,650
Distribution and selling expenses						(52,586)
Administrative expenses						(50,519)
Finance costs						(5,351)
Share of profit of an associate						(8,298)
Profit before taxation						159,335

The accounting policies of the operating segments are similar to those of the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income and gains, net, distribution and selling expenses, administrative expenses, finance costs, other expenses and share of profit of an associate. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment. There were no inter-segment revenues during the six-month period ended June 30, 2014 and 2013. No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the Group's chief operating decision maker.

6. OTHER INCOME AND GAINS, NET

	For the six months ended June 30,	
	2014	**2013**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Other income:		
Interest income on bank deposits	25,716	2,114
Interest income on borrowings to related parties	—	238
Interest income on borrowings to independent third party	—	816
Government grants	—	5,356
	25,716	8,524
Net gains and losses:		
Net gain on disposal of property and equipment	225	701
Donation	(20)	(220)
Gain on deemed disposal of associates	—	16,428
Compensation	47	3,952
Exchange gain	4,855	—
Others	(9)	265
	5,098	21,126
Other income and gains, net	30,814	29,650

7. INCOME TAX EXPENSES

	For the six months ended June 30,	
	2014	**2013**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
PRC Enterprise Income Tax ("PRC EIT")	30,230	40,191
Deferred tax	1,965	1,007
	32,195	41,198

Under the PRC EIT Law and Implementation Regulations of the PRC EIT Law, the tax rate of the PRC subsidiaries is 25%.

According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No. 39), Chongqing Anle Services Company Limited ("Chongqing Anle Services") and Chongqing Anle Funeral Services Company Limited ("Chongqing Anle Funeral Services"), two 100% owned subsidiaries of the Group, which are located in specific province of Western China and engaged in specific encouraged industry, enjoy a preferential tax rate of 15% under PRC EIT Law.

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain.

Fu Shou Yuan Group (Hong Kong) Limited ("FSY Hong Kong") is subject to Hong Kong profit tax at a rate of 16.5%. No Hong Kong profit tax has been provided as the Group did not have assessable profit earned in or derived from Hong Kong during the six-month ended June 30, 2014.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended June 30,	
	2014	**2013**
	(Unaudited)	*(Audited)*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (RMB'000)	128,913	99,595
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,071,270,718	1,499,960,861
Effect of dilutive potential ordinary shares:		
Share options	36,601,532	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,107,872,250	1,499,960,861

The diluted earnings per share is the same as basic earnings per share for the six months ended June 30, 2013 as there was no potential dilutive ordinary share in issue.

9. PROPERTY AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB25,132,000 (six months ended June 30, 2013: RMB34,660,000) for business expansion.

During the period, the Group disposed of property, plant and equipment with carrying amount of approximately RMB48,000 (six months ended June 30, 2013: RMB3,580,000) for cash proceeds of approximately RMB273,000 (six months ended June 30, 2013: RMB4,281,000), resulting in a gain on disposal of approximately RMB225,000 (six months ended June 30, 2013: RMB701,000).

As at June 30, 2014, the Group pledged buildings with carrying values of approximately RMB3,567,000 (December 31, 2013: RMB10,555,000), to secure bank loans granted to the Group.The buildings are situated on lands in the PRC which are held by the Group under medium-term leases.

As at June 30, 2014, the formal title certificates for certain buildings of the Group with carrying value of approximately RMB12,292,000 (December 31, 2013: RMB12,742,000) had not been obtained.

10. INVENTORIES

	June 30, 2014	**December 31, 2013**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Burial Plots	128,844	139,314
Tombstone	36,196	41,144
Others	5,995	2,222
	171,035	182,680

11. TRADE AND OTHER PAYABLES

	June 30, 2014	**December 31, 2013**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade payables	52,283	50,850
Advances and deposits from customers	19,393	23,624
Payables for acquisition of property and equipment	8,899	8,216
Salary, welfare and bonus payables	41,097	63,310
Other taxes payable	5,026	6,749
Other accrued expenses	7,766	6,424
Unpaid listing expense	—	10,358
Others	1,218	1,790
	135,682	171,321

Advances and deposits from customers are in most cases received from customers before delivery of cemetery and tombstone is made.

The following is an aged analysis of trade payable presented based on the invoice date at the period end:

	June 30, 2014	**December 31, 2013**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
0 - 90 days	17,379	19,123
91 - 180 days	10,324	9,596
181 - 360 days	13,159	7,662
Over 361 days	11,421	14,469
	52,283	50,850

The average credit period on purchases of goods is 181 to 360 days.

12. DEFERRED INCOME

Deferred income represents the portion of the revenue generated from the provision of burial services that has not been earned as revenue in accordance with the revenue recognition policy and the nature of the business.

	June 30, 2014	**December 31, 2013**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Carrying amount analyzed as:		
Amounts shown under current liabilities	14,568	11,629
Amounts shown under non-current liabilities	153,811	142,967
	168,379	154,596

During the six-month period ended June 30, 2014, the Group generated revenue from the provision of cemetery maintenance services in the amount of approximately RMB7,284,000 (six-month period ended June 30, 2013: RMB5,798,000).

13. DIVIDENDS

During the six-month period ended June 30, 2014, no dividends were declared by the Group as distributions to its owners (six-month period ended June 30, 2013: RMB104,500,000).

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK1.95 cents per share will be paid to the owners of the Company whose names appear in the Register of Members on September 4, 2014.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby present the results of the Company and its subsidiaries for the six months ended June 30, 2014.

Since the Shares of the Company were listed on the Stock Exchange on December 19 last year, the Company has actively pursued the plan promised in the initial public offering. During the Period Under Review, the Company's revenue amounted to RMB410.1 million, an increase of 33.7% over the corresponding period in 2013 (corresponding period in 2013: RMB306.7 million). The impressive performance of the Group's overall revenue for the first half of the year was primarily attributable to the organic growth of key business and enhanced internal marketing system of the Group. During the Period Under Review, the gross margin of the Group maintained at 79.6% (corresponding period in 2013: 80.4%). For the first six months of 2014, the Group realized profit and total comprehensive income attributable to shareholders of the Company of RMB128.9 million, representing an increase of approximately 29.4% from the corresponding period in 2013 (corresponding period in 2013: RMB 99.6 million). After the Listing, the Company has abundant financial resources as well as strengthened performance of operating cash flow due to effective operation.

With strong brand value, Fu Shou Yuan provided high value-added services in major cities in eight provinces of China which won the praise from customers. This, coupled with advanced management standards and strong financial position, enabled the Company to expand its business to other cities and carry out mergers and acquisitions in different segments of the industry chain to release potential for market consolidation and bring about economies of scale and synergies to the Company.

Fu Shou Yuan is the largest domestic death care services provider in China and enjoys business advantages and industry leading position. Looking ahead, the management believes that with the Group's superior service quality and its huge potential for industry consolidation, the Company will be able to grow steadily and create value for its Shareholders.

The management of the Company will adhere to the corporate mission of combining traditional death care culture with modern philosophy. The Company not only provides professional and tailor-made comprehensive services to satisfy demand of different customer groups, but also strives in transforming cemeteries into parks through humanity approach, and help people seek warmth and energy from past memories of their loved ones and let farewell be a part of beautiful course of life.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Market Overview

In the first half of 2014, China recorded a GDP growth rate of 7.4%, which reflected that China's economy remained in a stage of stable growth. The PRC's death care services industry is now the largest in the world and also one of the fastest growing industries. According to the research report of Euromonitor International, the market size of China's dearth care services industry was RMB46.5 billion in 2012, and is estimated to reach RMB99.3 billion in 2017.

According to the United Nations, the forecasted mortality rate of China's population rises from 7.2% during 2010 to 2015 to 9.4% during 2025 to 2030, and further surges to 15.2% during 2045 to 2050. By comparison, the forecasted mortality rate of more developed countries is 10.4% during 2010 to 2015 and 11.5% during 2025 to 2030, both higher than China's levels. As for 2045 to 2050, forecasted mortality of more developed countries is 12.2% which is lower than China's level. China's white-haired population (aged over 65) is expected to rise from 9.1% in 2013 to 13.2% in 2023. These projections illustrate that China has an aging population which pushes up the mortality rate and drives the demand for death care services.

(2) Business Review

Headquartered in Shanghai, the Group is the largest provider of death care services in the PRC, and was hailed as "The leader of China's death care services industry" by China International Capital Corporation Limited, an investment institution. In the first half of 2014, the Group's revenue and earnings mainly derived from the organic growth momentum of its core business.

The main driver of core business is cemeteries, including the two cemeteries in Shanghai as well as one cemetery in each of Hefei, Zhengzhou, Jinan and Jinzhou. Cemetery business accounted for approximately 85% of the Group's total revenue. In the first half of the year, Shanghai Nanyuan made the most prominent contribution to the Group's total revenue, mainly due to significant improvement in its sales system since the acquisition last year which stimulated revenue growth. Other cemeteries still maintained steady growth.

As for funeral services, the revenue mainly came from our operations in Chongqing, Shanghai, Hefei and Xiamen. Funeral services contributed approximately 15% of the total revenue. As stated in the 2013 annual report of the Company, the Group has set up a branch in Ningbo to develop the business in the Zhejiang market. It is expected that the branch will gradually realize contribution in the coming years.

Driven by the organic growth momentum of the Group's key business, the Group's revenue increased from approximately RMB306.7 million for the six months ended June 30, 2013 to approximately RMB410.1 million for the six months ended June 30, 2014. During the Period Under Review, gross profit of the Group increased by 32.5% to RMB326.4 million over the corresponding period last year. The gross profit margin was 79.6% in the first half of the year, which was at similar level as the corresponding period last year.

The Group's net profit increased from RMB99.6 million for the six months ended June 30, 2013 to approximately RMB128.9 million for the six months ended June 30, 2014.

The management of the Company is at present actively pursuing the development plan promised upon Listing last year. To improve standards of the services, the Group is intensifying the application of various information technologies during service provision to enhance customer experience, thereby promoting new services and broadening the product platforms.

Other highlights promised upon Listing include the development of new cemeteries through acquisition of other cemeteries or funeral facilities in China, and building new funeral facilities in major cities in other provinces. Major projects include construction of Nanchang Hongfu Cultural Cemetery (南昌洪福文化陵園) and building environmental-friendly cremation factory in Anhui, which are still in progress. As for acquisition of funeral facilities, the Company announced in June this year the proposed acquisition of 60% interest of a death care business in Chongqing involving approximately RMB111 million. The news received positive feedbacks from market participants.

The management would also like to take this opportunity to point out that, acquisition as one of the main driving forces for the Group's future development, involves certain degree of complexity and uncertainty. In view of this, we have established procedures to systematically and prudently access acquisition opportunities to ensure maximization of Shareholders' interests.

As Fu Shou Yuan is highly regarded for its quality services, its brand recognition and value are on the rise. During the "Show for Innovation Brands of Shanghai Corporate Culture (上海企業文化創新品牌展示)" held in Shanghai in March this year, Fu Shou Yuan was elected as "2012 to 2013 Top 10 Innovation Brands of Shanghai Corporate Culture (二零一二至二零一三年度上海企業文化創新十佳品牌)", and the Company was the only awardee among the funeral brands.

In the first half of 2014, the Group held several memorial ceremonies to commemorate late sage and decreased persons who had contributions to the society. These activities clearly reflected the Company's commitment through innovation and close collaboration with the community; to become a leading death care services provider. These activities covered different themes, including:

- March 20 : Shanghai People's Public Memorial Day (上海市百姓公祭日) activities plus Charity Land Conservation Eco-burial Collective Burial Ceremony (公益節地生態葬集體安葬儀式)
- April 2 : National Death Care Reform Theory Symposium (全國殯葬改革理論學術交流會)
- April 3 : Ching Ming Thanksgiving Ceremony for Shanghai communities (上海市社會各界清明感恩典禮)
- April 4 : Every life is a book — "Family History of the People" book series launching ceremony and authors forum (每個生命都是一本書—《百姓家史》系列叢書首發儀式暨作者座談會)

REVENUE

We derive our revenue primarily from three business segments: burial services, funeral services and auxiliary services. The following table sets forth our revenue by segment for the Period Under Review:

	Six-month Period Ended			
	June 30, 2014		June 30, 2013	
	Revenue (RMB'000)	*% of total revenue*	*Revenue (RMB'000)*	*% of total revenue*
Burial services	347,569	84.7%	269,553	87.9%
Funeral services	52,794	12.9%	37,103	12.1%
Auxiliary services	9,782	2.4%	—	—
Total	410,145	100.0%	306,656	100.0%

Our revenue increased by RMB103.5 million, or 33.7%, from RMB306.7 million for the six-month period ended June 30, 2013 to RMB410.1 million for the six-month period ended June 30, 2014. This increase was primarily driven by a 28.9%, or RMB78.0 million, increase in revenue from burial services, a 42.3%, or RMB15.7 million, increase in revenue from funeral services, and the revenue of RMB9.8 million achieved from our new auxiliary services.

We have been focusing on providing top quality burial and funeral services to our customers and strengthened our sales and marketing effort during the Period Under Review. As a result, we achieved growth as compared to the same period of last year in every location where we operate. In addition, our funeral facilities in Xiamen City of Fujian Province and Ningbo City of Zhejiang Province which commenced business in the middle of year 2013, provided services throughout the full six-months period in 2014 and contributed revenue of RMB6.9 million. Excluding this effect, we achieved organic revenue growth of RMB87.7 million , or 28.7% as compared with the six-month period ended June 30, 2013, from the then existing cemeteries and funeral facilities as at December 31, 2013.

The operation of the auxiliary services commenced in the beginning of 2014 and is currently provided via a subsidiary engaging in the provision of landscaping and design services in Shanghai. Going forward, this segment will also include sale of cremation machines and other products for provision of burial services and funeral services.

Our operations are strategically located in major cities across eight provinces in the PRC. The following table sets forth a breakdown of our revenue by region for the Period Under Review:

	Six-month Period Ended			
	June 30, 2014		**June 30, 2013**	
	Revenue (RMB'000)	*% of total revenue*	*Revenue (RMB'000)*	*% of total revenue*
Shanghai	256,821	62.6%	184,192	60.1%
Henan	23,097	5.6%	17,097	5.6%
Chongqing	31,099	7.6%	25,828	8.4%
Anhui	43,049	10.5%	35,404	11.5%
Shandong	19,732	4.8%	18,310	6.0%
Liaoning	29,472	7.2%	24,943	8.1%
Fujian	5,966	1.5%	882	0.3%
Zhejiang	909	0.2%	—	—
Total	410,145	100.0%	306,656	100.0%

BURIAL SERVICES

We derived a substantial portion of our revenue from our burial services, which represented 84.7% (six-month period ended June 30, 2013: 87.9%) of our total revenue for the six-month period ended June 30, 2014. Our burial services include the sale of burial plots and cemetery maintenance services. Sale of burial plots represented the largest component of our revenue from burial services, which contributed 97.9% of our revenue from burial services for the six-month period ended June 30, 2014. Our revenue from the sale of burial plots for a given period is dependent upon the number of units we sold during the period, as well as the average price of the units sold during the period. The following table sets for the breakdown of our revenue from burial services, including revenue from the sale of burial plots by type and revenue from cemetery maintenance services and others, for the Period Under Review:

	Six-month Period Ended							
	June 30, 2014				June 30, 2013			
	No. of Units	*Average Selling price (RMB per Unit)*	*Revenue (RMB'000)*	*% of revenue from burial services*	*No. of Units*	*Average Selling price (RMB per Unit)*	*Revenue (RMB'000)*	*% of revenue from burial services*
Sale of burial plots								
- Customized	329	264,343	86,969	25.0%	313	249,051	77,953	28.9%
- Artistic	1,316	93,959	123,650	35.6%	1,134	76,315	86,541	32.1%
- Traditional	1,480	45,791	67,771	19.5%	1,143	42,349	48,405	18.0%
- Lawn	485	50,763	24,620	7.1%	359	57,769	20,739	7.7%
- Green	368	12,851	4,729	1.4%	280	11,257	3,152	1.2%
- Indoor	1,527	3,703	5,654	1.6%	230	22,665	5,213	1.9%
- Other burial related services	—	—	26,892	7.7%	—	—	21,752	8.0%
	5,505	—	340,285	97.9%	3,459	—	263,755	97.8%
Cemetery maintenance services	—	—	7,284	2.1%	—	—	5,798	2.2%
Total Revenue From Burial Services	5,505	—	347,569	100.0%	3,459	—	269,553	100.0%

We sold 3,610 burial plots, excluding the green and indoor burials, for the six-month period ended June 30, 2014, representing 22.4% increased as compared with 2,949 plots sold for the same period ended June 30, 2013. This was achieved through a combination of enhanced sales and marketing network as well as more tailored pricing strategy for different segments. Furthermore, the selling prices of burial plots of each cemetery vary according to local market conditions. Therefore, the fluctuation in average selling price for each type of burial plot is mainly due to change in geographical mix of burial plots sold between the periods under review. As a whole, the average selling price of burial plots, excluding the green and indoor burials, increased by approximately 5.9% for the six-month period ended June 30, 2014 as compared with the same period ended June 30, 2013.

We have six cemeteries currently in operation in five cities, and have been deriving revenue from them. We achieved remarkable year-over-year growth for the Period Under Review as compared to the same period of last year in every cemetery where we operate. The following table sets forth the breakdown of our revenue from the burial services by cemetery for the Period Under Review:

	Six-month Period Ended			
	June 30, 2014		**June 30, 2013**	
	Revenue (RMB'000)	*% of total revenue*	*Revenue (RMB'000)*	*% of total revenue*
Shanghai Fu Shou Yuan	176,011	50.6%	139,078	51.6%
Haigang Fu Shou Yuan	67,263	19.4%	42,514	15.8%
Henan Fu Shou Yuan	23,097	6.6%	17,097	6.3%
Shandong Fu Shou Yuan	19,732	5.7%	18,310	6.8%
Hefei Dashushan Cultural Cemetery	31,993	9.2%	27,611	10.2%
Jinzhou Maoshan Anling	29,473	8.5%	24,943	9.3%
Total Revenue from Burial Services	347,569	100.0%	269,553	100.0%

COST OF SALES AND SERVICES

Cost of sales and services consists primarily of the costs we incur in relation to our death care services. The following table sets forth information relating to our cost of sales and services by segment for the Period Under Review:

	Six-month Period Ended			
	June 30, 2014		**June 30, 2013**	
	Cost of sales and services (RMB'000)	*% of total cost of sales and services*	*Cost of sales and services (RMB'000)*	*% of total cost of sales and services*
Burial services	62,596	74.8%	48,972	81.3%
Funeral services	14,013	16.7%	11,245	18.7%
Auxiliary services	7,123	8.5%	—	—
Total	83,732	100.0%	60,217	100.0%

Our cost of sales and services increased by RMB23.5 million, or 39.0%, from RMB60.2 million for the six-month period ended June 30, 2013 to RMB83.7 million for the six-month period ended June 30, 2014. This increase was primarily due to a 27.8% increase in the cost of sales and services for burial services, a 24.6% increase in the cost of sales and services for funeral services, and a 100% increase in the cost of sales and service for auxiliary services. The increases were mainly due to our business growth in burial and funeral services and launch of the auxiliary services in year 2014.

Our cost of sales and services for burial services includes the following:

	Six-month Period Ended			
	June 30, 2014		**June 30, 2013**	
	Cost of sales and services (RMB'000)	*% of total cost of sales and services*	*Cost of sales and services (RMB'000)*	*% of total cost of sales and services*
Tombstone cost	22,078	35.3%	18,009	36.8%
Land cost	6,611	10.6%	4,416	9.0%
Development cost	10,994	17.6%	10,839	22.1%
Cemetery maintenance cost	5,651	9.0%	4,427	9.0%
Others	17,262	27.5%	11,281	23.1%
Total	62,596	100.0%	48,972	100.0%

Our cost of sales and services for funeral services represents the various expenditures incurred in relation to providing funeral services, including salaries of operating staff and supervisors, cost of caskets and other ancillary costs.

Our cost of sales and services for auxiliary services represents the various expenditures incurred in relation to providing landscaping and design services, including staff costs, outsourcing costs, and materials purchased.

GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing, our gross profit increased by approximately RMB80.0 million, or 32.5%, from approximately RMB246.4 million for the six-month period ended June 30, 2013 to approximately RMB326.4 million for the six-month period ended June 30, 2014. We maintained a relatively high and stable gross profit margin as we have been committing to delivering the highest quality of service in the death care services industry in the PRC. We marketed our services as premium services and our Fu Shou Yuan brand allowed us to obtain a price premium over other death care services providers. Both our gross profit margins for burial services and funeral services remained relatively stable. Our overall gross profit margin achieved was 79.6% for the six-month period ended June 30, 2014 while the overall gross profit margin for the six-month period ended June 30, 2013 was 80.4%. This was mainly due to the effect of relatively lower margin of our newly launched landscaping and design business. The following table sets forth a breakdown of our gross profit and gross profit margin by segment for the Period Under Review:

	Six-month Period Ended			
	June 30, 2014		**June 30, 2013**	
	Gross Profit (RMB'000)	*Gross Profit Margin (%)*	*Gross Profit (RMB'000)*	*Gross Profit Margin (%)*
Burial services	284,973	82.0%	220,581	81.8%
Funeral services	38,781	73.5%	25,858	69.7%
Auxiliary services	2,659	27.2%	—	—
Total	326,413	79.6%	246,439	80.4%

OTHER INCOME AND GAINS, NET

The following table sets forth a breakdown of major components of our net other income and gains for the Period Under Review:

	Six-month Period Ended	
	June 30, 2014	**June 30, 2013**
	(RMB'000)	*(RMB'000)*
Interest income	25,716	3,168
Gain on deemed disposal of associates	—	16,428
Government grant	—	5,356
Compensation	47	3,952
Exchange gain	4,855	—
Others	196	746
Total	30,814	29,650

Our interest income increased by RMB22.5 million from RMB3.2 million for the six-month period ended June 30, 2013 to RMB25.7 million for the six-month period ended June 30, 2014, mainly due to the significantly higher average bank deposits balance as a result of our Global Offering and better interest rate achieved from the bank for such deposits for the Period Under Review.

We recorded exchange gain of RMB4.9 million for the six-month period ended June 30, 2014, as a result of appreciation of Hong Kong dollar and US dollar during the period.

The government grant in the amount of RMB5.4 million for the six-month period ended June 30, 2013 represented unconditional tax subsidies from the local government to encourage economic development. We did not receive such grant from government for the Period Under Review.

DISTRIBUTION AND SELLING EXPENSES & ADMINISTRATIVE EXPENSES

Our operating expenses increased by RMB55.5 million, or 53.8%, from RMB103.1 million for the six-month period ended June 30, 2013 to RMB158.6 million for the six-month period ended June 30, 2014. The increase was mainly as the result of: (i) higher variable expenditures to support the business growth, and (ii) higher staff costs due to the effect of amortization of expenses for the pre-IPO options granted in August 2013, annual salary adjustment and new hiring. Notwithstanding the above, the total operating expenses (including other expenses) remained stable at approximately 38% of the revenue for the six-month period ended June 30, 2014 and the corresponding period in year 2013. We would strive to control the operating expenses to improve operating efficiency.

OTHER EXPENSES

Other expenses of RMB8.3 million for the six-month period ended June 30, 2013 represented the expenditures incurred, but not capitalized, for our Global Offering in year 2013, while there are no such expenses incurred during the Period Under Review. Costs relating to compliance of Listing requirements are included under administrative expenses for the Period Under Review.

Finance Costs

Finance costs for the period consist of interest expense of RMB1.4 million on bank loans, and interest expenses of RMB3.2 million on loans from non-controlling interests.

Interest expense on loans from non-controlling interests refers to our interest expense in connection with the shareholder’s loans borrowed by our subsidiary, Shandong FSY Development, from Shandong World Trade Centre. Shandong FSY Development is jointly invested by our Group and Shandong World Trade Centre. Our Group and Shandong World Trade Centre jointly provide funding to Shandong FSY Development, for its land acquisition and cemetery development via shareholders’ loan based on the respective shareholding percentage in addition to the registered capital.

Income Tax Expense

Under the EIT Law and the Implementation Regulations of the EIT Law, our PRC subsidiaries have been subject to the tax rate of 25% since January 1, 2008. The income tax rate of 25% was applicable to all of our Group's PRC subsidiaries during the year with the exception of Chongqing Anle Services and Chongqing Anle Funeral Services, which were subject to a lower concessionary income tax rate of 15% pursuant to preferential tax policies for development of China's western regions. These preferential tax treatments are subject to annual renewal. We also recognized considerable interest income, as discussed above, on bank deposits in Hong Kong territory, where such income is free from any income tax according to the Hong Kong tax rules. Therefore, the income tax expense decreased by approximately RMB9.0 million, or 21.8%, from approximately RMB41.2 million for the six-month period ended June 30, 2013 to approximately RMB32.2 million for the six-month period ended June 30, 2014. Our effective corporate income tax rates for the six-month period ended June 30, 2014 significantly decreased to 16.6%, from that of 25.9% for the six-month period ended June 30, 2013.

PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the foregoing, our profit and total comprehensive income attributable to owners of the Company increased by approximately RMB29.3 million, or 29.4%, from approximately RMB99.6 million for the six-month period ended June 30, 2013 to approximately RMB128.9 million for the six-month period ended June 30, 2014. This increase was primarily due to (i) our strong revenue growth in our existing cemeteries and funeral facilities; and (ii) lower effective corporate income tax rate for the period. The increase was however offset by the increased operating expenses directly related to the business growth; additional resources deployed to support the Group's extensive effort in acquisition activities and amortization of expenses in connection with pre-IPO options granted in August 2013.

CASH FLOW

The following table sets forth a summary of our consolidated statements of cash flows for the Period Under Review:

	Six-month Period Ended	
	June 30, 2014 *(RMB'000)*	**June 30, 2013** *(RMB'000)*
Net cash generated from (used in)		
- operating activities	139,359	58,814
- investing activities	(511,443)	(6,082)
- financing activities	(22,575)	(31,836)
Total	(394,659)	20,896

We generate our cash from operating activities primarily from proceeds of our death care services businesses. Our cash used in operating activities is primarily for land acquisition, development and construction of cemeteries, selling and distribution expenses and administrative expenses. Our net cash flow generated from operating activities reflects our profit before taxation, as adjusted for non-cash items, such as finance costs and depreciation of property and equipment, and the effects of changes in working capital. For the six-month period ended June 30, 2014, our net cash generated from operating activities amounted to approximately RMB139.4 million. It mainly included the operating cash inflows before movement in working capital of approximately RMB195.3 million, but partially offset by (i) the increase of other working capital of approximately RMB10.5 million due to the business growth, and (iii) income tax paid of approximately RMB45.5 million.

For the six-month period ended June 30, 2014, our net cash used in investing activities was approximately RMB511.4 million. It was primarily due to: (i) increase in time deposits with original maturity of six months, RMB500 million, and (ii) our additions to and deposits for property and equipments of approximately RMB25.8 million, mainly in connection with the construction of factory and production line set-up for manufacturing cremation machines by our subsidiary, Anhui Zhongfude. It was partially offset by the interests received during the Period Under Review, amounting to approximately RMB14.2 million, as a result of increased bank balances mainly due to our Global Offering last year.

Our net cash generated from and used in financing activities amounted to approximately RMB22.6 million for the six-month period ended June 30, 2014. It was primarily due to: (i) dividends paid to owners of the Company of RMB159.5 million related to pre-IPO profits, (ii) dividend paid to non-controlling interests of approximately RMB40.4 million, (iii) payment of unsettled Listing related expenses of approximately RMB10.4 million, and (iv) interest paid of approximately RMB2.9 million for our borrowings. The amount was partially offset by: (i) the proceeds of approximately RMB184.8 million received from the issuance of 75 million new shares as a result of the exercise of over-allotment option, and (ii) our net increase of bank and other borrowings of approximately RMB5.9 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at June 30, 2014, we had bank balances and cash of approximately RMB1,649.4 million, primarily due to the net proceeds from our Global Offering of 500 million new Shares in December 2013 and another 75 million new Shares In January 2014. In the foreseeable future, we expect to fund our capital expenditures, working capital and other capital requirements from the net proceeds from the Global Offering, cash generated from our operations and bank borrowings.

We had outstanding bank borrowings of approximately RMB45.0 million as at June 30, 2014, that are wholly repayable within one year. We had bank borrowing facilities of approximately RMB120 million committed but not withdrawn as at June 30, 2014. Meanwhile, Shandong FSY Development, one of our subsidiaries, also had an outstanding loan balance of approximately RMB39.9 million, without specific repayment schedule, from its non-controlling shareholder, Shandong World Trade Centre. These borrowings were denominated in Renminbi and were subject to floating interest rates ranged from 6.00% to 7.2%.

GEARING RATIO

Gearing ratio is total borrowings divided by total equity at the end of each financial period multiplied by 100%. Our gearing ratio as of June 30, 2014 was 2.2%. Our operation has been lightly leveraged because of our good operating cash generating capability. Although we expect that our capital expenditure in the remaining months of the year 2014 and afterwards will tremendously increase, we do not estimate our gearing ratio will substantially increase considering the bank balance and cash we currently have in hand. Therefore, we are exposed to limited interest rate risk.

CURRENCY RISK

The economic environment in which we operate is the PRC and our functional currency is Renminbi. However, certain bank balances are denominated in foreign currencies, which exposes us to foreign currency risk. As at June 30, 2014, cash and cash equivalents held in Renminbi, Hong Kong dollars and US dollars accounted for approximately 86.9%, 10.6% and 2.5% respectively, of the total cash and cash equivalents. We believe the current level of bank balances and certain payables denominated in foreign currencies expose us to a limited and manageable foreign currency risk. Whilst the Group currently does not have a foreign currency hedging policy, the management monitors foreign currency exposure by closely monitoring the movement of foreign currency rates.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On June 18, 2014, we entered into agreement to acquire an aggregate of 60% equity interest in a Chongqing Baitayuan, a cemetery with 306,212 sq.m. of land offering premium burial and funeral services, by way of initial capital injection of RMB44.69 million and subsequent equity acquisition with a consideration of RMB66 million. It will also enable us to gain access to the cremation market as Chongqing Baitayuan has been in collaboration with the local government to construct a cremation facility to carry out cremation activities, which are under the remit of the government and are historically dominated by the state-owned entities. The transaction is expected to be completed before the end of August 2014.

EMPLOYEE AND REMUNERATION POLICY

As at June 30, 2014, we had 1,187 full-time employees stationed in ten cities across China. We offer competitive packages as well as fringe benefits to our staff, in which we also make contributions to social security insurance funds in accordance with applicable laws and regulations. Furthermore, we provide staff training and development programs and performance-based bonus to ensure that our employees are equipped with the necessary skills and are remunerated according to their performance.

CAPITAL COMMITMENT

We had contracted but not provided in the financial statements, for the capital expenditures in respect of acquisition of land, property and equipment in an amount of approximately RMB172.2 million as at June 30, 2014. We had also authorized RMB60.0 million for the construction of new business centers in Haigang Fu Shou Yuan and Henan Fu Shou Yuan, and for the cemetery landscaping enhancement and infrastructure development of Shandong Fu Shou Yuan.

We expect our capital expenditure in year 2014 and afterwards will tremendously increase as we are actively seeking for and approached by many industry consolidation opportunities.

ASSETS PLEDGED

As at June 30, 2014, we pledged buildings with carrying values of approximately RMB3.6 million to secure certain bank borrowings granted to us. Except for that, no other assets were pledged or charged.

CONTINGENT LIABILITIES

As of June 30, 2014, we did not have any contingent liabilities.

CEMETERY LANDS AVAILABLE

We derive a substantial portion of our revenue from our burial services, out of which, sale of burial plots represented the largest component of our revenue from burial services. For the Period Under Review, we expended land of approximately 10,461 sq.m. to generate revenue from sale of burial plots. The below table sets forth the saleable area in each of our cemetery as at June 30, 2014:

	Saleable Area *(sq.m.)*
Shanghai Fu Shou Yuan	190,950
Haigang Fu Shou Yuan	53,661
Henan Fu Shou Yuan	217,323
Shandong Fu Shou Yuan	439,145
Hefei Dashushan Cultural Cemetery	41,715
Jinzhou Maoshan Anling	19,538
Total	962,332

When we determine the saleable area of each cemetery, we have already estimated and excluded areas not available for burial plots, such as the land areas in connection with business centre, office building, lake areas and main roads.

Meanwhile, Jinzhou Maoshan Anling and Nanchang Hongfu, two of our subsidiaries are in the process of securing additional cemetery lands with a view of further increasing our reserve in cemetery lands by approximately 150,000 sq.m..

(3) Future Prospects

The management of the Company's has great confident in the growth momentum for the second half of 2014 because the trend of social environment is very favorable to the development of the Company. Meanwhile, the Company also takes more cautious responsive measures for certain challenges such as slowing economic growth and consumption in China. With outstanding management ability and strong business momentum of the Company, we believe that the Company can continue to create good returns for Shareholders in the second half of the year.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering of the Company's Shares (after the exercise of the Over-allotment Option (as defined in the Prospectus)), excluding Listing related expenses, amounted to approximately HK$1,758.9 million, and the net proceeds were applied in the manner consistent with that set out in the Prospectus.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.0195 per Share for the six months ended June 30, 2014, which is expected to be payable to the Shareholders on or before Friday, September 12, 2014. The dividend will be payable to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, September 4, 2014.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, September 2, 2014 to Thursday, September 4, 2014, both dates inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, September 1, 2014.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended June 30, 2014.

During the six months ended June 30, 2014, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standards set out in the Model Code for compliance by its relevant employees who are likely to be in possession of inside information of the Company in respect of their dealings in the Company's securities.

CORPORATE GOVERNANCE

The Company recognizes the importance of corporate transparency and accountability. The Company is committed to achieving high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board is of opinion that the Company has complied with the code provisions as set out in the CG Code throughout the six months ended June 30, 2014.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended June 30, 2014, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The unaudited condensed consolidated financial report of the Group for the six months ended June 30, 2014 have been reviewed by the auditor of the Company, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 — "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The independent review report of the auditor will be included in the interim report of the Company to be despatched to the shareholders.

The Audit Committee of the Company, comprising two independent non-executive Directors, namely, Mr. Ho Man (Chairman of the Audit Committee) and Mr. Luo Zhuping, and one non-executive Director, namely, Mr. Huang James Chih-Cheng, has reviewed together with the management the accounting principles and policies adopted by the Group, the unaudited interim results for the six months ended June 30, 2014.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed herein, there was no other significant events that might affect the Group since the end of the Period Under Review.

PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2014 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fsygroup.com). The interim report for the six months ended June 30, 2014 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

"Anhui Zhongfude"	Anhui Province Zhongfude Power Saving Environmental Friendly Technology Company Limited* (安徽省中福德節能環保科技有限公司), a company established in the PRC and a subsidiary of the Company
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of Directors
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Chongqing Anle Services"	Chongqing Anle Services Co., Ltd.* (重慶安樂服務有限公司), a company established in the PRC and a subsidiary of the Company
"Chongqing Anle Funeral Services"	Chongqing Anle Funeral Services Co., Ltd.* (重慶安樂殯儀服務有限公司), a company established in the PRC and a subsidiary of the Company
"Chongqing Baitayuan"	Chongqing Baitayuan Funeral and Burial Development Co., Ltd.* (重慶白塔園殯葬開發有限公司), a company established in the PRC
"Company", "Fu Shou Yuan", "us" or "we"	Fu Shou Yuan International Group Limited (福壽園國際集團有限公司), a limited liability company incorporated under the laws of the Cayman Islands

"Director(s)"	the director(s) of the Company
"EIT Law"	the Law of the PRC on Enterprise Income Tax
"GDP"	gross domestic product
"Global Offering"	the offering by the Company of its Shares for subscription by the public in Hong Kong and placing with professional and institutional investors outside the United States in December 2013
"Group", "our Group", "us" or "we"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"independent third party(ies)"	individual(s) or entity(ies) who is (are) not considered connected person or associate of a connected person under the Listing Rules
"Jinzhou Maoshan Anling"	Jinzhou City Maoshan Anling Co., Ltd.* (錦州市帽山安陵有限責任公司), a company established in the PRC and a subsidiary of the Company
"Listing"	listing of the Shares on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Nanchang Hongfu"	Nanchang Hongfu Humanities Memorial Co., Ltd.* (南昌洪福人文紀念有限責任公司), a company established in the PRC and a subsidiary of the Company
"Period Under Review"	the six months ended June 30, 2014
"Prospectus"	the prospectus of the Company dated December 9, 2013
"RMB"	Renminbi yuan, the lawful currency of the PRC

"Shandong FSY Development"	Shandong Fu Shou Yuan Development Co., Ltd.* (山東福壽園發展有限公司), a company established in the PRC and a subsidiary of the Company
"Shandong World Trade Centre"	Shandong World Trade Centre* (山東世界貿易中心), a 50% shareholder of Shandong FSY Development
"Shanghai Nanyuan"	Shanghai Nanyuan Industrial Development Co., Ltd.* (上海南院實業發展有限公司), a company established in the PRC and a subsidiary of the Company
"Share(s)"	ordinary share(s) with a nominal value of US$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

* Denotes English translation or transliteration of the name of a Chinese company or entity or vice versa and is provided for identification purposes only.

By order of the Board
Fu Shou Yuan International Group Limited
BAI Xiaojiang
Chairman

Hong Kong, August 4, 2014

As at the date of this announcement, the executive Directors are Mr. Bai Xiaojiang, Mr. Tan Leon Li-an and Mr. Wang Jisheng; the non-executive Directors are Mr. Lin Hung Ming (also known as Lin Hon Min), Mr. Lu Hesheng and Mr. Huang James Chih-Cheng; and the independent non-executive Directors are Mr. Chen Qunlin, Mr. Luo Zhuping, Mr. Ho Man and Ms. Wu Jianwei.