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, 2015

2015 INTERIM RESULTS HIGHLIGHTS

- Total revenue for the six months ended June 30, 2015 amounted to approximately RMB587.6 million, representing an increase of approximately 43.3% compared with the six months ended June 30, 2014, primarily attributable to the achievement in both "organic growth" and "external expansion".
- Profit and total comprehensive income attributable to owners of the Company for the six months ended June 30, 2015 amounted to approximately RMB158.8 million, representing an increase of approximately 23.2% compared with the six months ended June 30, 2014.
- Basic earnings per Share for the six months ended June 30, 2015 amounted to approximately RMB7.7 cents, increased by 24.2% compared with the six months ended June 30, 2014.
- The Board has declared an interim dividend of HK2.39 cents per Share for the six months ended June 30, 2015.

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, 2015 together with the comparative figures for the corresponding period in 2014 as set out below.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2015

	NOTES	**For the six months ended** **2015** *RMB'000* *(Unaudited)*	**2014** *RMB'000* *(Unaudited)*
Revenue	5	587,613	410,145
Cost of sales and services		(128,390)	(83,732)
Gross profit		459,223	326,413
Other income and gains, net		28,584	30,814
Distribution and selling expenses		(97,591)	(76,560)
Administrative expenses		(117,108)	(82,059)
Finance costs		(4,460)	(4,649)
Profit before taxation		268,648	193,959
Income tax expense	6	(67,879)	(32,195)
Profit and total comprehensive income for the period		200,769	161,764
Profit and total comprehensive income attributable to:			
Owners of the Company		158,827	128,913
Non-controlling interests		41,942	32,851
		200,769	161,764
		RMB cents	*RMB cents*
Earnings per share - Basic	7	7.7	6.2
- Diluted	7	7.5	6.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2015

	NOTES	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Non-current assets			
Property and equipment	8	343,561	271,304
Intangible assets		13,732	13,709
Prepaid lease payment		23,504	13,174
Cemetery assets	9	942,071	628,648
Restricted deposits		27,000	23,730
Investment in a joint venture		30,000	30,000
Deposit for acquisition of subsidiaries	10	30,470	293,800
Deferred tax assets		32,753	33,723
Goodwill	15	180,236	94,459
		1,623,327	1,402,547
Current assets			
Inventories	11	279,146	215,733
Trade and other receivables		50,192	20,083
Bank balances and cash	12	1,292,590	1,296,757
		1,621,928	1,532,573
Current liabilities			
Trade and other payables	13	214,036	258,437
Deferred income	14	14,726	13,097
Dividends payable		15,200	—
Loans from non-controlling interests		—	21,396
Income tax liabilities		145,840	122,846
Borrowings		51,950	34,950
		441,752	450,726
Net current assets		1,180,176	1,081,847
Total assets less current liabilities		2,803,503	2,484,394

	NOTES	**June 30, 2015** *RMB'000* *(Unaudited)*	**December 31, 2014** *RMB'000* *(Audited)*
Non-current liabilities			
Borrowings		22,660	—
Deferred income	14	186,688	166,545
Loans from non-controlling interests		36,172	38,173
Deferred tax liabilities		80,768	67,364
		326,288	272,082
Net assets		2,477,215	2,212,312
Capital and reserves			
Share capital		125,689	125,689
Reserves		1,999,333	1,857,584
Equity attributable to owners of the Company		2,125,022	1,983,273
Non-controlling interests		352,193	229,039
Total equity		2,477,215	2,212,312

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended June 30, 2015

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 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 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, 2015 are the same as those followed in the preparation of the Group's annual financial statement for the year ended December 31, 2014.

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 IAS19	Defined Benefit Plans: Employee Contributions
Amendments to IFRS	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRS	Annual Improvements to IFRSs 2011-2013 Cycle

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 trade and other receivables, bank balances and cash, restricted deposit) and financial liabilities (including trade and other payables, borrowings, loans from no-controlling interests, dividends payable) are recorded at amortized cost. The directors of the Company (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, 2015:						
Segment revenue	508,492	7,509	516,001	67,582	4,030	587,613
Segment profit (loss)	410,192	1,726	411,918	48,534	(1,229)	459,223
Other income and gains, net						28,584
Distribution and selling expenses						(97,591)
Administrative expenses						(117,108)
Finance costs						(4,460)
Profit before taxation						268,648

	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

6. INCOME TAX EXPENSE

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 months ended June 30, 2015.

7. 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,	
	2015	**2014**
	(Unaudited)	*(Unaudited)*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (RMB'000)	158,827	128,913
Number of shares		
Number of ordinary shares (2014: weighted average number of ordinary shares) for the purpose of basic earnings per share	2,075,000,000	2,071,270,718
Effect of dilutive potential ordinary shares:		
Share options	39,367,501	36,601,532
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,114,367,501	2,107,872,250

8. PROPERTY AND EQUIPMENT

During the period, the Group acquired property and equipment of approximately RMB85 million, among which 53 million was acquired on acquisition of subsidiaries (six months ended June 30, 2014: RMB25 million) for business expansion.

9. CEMETERY ASSETS

The Group's cemetery assets increased by RMB313 million from RMB629 million as of December 31, 2014 to RMB942 million as of June 30, 2015. The increase was mainly due to the acquisition of Guanlingshan Cultural Cemetery, Wuyuan Wanshoushan Cemetery and Anyang Tianshouyuan Cemetery in this period.

10. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES

During the interim period, the Group completed acquisition of Guanlingshan Cultural Cemetery and Wuyuan Wanshoushan Cemetery on January 9, 2015 and February 13, 2015, respectively. Therefore, deposit for acquisition of these two subsidiaries paid in the year of 2014, amounting to RMB289,300,000 has been transferred out.

11. INVENTORIES

	June 30, 2015	**December 31, 2014**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Burial Plots	190,268	149,957
Tombstone	74,914	55,052
Others	13,964	10,724
	279,146	215,733

12. BANK BALANCES AND CASH

Bank balances and cash of the Group denominated in RMB, HK$ and US$ carry variable-rate interest as follows:

	June 30, 2015	**December 31, 2014**
Interest rate per annum		
— RMB	0.35%-4.95%	0.35%-4.80%
— HK$	0.01%	0.01%
— US$	0.05%	0.10%

As of June 30, 2015, the Group had several fixed-term deposits in banks ("Time Deposits") totaling RMB195.5 million and with original maturities of six months or less. These Time Deposits earn fixed interest rates which range from 3.5% to 4.95% per annum.

The bank balances and cash that are denominated in currencies other than RMB are set out below:

	June 30, 2015 *RMB'000*	December 31, 2014 *RMB'000*
HK$	101,783	138,208
US$	28,875	28,879
	130,658	167,087

13. TRADE AND OTHER PAYABLES

	June 30, 2015 *RMB'000* *(Unaudited)*	December 31, 2014 *RMB'000* *(Audited)*
Trade payables	82,443	92,110
Advances and deposits from customers	34,368	45,879
Payables for acquisition of property and equipment	7,667	5,664
Salary, welfare and bonus payables	47,678	77,245
Other accrued expenses	10,366	8,952
Consideration for acquisition of a subsidiary	—	12,196
Others	31,514	16,391
	214,036	258,437

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

	June 30, 2015 *RMB'000* *(Unaudited)*	December 31, 2014 *RMB'000* *(Audited)*
0 - 90 days	32,618	32,748
91 - 180 days	12,696	12,009
181 - 360 days	17,776	23,277
Over 361 days	19,353	24,076
	82,443	92,110

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

14. 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.

15. GOODWILL

The carrying amounts of goodwill as at June 30, 2015 and December 31, 2014 are as follows:

	June 30, 2015	**December 31, 2014**
	RMB'000	*RMB'000*
Shanghai Nanyuan	9,595	9,595
Jinzhou Maoshan Anling	3,738	3,738
Henan Fu Shou Yuan	14,769	14,769
Chongqing Baitayuan	47,458	47,458
Meilin Century Cemtery	18,899	18,899
Guanlingshan Cultural Cemetery	47,245	—
Wuyuan Wanshoushan Cemetery	36,107	—
Anyang Tianshouyuan Cemetery	2,425	—
	180,236	94,459

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Fu Shou Yuan International Group Limited, I hereby present the results of the Group for the six months ended June 30, 2015.

This is the second year since the Company listed on the Stock Exchange. The Group has continued to develop its core businesses and committed to the plans promised during the Global Offering. During the Period Under Review, the Group's revenue amounted to RMB587.6 million, an increase of 43.3% over the corresponding period in 2014. The Group's achievement in revenue growth for the first half of the year was primarily attributable to the organic growth of key businesses and our successful expansion strategy. During the Period Under Review, the gross margin of the Group maintained at 78.2%. The Group realized profit and comprehensive income attributable to shareholders of the Company of RMB158.8 million, representing an increase of approximately 23.2% from the corresponding period in 2014. The Board proposes an interim dividend of HK2.39 cents per share for 2015 to the Shareholders to reward all investors for their support.

During the Period Under Review, the Group has endeavored to improve service quality and constantly expanded it business network through acquisition of shareholdings, cooperative development, entrusted management, etc. In the first half year, the Group entered into agreement and completed acquisition of Anyang Tianshouyuan Cemetery (安陽天壽園) in Henan Province. Furthermore, the Group entered into cooperation agreement with Dafeng Funeral Home (江蘇省大豐市殯儀館) on the comprehensive funeral service center cooperation project in the city of Dafeng, Jiangsu Province. Currently the Group owns 13 cemeteries (including 2 under construction), and is running 9 funeral facilities. Besides, the Group is entrusted to manage 3 small size cemeteries. Our business has spanned across 14 cities in China. New members that joined Fu Shou Yuan Group since the second half of 2014 contributed total sales revenue of RMB85.0 million during the first half of 2015, representing 47.9% of the total year-on-year sales revenue growth of the first half year of 2015. At the same time, the Group has introduced Fu Shou Yuan's advance experience into the management and integration of these merged and acquired companies. The brand culture of Fu Shou Yuan is gradually facing the entire nation and our brand value is getting higher.

Meanwhile, leveraging on the favorable policy which encourages marketization in death care services industry as well as the opportunities brought about by the prevailing trend of aging population and accelerating urbanization, the Group has provided more superior services and rich options on cultural consumption to clients.

The Group targets to replace the traditional concept on death care services with a diversified model of modern service industry. The Group has engaged in business innovation to offer a rich diversity of quality services to the market, so as to improve the Group's overall gross profit and to further optimize our profitability.

Looking ahead, the Group will further develop its core businesses, and attach great importance to management, operation, optimization and innovation. The Group proactively embraces the future trend while inheriting Chinese culture traditions, and is determined to maintain a unique Fu Shou Yuan culture through adopting the most advanced technologies and first-class concepts in the world. Moreover, based on the strong capability in market consolidation, the Group targets to introduce its brand and advance experiences to the entire nation so as to create a clear business landscape. The Group plans to enhance the synergy between the Group and the merged and acquired subsidiaries by further consolidation, which is expected to improve the overall earnings of the Group as well as laying a solid foundation for future outward expansion. By adhering to our people-oriented philosophy, taking its root in culture, being innovative and pragmatic, and building a harmonious relation with the environment, the Group will consistently pursue sustainable development for achieving win-win of profit growth and social benefits, so as to deliver the best performance to investors.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

"Filial piety" has long been a Chinese traditional virtue. Chinese people have always valued the death care culture and developed various funeral and memorial customs across the nation, which serves as the keystone for the death care industry to subsist and develop in mainland China. Benefited from China's huge population base and the cultural heritage of "filial piety", the death care service market in China, on which the Group focused, has developed into one of the largest death care markets in the world.

Along with an aging population, accelerating pace of urbanization, continuous marketization, increasing disposable income per capita, strong promotion by the government on Chinese traditional culture and heritage generated large demand on high quality death care services and enabled the death care service industry in China to develop into one of the most stable and fastest growing industry with huge market potential.

BUSINESS REVIEW

Our Group is the largest death care services provider in the PRC. Ever since listing, the Group adheres to the double-barreled development strategies of "organic growth" and "external expansion". We are devoted to provide high-quality and customized death care services. We respect and serve for lives, help our customers vent their grieve and find their emotional attachment, and honor the final journey of life with inherent equality and dignity.

In terms of "external expansion", the Group mainly expands its business network through mergers & acquisitions and entrusted management. In the first half of 2015, the Group signed and completed acquisition of Anyang Tianshouyuan Cemetery in Anyang City, Henan Province, and entered into cooperation agreement with Dafeng Funeral Home in Dafeng City, Jiangsu Province on jointly developing Dafeng Funeral Services Center. Regarding the acquisition projects signed in 2014, we have completed acquisition of Guanlingshan Cultural Cemetery (觀陵山藝術陵園) and Wuyuan Wanshoushan Cemetery (婺源萬壽山陵園) in the first half of 2015. As at June 30, 2015, the Group owns up to 13 cemeteries (including both operating and under construction), and is running up to 9 funeral facilities. At the same time, we are trying to expand in an innovative manner; for example, we gain revenue by providing management services to three small cemeteries through entrusted management. New members that joined the Group in the latter half of 2014 and first half of 2015 contributed total sales revenue of RMB85.0 million during the first half of 2015, representing 47.9% of the total year-on-year sales revenue growth of the first half year of 2015. The expanding cemetery and funeral business laid a solid foundation for the Group's future development.

The Group is a large-scale death care enterprise with strong integration capability. In the first half of 2015, the Group utilized its edges on branding, teambuilding and death care ideologies to comprehensively integrate the new members of our Group, and it turns out to be fruitful. We will continue to strengthen integration with our own strengths to enable the new members meet the existing standards of our Group.

The Guangde Environmental-friendly Cremation Machine Production Base in Guangde City, Anhui Province, has completed and commenced operation in late February 2015. Although it is still in its initial development stage, the new environmental requirements on cremation machines in Mainland China have generated huge market demand. It is believed that the cremation machine business will make considerable contributions to the Group's revenue in the near future.

With regards to "organic growth", the Group continues to put effort into the landscaping and cultural constructions of existing cemeteries, improve service quality, and explore new service products and models actively. The Group strives to construct cemeteries into urban cultural parks, upgrade traditional death care industry into modern service industry that caters to customers' needs, and provides customized services and a richer selection to customers. Besides, we embody humanistic spirit in order to replace the simple traditional funeral process, which earns us high recognition from customers for our quality services. The Group persists to learn the advanced concepts and management experience of the death care industry, and maintains sound operation of this life community that carries memories and emotions.

Also, the Group keeps enhancing internal management, strengthens budget control and internal management system, and reinforces employee incentive scheme. In March 2015, the Group implemented the third batch of share-based compensation scheme that encourages senior management and employees to further enhance the Group's internal cohesion and employee motivation.

To sum up, the Group's business has achieved steady growth in the first half of 2015 as compared to the same period last year. During this half year, the Group sold a total of 11,940 tombs and provided 7,480 funeral services and recorded total revenue of RMB587.6 million, representing an increase of 43.3% as compared to the same period in 2014; total net profit of RMB200.8 million, representing an increase of 24.1% as compared to the same period in 2014 and net profit attributable to our shareholders of RMB158.8 million, representing an increase of 23.2% as compared to the same period in 2014.

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 Rview:

	Six Months Ended			
	June 30, 2015		**June 30, 2014**	
	Revenue (RMB'000)	*% of total revenue*	*Revenue (RMB'000)*	*% of total revenue*
Burial services	516,001	87.8%	347,569	84.7%
Funeral services	67,582	11.5%	52,794	12.9%
Auxiliary services	4,030	0.7%	9,782	2.4%
Total	587,613	100.0%	410,145	100.0%

Our revenue increased by RMB177.5 million, or 43.3%, from RMB410.1 million for the six months ended June 30, 2014 to RMB587.6 million for the six months ended June 30, 2015. This increase was primarily driven by a 48.5%, or RMB168.4 million, increase in revenue from burial services, a 28.0%, or RMB14.8 million, increase in revenue from funeral services.

Our cremation machine manufacturing base was accomplished early this year. Although the cremation machine business is just at start-up stage, it started to generate revenue. During the Period Under Review, the revenue from sale of cremation machine amounted to RMB3.1 million, which was included in the auxiliary services segment.

Our cemeteries and funeral facilities are strategically located in major cities across 9 provinces in the PRC. The following table sets forth a breakdown of our revenue from burial services and funeral services by region for the Period Under Review:

	Six Months Ended			
	June 30, 2015		**June 30, 2014**	
	Revenue (RMB'000)	*% of total revenue*	*Revenue (RMB'000)*	*% of total revenue*
Shanghai	302,167	51.8%	247,039	61.7%
Henan	44,362	7.6%	23,097	5.8%
Chongqing	48,055	8.2%	31,099	7.8%
Anhui	50,226	8.6%	43,049	10.7%
Shandong	20,454	3.5%	19,732	4.9%
Liaoning	92,291	15.8%	29,472	7.4%
Fujian	11,074	1.9%	5,966	1.5%
Zhejiang	1,202	0.2%	909	0.2%
Jiangxi	13,752	2.4%	—	—
Total	583,583	100.0%	400,363	100.0%

We have been focusing on providing top quality burial and funeral services to our customers, 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, we completed the acquisition of the controlling equity in Chongqing Baitayuan, Meilin Century Cemetery, Guanlingshan Cultural Cemetery, Wuyuang Wanshoushan Cemetery, and Anyang Tianshouyuan Cemetery since the 2nd half of year 2014. These new subsidiaries contributed revenue of RMB85.0 million for the six months ended June 30, 2015, representing 21.2% of the revenue from burial and funeral services for the six months ended June 30, 2014. Excluding this effect, we achieved organic revenue growth of RMB98.2 million, or 24.5% as compared with the six months ended June 30, 2014, from the then existing cemeteries and funeral facilities as at June 30, 2015.

BURIAL SERVICES

We derived a substantial portion of our revenue from our burial services, which represented 87.8% (six months ended June 30, 2014: 84.7%) of our total revenue for the six months ended June 30, 2015. 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 98.5% of our revenue from burial services for the six month period ended June 30, 2015. 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 Months Ended							
	June 30, 2015				June 30, 2014			
	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	388	289,198	112,209	21.7%	329	264,343	86,969	25.0%
- Artistic	4,898	35,585	174,294	33.8%	1,316	93,959	123,650	35.6%
- Traditional	3,222	44,313	142,778	27.7%	1,480	45,791	67,771	19.5%
- Lawn	451	60,419	27,249	5.3%	485	50,763	24,620	7.1%
- Green	2,107	3,793	7,991	1.5%	368	12,851	4,729	1.4%
- Indoor	874	7,595	6,638	1.3%	1,527	3,703	5,654	1.6%
- Other burial related services	—	—	37,333	7.2%	—	—	26,892	7.7%
	11,940		508,492	98.5%	5,505	—	340,285	97.9%
Cemetery maintenance services	—	—	7,509	1.5%	—	—	7,284	2.1%
Total Revenue From Burial Services	11,940		516,001	100.0%	5,505	—	347,569	100.0%

We sold 6,242 burial plots, excluding 2,203 plots (1,246 plots for the six months ended June 30, 2014) charged with very low prices in Haigang Fu Shou Yuan for public welfare purpose and 3,495 plots (110 plots for the six months ended June 30, 2014) sold by Henan Fu Shou Yuan to accommodate the tomb relocation funded by local government in Henan Province, for the six months ended June 30, 2015, representing 50.4% increase as compared with 4,149 plots sold for the six months ended June 30, 2014. The newly acquired subsidiaries recorded 2,239 plots, representing majority of the total increase of units sold. Furthermore, the selling prices of burial plots of each cemetery vary according to local market conditions. Therefore, average selling price for each type of burial is affected by change in geographical mix of burial plots sold between the periods under review. The average selling price of burial plots, excluding those plots for public welfare and tomb relocation purpose as mentioned above, was approximately RMB71,273 per unit for the six months ended June 30, 2015. It is decreased by RMB3,606 per unit, or 4.8%, from approximately RMB74,879 per unit for the six months ended June 30, 2014. The main reason is the lower average selling price from the newly acquired subsidiaries, which was approximately RMB35,700 per unit for the six months ended June 30, 2015. Excluding this effect, the average selling price from the then existing cemeteries was approximately RMB91,150 per unit, representing an increase of RMB16,271 per unit, or 21.7% for the six months ended June 30, 2015 as compared with the six months ended June 30, 2014.

We have eleven cemeteries currently in operation, and have been deriving revenue from them. We achieved remarkable 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 Months Ended			
	June 30, 2015		**June 30, 2014**	
	Revenue (RMB'000)	*% of total revenue*	*Revenue (RMB'000)*	*% of total revenue*
Shanghai Fu Shou Yuan	214,395	41.5%	176,011	50.6%
Haigang Fu Shou Yuan	83,260	16.1%	67,263	19.4%
Henan Fu Shou Yuan	44,348	8.6%	23,097	6.6%
Shandong Fu Shou Yuan	20,454	4.0%	19,732	5.7%
Hefei Dashushan Cultural Cemetery	37,094	7.2%	31,993	9.2%
Jinzhou Maoshan Anling	34,085	6.6%	29,473	8.5%
Chongqing Baitayuan	12,373	2.4%	—	—
Meilin Century Cemetery	9,736	1.9%	—	—
Guanlingshan Cultural Cemetery	58,205	11.3%	—	—
Wuyuan Wanshoushan Cemetery	2,037	0.4%	—	—
Anyang Tianshouyuan Cemetery	14	0.0%	—	—
Total Revenue from Burial Services	516,001	100.0%	347,569	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 Months Ended			
	June 30, 2015		June 30, 2014	
	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	104,083	81.1%	62,596	74.8%
Funeral services	19,048	14.8%	14,013	16.7%
Auxiliary services	5,259	4.1%	7,123	8.5%
Total	128,390	100.0%	83,732	100.0%

Our cost of sales and services increased by RMB44.7 million, or 53.3%, from RMB83.7 million for the six months ended June 30, 2014 to RMB128.4 million for the six months ended June 30, 2015. This increase was primarily due to a 66.3% increase in cost of sales and services for burial services, a 35.9% increase in cost of sales and services for funeral services. The increases were mainly due to our business growth in burial and funeral services.

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

	Six Months Ended			
	June 30, 2015		June 30, 2014	
	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	31,881	30.6%	22,078	35.3%
Land cost	12,691	12.2%	6,611	10.6%
Development cost	27,559	26.5%	12,924	20.6%
Cemetery maintenance cost	5,783	5.6%	5,651	9.0%
Others	26,169	25.1%	15,332	24.5%
Total	104,083	100.0%	62,596	100.0%

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

Our cost of sales and services for auxiliary services represents the various expenditures incurred in relation to manufacturing and sale of cremation machines and other services, including materials purchased, direct labor, manufacturing overheads, outsourcing costs, and other related costs.

GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing, our gross profit increased by approximately RMB132.8 million, or 40.7%, from approximately RMB326.4 million for the six months ended June 30, 2014 to approximately RMB459.2 million for the six months ended June 30, 2015. We maintained a relatively high gross profit margin as we have been committing to and delivering 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. Our overall gross profit margin achieved was 78.2% for the six months ended June 30, 2015 while the overall gross profit margin for the six months ended June 30, 2014 was 79.6%. This was mainly due to the effect of relatively lower margin of newly acquired subsidiaries and negative margin of cremation machine business as its current start-up stage.

The following table sets forth a breakdown of our gross profit and gross profit margin by segment for the Period Under Review:

	Six Months Ended			
	June 30, 2015		**June 30, 2014**	
	Gross Profit (RMB'000)	*Gross Profit Margin (%)*	*Gross Profit (RMB'000)*	*Gross Profit Margin (%)*
Burial services	411,918	79.8%	284,973	82.0%
Funeral services	48,534	71.8%	38,781	73.5%
Auxiliary services	(1,229)	(30.5)%	2,659	27.2%
Total	459,223	78.2%	326,413	79.6%

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 Months Ended	
	June 30, 2015	**June 30, 2014**
	(RMB'000)	*(RMB'000)*
Interest income	19,401	25,716
Government grant	5,852	—
Management service income	3,084	—
Exchange gain	93	4,855
Others	154	243
Total	28,584	30,814

Our interest income decreased by RMB6.3 million from RMB25.7 million for the six months ended June 30, 2014 to RMB19.4 million for the six months ended June 30, 2015, mainly due to lower average bank balances as a result of our accelerated merger and acquisition progress since the 2nd half of year 2014 and decreased interest rate as the central bank of China announced to decrease the RMB interest rates during the Period Under Review.

We received a government grant in the amount of RMB5.9 million for the six months ended June 30, 2015, which represented unconditional subsidies from the local government to encourage and reward our contribution to the local economy. We did not receive such grant from government for the six months ended June 30, 2014.

We are approached to provide management services to certain cemeteries by their owners because of our operation and management expertise in death care industry. During the period, we received net income of RMB3.1 million for such services provided.

DISTRIBUTION AND SELLING EXPENSES & ADMINISTRATIVE EXPENSES

Our operating expenses, accounting for 36.5% of our total revenue for the six months ended June 30, 2015 (38.7% for the six months ended June 30, 2014), increased by RMB56.1 million, or 35.4%, from RMB158.6 million for the six months ended June 30, 2014 to RMB214.7 million for the six months ended June 30, 2015. The increase was mainly as the result of: (i) the operating expenses from newly acquired subsidiaries, amounting to approximately RMB22.6 million, (ii) the effect of higher amortization of approximately RMB7.5 million on stock option granted in August 2014 and March 2015, and higher staff costs due to the new hiring, and (iii) general variable expenditures increase to support the business growth.

FINANCE COSTS

Finance costs for the six months ended June 30, 2015 consist of interest expense of RMB2.3 million on bank loans, and interest expenses of RMB2.1 million on loans from non-controlling interests.

Interest expense on loans from non-controlling interests refers to our interest expense in connection with: (i) the shareholder's loans borrowed by our subsidiary, Shandong Fu Shou Yuan, from Shandong World Trade Centre. Shandong Fu Shou Yuan is jointly invested by our Group and Shandong World Trade Centre. Our Group and Shandong World Trade Centre jointly provide funding to Shandong Fu Shou Yuan, for its land acquisition and cemetery development via shareholders' loan based on the respective shareholding percentage in addition to the registered capital; and (ii) the loans borrowed by our subsidiary, Meilin Century Cemetery, from Nanchang Municipal Public Investing & Holding Co., Ltd. before our acquisition to pay off its debt. Nanchang Municipal Public Investing & Holding Co., Ltd. is one of the minority shareholders of our subsidiary, Nanchang Hongfu. We have repaid this borrowing in May 2015.

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. Our interest income received on bank deposits by our subsidiary in Hong Kong is free from any income tax according to the Hong Kong tax rules. The income tax expenses increased by approximately RMB35.7 million, or 110.8%, from approximately RMB32.2 million for the six months ended June 30, 2014 to approximately RMB67.9 million for the six months ended June 30, 2015. The effective corporate income tax rate for the six months ended June 30, 2015 increased to 25.3%, from that of 16.6% for the six months ended June 30, 2014. It is mainly due to: (i) the increased profit before taxation as a result of business growth, (ii) the reversal of certain prior year tax provision during the six months ended June 30, 2014 while no such reversal is made during the Period Under Review, and (iii) the decreased interest income received by our subsidiary in Hong Kong as discussed above.

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 RMB29.9 million, or 23.2%, from approximately RMB128.9 million for the six months ended June 30, 2014 to approximately RMB158.8 million for the six months ended June 30, 2015. This increase was primarily due to: (i) the contributions from newly acquired subsidiaries as well as our strong organic revenue growth in our previously existing cemeteries and funeral facilities; and (ii) the relatively stable and high gross margin. The increase was however partially offset by increased operating costs due to the business growth and the higher effective corporate tax rate.

CASH FLOW

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

	Six Months Ended	
	June 30, 2015	**June 30, 2014**
	(RMB'000)	*(RMB'000)*
Net cash generated from (used in)		
— operating activities	166,404	139,359
— investing activities	(120,490)	(511,443)
— financing activities	(50,081)	(22,575)
Total	(4,167)	(394,659)

We generated our cash from operating activities primarily from proceeds of our death care services businesses. Our cash used in operating activities is primarily for the 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, finance costs, the effects of changes in working capital and taxation. For the six months ended June 30, 2015, our net cash generated from operating activities amounted to approximately RMB166.4 million, representing 19.4% increase as compared to that for the six months ended June 30, 2014. It mainly included the operating cash inflows before movement in working capital of approximately RMB294.4 million, but partially offset by (i) the increase of other working capital of approximately RMB83.3 million due to the business growth and the settlement of certain payables near Chinese new year, and (ii) income tax paid of approximately RMB44.7 million.

For the six months ended June 30, 2015, our net cash used in investing activities was approximately RMB120.5 million. It was primarily due to: (i) considerations, deposits and advances of approximately RMB105.0 million to acquire or to be entrusted to manage new cemeteries and funeral facilities, (ii) our additions to and deposits for property and equipments of approximately RMB34.4 million, mainly in connection with: (a) the landscaping and facility construction and upgrade in certain newly acquired subsidiaries since the 2nd half of year 2014, (b) the construction of new customer services centers in Haigang Fu Shou Yuan and Jinzhou Maoshan Anlin, and (c) general landscaping, facilities and equipments upgrade in other subsidiaries within the group. It was partially offset by the interests received during the Period Under Review, amounting to approximately RMB18.9 million.

Our net cash used in financing activities amounted to approximately RMB50.1 million for the six months ended June 30, 2015. It was primarily due to: (i) final dividends paid to the owners of the Company of RMB32.4 million related to the year ended December 31, 2014, (ii) dividends paid to non-controlling interests of RMB42.0 million, (iii) net increase of bank loans of RMB26.7 million, and (iv) interest paid of approximately RMB3.5 million for our borrowings.

LIQUIDITY AND FINANCIAL RESOURCES

As at June 30, 2015, we had bank balances and cash of approximately RMB1,292.6 million (December 31, 2014: RMB1,296.8 million). 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, bank borrowings, and funds from other financing channels.

We had outstanding bank borrowings of approximately RMB74.6 million as at June 30, 2015, within which there are borrowings of RMB51.9 million repayable within one year, of RMB5.0 million repayable within two years, of RMB6.0 million repayable within three years, of RMB6.0 repayable within four years, and of RMB5.7 million repayable within five years. We had bank borrowing facilities of approximately RMB175 million not withdrawn as at June 30, 2015. These borrowings were denominated in RMB and were subject to floating interest rates ranged from

5.3% to 9.9%. Meanwhile, Shandong Fu Shou Yuan, one of our subsidiary, also had an outstanding loan balance of approximately RMB36.2 million with interest rate of 6.0% per annum, without specific repayment schedule, from its non-controlling shareholder, Shandong World Trade Centre.

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, 2015 was 4.5% (December 31, 2014: 4.3%). Our operation has been lightly leveraged because of our good operating cash generating capability. Although we expect that our capital expenditure in the following month of the year 2015 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 RMB. However, certain bank balances are denominated in foreign currencies, which exposed us to foreign currency risk. As at June 30, 2015, cash and cash equivalents held in RMB, HK$ and US$ accounted for approximately 89.9%, 7.9% and 2.2% 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. The management monitors foreign currency exposure by closely monitoring the movement of foreign currency rates.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended June 30, 2015, we completed the following three acquisitions:

In early January 2015, we completed the acquisition of 70% equity interest in Guanlingshan Cultural Cemetery for a cash sum of RMB279.3 million through equity interest subscription. Guanlingshan Cultural Cemetery holds parcels of land for cemetery development and woodland purposes measuring approximately 3,494 mu (approximately 2.33 million sq.m.) in total. It has been providing burial services in the cities of Shenyang, Tieling and Fushun in Liaoning Province.

In early February 2015, we completed the acquisition of 75% equity interest in Wuyuan Wanshoushan Cemetery from its then existing shareholders for a cash consideration of RMB49.3 million, including the taxes related to this transaction. Wuyuan Wanshoushan Cemetery mainly provides burial services, funeral services and cremation services in Wuyuan County, Jiangxi Province. It holds land use right to a site measuring approximately 164,000 sq.m. It is the only service provider, granted with a license for cremation, for funeral and cemetery operation within the Wuyuan County.

In early June 2015, we completed the acquisition of 80% equity interest in Anyang Tianshouyuan Cemetery from its then existing shareholders for a cash consideration of RMB42.4 million. Anyang Tianshouyuan Cemetery holds land use right for a parcel of land measuring approximately 65,733 sq.m. in Anyang City, Henan Province. It will provide burial services in Anyang City.

We also entered into a cooperation agreement with government-operated funeral home of Dafeng City in Jiangsu Province, in relation to the establishment of the Dafeng Funeral Service Center, an integrated, one-stop provider for the sale of funeral products, family vigils and farewell services in Dafeng City. The cooperation is now still in the start-up stage.

EMPLOYEE AND REMUNERATION POLICY

As at June 30, 2015, we had 1,571 full-time employees (December 31, 2014: 1,307 full-time employees) stationed in 14 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 subsidiaries, land, other investments, property and equipment in an amount of approximately RMB68.9 million as at June 30, 2015 (December 31, 2014: RMB111.6 million).

We expect our capital expenditure in the following months of the year 2015 and afterwards will tremendously increase as we are actively seeking for and approached by many industry consolidation opportunities.

ASSETS PLEDGED

As at June 30, 2015, we pledged buildings, lands and other long-term assets with carrying values of approximately RMB18.3 million (December 31, 2014: RMB6.0 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, 2015, 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 23,600 sq.m. to generate revenue from sale of burial plots. However, our total saleable area as at June 30, 2015 increased by approximately 180,000 sq.m. to approximately 1.57 million sq.m. from that of 1.39 million sq.m. as at December 31, 2014, because we completed to acquire the controlling equity interest in Guanlingshan Cultural Cemetery, Wanshoushan Cemetery, and Anyang Tianshouyuan Cemetery during the Period Under Review.

When we determine the saleable area of each cemetery, we have already estimated and excluded those areas not for burial plots, such as the land areas in connection with the business centre, office building, landscaping, and main roads. Such estimation may be updated from time to time as our development plan may be improved from time to time. We currently expect the remaining land available at our existing cemeteries to be able to sustain our group's operations for at least 20 years based on our total saleable area of all our cemeteries and the land area of the burial plots to be taken up in year 2015.

PROSPECTS

Going forward, in view of the still immature market regulation, the Group will conduct appropriate and highly cost-effective mergers and acquisitions through large-scale investigations and studies and in strict compliance with laws and regulations. After the acquisitions, by leveraging its quality management and operation, Fu Shou Yuan will proceed with cultural packaging and quality enhancement to increase the added value of the graveyards acquired so as to increase the overall level of quality and quantity of products and services, as well as to make overall headway towards standardization and personalization. The next year will be another year for Fu Shou Yuan to implement ambitious plans and expand its operations. The Group will unleash its market integration potential to generate considerable returns for investors. Meanwhile, being a model enterprise, the Group will continue to lead the modernization reform of the death care business in China, promote the healthy development of the national death care culture in terms of humanity, charity and environmental protection and commit itself to operating Fu Shou Yuan, a living entity that carries memories and emotions, in an appropriate way, so as to reward all investors with the best results.

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. As of June 30, 2015, we had used approximately HK$756.8 million to acquire new lands and for mergers and acquisitions of other cemeteries and funeral facilities in the PRC, and approximately HK$19.7 million to expand our sales network. The remaining net proceeds are intended to be applied in the manner consistent with that set out in the Prospectus and relevant announcements made.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK2.39 cents per Share for the six months ended June 30, 2015, and also set aside sufficient cash for further business development while repaying shareholders with benefits. The interim dividend is expected to be payable to the Shareholders on or before Wednesday, 23 September, 2015. 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 Friday, 11 September, 2015.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 9 September, 2015 to Friday, 11 September, 2015, 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 Tuesday, 8 September, 2015.

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, 2015.

During the six months ended June 30, 2015, 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.

No incident of non-compliance with the Model Code by the Directors and the relevant employees of the Company were noted by the Company throughout the six months ended June 30, 2015.

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, 2015.

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

During the six months ended June 30, 2015, 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, 2015 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, 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, and the Group's unaudited interim results for the six months ended June 30, 2015.

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 2015 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, 2015 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

"Anyang Tianshouyuan Cemetery"	a cemetery in Anyang of Henan Province and operated by Anyang Wulong Civil Service Co., Ltd.* (安陽縣五龍民生服務有限公司), a limited company established under the laws of the PRC and a subsidiary of the Company
"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 limited company established under the laws of 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 limited company established under the laws of the PRC and a subsidiary of the Company
"Chongqing Baitayuan"	a cemetery in Yongquan of chongqing Province and operated by Chongqing Baitayuan Funeral and Burial Development Co., Ltd.* (重慶白塔園殯葬開發有限公司), a limited company established under the laws of the PRC and a subsidiary of the Company
"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
"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" or "Fu Shou Yuan Group"	the Company and its subsidiaries
"Guanlingshan Cultural Cemetery"	a cemetery in Tieling City of Liaoning Province and operated by Liaoning Guanlingshan Cultural Landscape Cemetery Co., Ltd.* (遼寧觀陵山藝術園林公墓有限公司), a limited company established under the laws of the PRC and a subsidiary of the Company
"Haigang Fu Shou Yuan"	a cemetery in Pudong New District of Shanghai (上海浦東新區) and operated by Shanghai Nanyuan, a company established in the PRC and a subsidiary of the Company
"Hefei Dashushan Cultural Cemetery"	a cemetery in Hefei of Anhui Province and operated by Hefei Dashushan Culture Cemetery Co., Ltd.* (合肥大蜀山文化陵園有限公司), a limited company established under the laws of the PRC and a subsidiary of the Company

"Henan Fu Shou Yuan"	a cemetery in Longhu Town, Zhengzhou of Henan Province (河南省新鄭市龍湖鎮)and operated by Henan Fu Shou Yuan Industrial Co., Ltd.* (河南福壽園實業有限公司), a limited company established under the laws of the PRC and a subsidiary of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Jinzhou Maoshan Anling"	a cemetery in Jinzhou City of Liaoning Province and operated by Jinzhou City Maoshan Anling Co., Ltd.* (錦州市帽山安陵有限責任公司), a limited company established under the laws of 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)
"Meilin Century Cemetery"	a cemetery in Nanchang City of Jiangxi Province acquired and operated by Nanchang Hongfu
"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 limited company established under the laws of the PRC and a subsidiary of the Company
"Period Under Review"	the six months ended June 30, 2015
"Prospectus"	the prospectus of the Company dated December 9, 2013
"RMB"	Renminbi yuan, the lawful currency of the PRC
"Shandong Fu Shou Yuan"	Shandong Fu Shou Yuan Development Co., Ltd.* (山東福壽園發展有限公司), a limited company established under the laws of 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 Fu Shou Yuan

"Shanghai Fu Shou Yuan"	a cemetery in Qingpu District of Shanghai and operated by Shanghai FSY Industry Development Co., Ltd.* (上海福壽園實業發展有限公司), a limited company established under the laws of the PRC and a subsidiary of the Company
"Shanghai Nanyuan"	Shanghai Nanyuan Industrial Development Co., Ltd.* (上海南院實業發展有限公司), a limited company established under the laws of 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
"Wuyuan Wanshoushan Cemetery"	a cemetery in Wuyuan of Jiangxi Province and operated by Wuyuan Wanshoushan Lingyuan Co., Ltd.* (婺源縣萬壽山陵園有限公司), a limited company established under the laws of the PRC and a subsidiary of the Company
"%"	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 and Executive Director

Hong Kong, August 11, 2015

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.