



**RISING DEVELOPMENT HOLDINGS LIMITED**

**麗盛集團控股有限公司**

(Incorporated in Bermuda with limited liability)  
(Stock Code: 1004)

Interim Report **2008**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Lai Leong (*Chairman & Chief Executive Officer*)

Mr. Lee Yuk Lun (*Deputy Chairman*)

Mr. Kong Shan, David

#### Independent Non-Executive Directors

Mr. Fok Ho Yin, Thomas

Mr. Tso Hon Sai, Bosco

Mr. Tsui Ching Hung

### AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas (*Chairman*)

Mr. Tso Hon Sai, Bosco

Mr. Tsui Ching Hung

### REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas (*Chairman*)

Mr. Tso Hon Sai, Bosco

Mr. Tsui Ching Hung

### COMPANY SECRETARY

Mr. Chiang Chi Kin, Stephen

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

### AUDITORS

Li, Tang, Chen & Co.

*Certified Public Accountants (Practising)*

10th Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

### LEGAL ADVISERS TO THE COMPANY

Cheung, Tong & Rosa

*Solicitors & Notaries*

Room 1621-23, 16th Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2004-5, 20th Floor

World Trade Centre

280 Gloucester Road

Causeway Bay

Hong Kong

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

DBS Bank (Hong Kong) Limited

HSBC

Wing Hang Bank, Limited

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

26th Floor

Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

### STOCK CODE

1004

### WEBSITE

[www.hkrising.com](http://www.hkrising.com)

## UNAUDITED INTERIM RESULTS

The Board of Directors (the "Directors") of Rising Development Holdings Limited (the "Company") is pleased to present the unaudited condensed interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008 together with the comparative figures for the corresponding period in 2007. These condensed interim consolidated financial statements have not been audited but have been reviewed by the Company's Audit Committee.

### CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

		(Unaudited) Six months ended 30 September	
	Note	2008 HK\$'000	2007 HK\$'000
<b>TURNOVER</b>	2	<b>63,311</b>	159,260
Cost of sales		<b>(58,810)</b>	(124,358)
Gross profit		<b>4,501</b>	34,902
Other income and net (losses)/gains			
– Net (losses)/gains from investments	3	<b>(44,887)</b>	30,474
– Others	3	<b>277,304</b>	4,024
Fair value gains on investment properties		–	850
Loss on disposal of available-for-sale financial assets		<b>(2,003)</b>	(7,811)
Impairment loss on exploration and evaluation assets		<b>(248,308)</b>	–
Selling and distribution expenses		<b>(2,275)</b>	(2,654)
Operating and administrative expenses		<b>(8,323)</b>	(10,907)
Loss on disposal of investment property		<b>(6,354)</b>	–
<b>(LOSS)/PROFIT FROM OPERATING ACTIVITIES</b>		<b>(30,345)</b>	48,878
Finance costs	4	<b>(27,943)</b>	(3,284)
Share of loss of an associate		<b>(29)</b>	(2)
<b>(LOSS)/PROFIT BEFORE TAX</b>	5	<b>(58,317)</b>	45,592
Tax	6	<b>(39)</b>	(7,793)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(58,356)</b>	37,799
<b>ATTRIBUTABLE TO:</b>			
Equity Shareholders of the Company		<b>(8,537)</b>	37,799
Minority interests		<b>(49,819)</b>	–
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(58,356)</b>	37,799
PROPOSED INTERIM DIVIDEND	7	–	–
			(restated)
<b>EARNINGS/(LOSS) PER SHARE</b>	8		
Basic		<b>HK(0.23) cents</b>	HK1.24 cents
Diluted		<b>N/A</b>	N/A

**CONDENSED CONSOLIDATED BALANCE SHEET**  
AS AT 30 SEPTEMBER 2008 AND 31 MARCH 2008

		(Unaudited) 30 September 2008 HK\$'000	(Audited) 31 March 2008 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	11,381	2,612
Investment properties		–	60,250
Interest in an associate		–	18
Available-for-sale financial assets	10	7,800	32,927
Exploration and evaluation assets		1,508,162	–
Deferred tax assets		9,251	9,251
		<b>1,536,594</b>	<b>105,058</b>
<b>CURRENT ASSETS</b>			
Inventories		69,202	17,862
Deposit paid for acquisition of a subsidiary		–	227,400
Prepayments, deposits and other receivables		8,584	2,695
Trade receivables	11	2,031	1,457
Financial assets at fair value through profit or loss	12	45,947	39,446
Tax recoverable		3,451	3,519
Cash and cash equivalents		28,837	92,651
		<b>158,052</b>	<b>385,030</b>
<b>CURRENT LIABILITIES</b>			
Trust receipt loans		50,653	15,159
Trade payables	13	99	272
Customers' deposits		11,516	2,938
Other payables and accruals		6,822	2,513
		<b>69,090</b>	<b>20,882</b>
<b>NET CURRENT ASSETS</b>		<b>88,962</b>	<b>364,148</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,625,556</b>	<b>469,206</b>
<b>NON-CURRENT LIABILITIES</b>			
Convertible notes		706,397	–
Deferred tax liabilities		3,139	7,267
		<b>709,536</b>	<b>7,267</b>
<b>NET ASSETS</b>		<b>916,020</b>	<b>461,939</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	14	72,726	72,726
Reserves		532,534	389,213
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>		<b>605,260</b>	<b>461,939</b>
Minority interests		310,760	–
<b>TOTAL EQUITY</b>		<b>916,020</b>	<b>461,939</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2008

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash used in operating activities	<b>(19,835)</b>	(92,081)
Net cash (used in)/from investing activities	<b>(43,971)</b>	251,592
Net cash used in financing activities	<b>(8)</b>	(122,521)
Net (decrease)/increase in cash and cash equivalents	<b>(63,814)</b>	36,990
Cash and cash equivalents at 1 April	<b>92,651</b>	29,648
Cash and cash equivalents at 30 September	<b>28,837</b>	66,638
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>28,837</b>	66,638

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)											
	Six months ended 30 September 2008											
	Share capital	Share premium account	Convertible surplus	Convertible equity reserve	Asset revaluation reserve	Exchange fluctuation reserve	Investment revaluation reserve	Statutory reserve fund	Retained profits	Total	Minority interests	Equity total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008	72,726	188,467	5,830	-	20,882	118	(1,291)	12	175,195	461,939	-	461,939
Recognition of equity component of convertible notes	-	-	-	153,784	-	-	-	-	-	153,784	-	153,784
Transfer realized on disposal of investment properties	-	-	-	-	(25,009)	-	-	-	25,009	-	-	-
Realized on disposal of available-for-sale financial assets	-	-	-	-	-	-	1,291	-	-	1,291	-	1,291
Exchange reserve	-	-	-	-	-	(7,344)	-	-	-	(7,344)	7,639	295
Deferred tax on disposal of investment properties	-	-	-	-	4,127	-	-	-	-	4,127	-	4,127
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	352,940	352,940
Loss for the period	-	-	-	-	-	-	-	-	(8,537)	(8,537)	(49,819)	(58,356)
<b>At 30 September 2008</b>	<b>72,726</b>	<b>188,467</b>	<b>5,830</b>	<b>153,784</b>	<b>-</b>	<b>(7,226)</b>	<b>-</b>	<b>12</b>	<b>191,667</b>	<b>605,260</b>	<b>310,760</b>	<b>916,020</b>

	(Unaudited)										
	Six months ended 30 September 2007										
	Share capital	Share premium account	Share surplus	Asset revaluation reserve	Exchange fluctuation reserve	Investment revaluation reserve	Statutory reserve fund	Retained profits	Proposed final dividend	Total	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2007	-	60,829	29,380	5,830	2,595	118	1,965	12	215,064	11,558	327,351
Repurchase of shares	-	(103)	(269)	-	-	-	-	-	-	-	(372)
Realized on disposal of available-for-sale financial assets	-	-	-	-	-	-	(1,551)	-	-	-	(1,551)
Surplus/(Deficit) on revaluation	-	-	-	-	21,863	-	(5,931)	-	-	-	15,932
Deferred tax charged	-	-	-	-	(3,826)	-	-	-	-	-	(3,826)
2007 final dividend paid	-	-	-	-	-	-	-	-	20	(11,558)	(11,538)
Profit for the period	-	-	-	-	-	-	-	-	37,799	-	37,799
<b>At 30 September 2007</b>	<b>-</b>	<b>60,726</b>	<b>29,111</b>	<b>5,830</b>	<b>20,632</b>	<b>118</b>	<b>(5,517)</b>	<b>12</b>	<b>252,883</b>	<b>-</b>	<b>363,795</b>

# NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for buildings, investment properties and certain financial assets, which have been measured at fair value or revalued amounts.

The accounting policies used in the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2008 and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and interpretations) issued by HKICPA, except that the Group in the current period has applied, for the first time, the following new HKFRSs which are effective for the Group’s financial year beginning on 1 April 2008.

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no significant impact on the Group’s unaudited interim condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective, in the unaudited interim condensed consolidated financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>3</sup>
HKAS 32 & HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 39 Amendments	Cash Flow Hedge Accounting of Forecast Intergroup Transaction <sup>3</sup>
HKAS 39 Amendments	The Fair Value Option <sup>3</sup>
HKFRS 2 Amendments	Share-based Payment – Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>3</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK (IFRIC) – Int 13	Customer Loyalty Programmes <sup>2</sup>
HK (IFRIC) – Int 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK (IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>4</sup> Effective for annual periods beginning on or after 1 October 2008

The Groups expects that while the adoption of the HKAS 1 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs will not have any significant impact on the Group's financial statements in the period of initial applications.

## 2. SEGMENT INFORMATION

The following tables present revenue, profit and expenditure information for the Group's business and geographical segments:

### (a) Business segments:

2008	(Unaudited)							Consolidated HK\$'000
	6 months ended 30 September 2008							
	Trading in securities HK\$'000	Investments HK\$'000	Manufacture and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Mine HK\$'000	Others HK\$'000	Elimination HK\$'000	
Segment revenue:								
Sales to external customers	-	-	2,284	61,027	-	-	-	63,311
Intersegment sales	-	-	-	2,865	-	-	(2,865)	-
Income from investments	20	413	-	-	-	-	-	433
Other revenue	-	-	34	20	277,046	696	(660)	277,136
<b>Total revenue</b>	<b>20</b>	<b>413</b>	<b>2,318</b>	<b>63,912</b>	<b>277,046</b>	<b>696</b>	<b>(3,525)</b>	<b>340,880</b>
Segment results	(46,791)	(3,086)	(1,711)	1,927	27,731	(8,150)		(30,080)
Interest income								168
Unallocated expenses								(433)
Loss from operating activities								(30,345)
Finance costs								(27,943)
Share of loss of an associate								(29)
Loss before tax								(58,317)
Tax								(39)
Loss for the period								(58,356)



2007	(Unaudited) 6 months ended 30 September 2007						Consolidated HK\$'000
	Trading in securities HK\$'000	Investments HK\$'000	Manufacture and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Others HK\$'000	Elimination HK\$'000	
Segment revenue:							
Sales to external customers	151,229	-	6,788	1,243	-	-	159,260
Intersegment sales	-	-	-	566	-	(566)	-
Income from investments	20,504	9,970	-	-	-	-	30,474
Other revenue	-	1,538	1,271	33	2,027	(1,800)	3,069
<b>Total revenue</b>	<b>171,733</b>	<b>11,508</b>	<b>8,059</b>	<b>1,842</b>	<b>2,027</b>	<b>(2,366)</b>	<b>192,803</b>
Segment results	52,471	(1,144)	(1,734)	(1,422)	459		48,630
Interest income							955
Unallocated expenses							(707)
Profit from operating activities							48,878
Finance costs							(3,284)
Share of loss of an associate							(2)
Profit before tax							45,592
Tax							(7,793)
Profit for the period							37,799

## (b) Geographical segments:

2008	(Unaudited) 6 months ended 30 September 2008				Consolidated HK\$'000
	Hong Kong and Mainland China HK\$'000	Japan HK\$'000	North America HK\$'000	Others HK\$'000	
Segment revenue:					
Sales to external customers	61,398	442	69	1,402	63,311
Segment results	(28,664)	(350)	(50)	(1,016)	(30,080)

2007	(Unaudited) 6 months ended 30 September 2007				Consolidated HK\$'000
	Hong Kong and Mainland China HK\$'000	Japan HK\$'000	North America HK\$'000	Others HK\$'000	
Segment revenue:					
Sales to external customers	153,227	973	857	4,203	159,260
Segment results	50,172	(249)	(219)	(1,074)	48,630

### 3. OTHER INCOME AND NET (LOSSES)/GAINS

	6 months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
Other income and net (losses)/gains:		
Interest income from investments in available-for-sale financial assets	414	8,260
Dividend income from available-for-sale financial assets	–	269
Dividend income from financial assets at fair value through profit or loss	20	1,736
Unrealised (loss)/gain on investments in financial assets at fair value through profit or loss	(45,321)	18,768
Net realised and unrealized gain on derivative financial instruments	–	1,441
	<b>(44,887)</b>	30,474
Others:		
Gross rental income	36	226
Bank interest income	168	955
Exchange gain	25	1,295
Others	29	1,548
Excess over the cost of a business combination recognized in income statement	277,046	–
	<b>277,304</b>	4,024
	<b>232,417</b>	34,498

### 4. FINANCE COSTS

	6 months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
Effective interest on convertible notes wholly repayable within five years	27,366	–
Interest on bank loans and overdrafts	–	3,284
Interest on trust receipt loans	577	–
	<b>27,943</b>	3,284

## 5. (LOSS)/PROFIT BEFORE TAX

This is stated after charging the following:

	6 months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
Charging		
Cost of inventories sold	58,810	10,645
Cost of equity securities sold	–	113,713
Total cost of sales	58,810	124,358
Depreciation	443	97
Operating lease rentals on lands and buildings	996	95
Staff costs (including directors' remuneration)	3,935	5,992

## 6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

The amount of tax charged to the condensed consolidated income statement represents:

	6 months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
Hong Kong profits tax	39	7,793

There was no material unprovided deferred tax for the period.

## 7. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2008 (2007: Nil).

## 8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the Group's loss attributable to equity holders of the Company of HK\$8,537,000 (2007: a profit of HK\$37,799,000). The basic earnings/(loss) per share is based on the weighted average of 3,636,340,000 (2007 (restated): 3,036,768,000) ordinary shares in issue during the period.

Diluted loss per share amount for the six months ended 30 September 2008 has not been disclosed as the convertible notes outstanding during the period had an anti-dilutive effect on the basic earnings per share amount for the period. Diluted earnings per share amount for the six months ended 30 September 2007 had not been disclosed as no diluting events existed during that period.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2008, the Group acquired furniture, fixtures, leasehold improvement and motor vehicles with cost of HK\$900,000 (six months ended 30 September 2007: HK\$136,000). Motor vehicles with net book value of HK\$ NIL were disposed of during the six months ended 30 September, 2008 (six months ended 30 September 2007: HK\$ 34,000), resulting in a loss on disposal of approximately HK\$NIL (six months ended 30 September 2007: HK\$14,000).

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>(Unaudited)</b> <b>30 September</b> <b>2008</b> <b>HK\$'000</b>	(Audited) 31 March 2008 HK\$'000
At fair value:		
Debt securities quoted outside Hong Kong	–	25,127
At Cost:		
Equity securities unlisted outside Hong Kong	<b>7,800</b>	7,800
	<b>7,800</b>	32,927

At the balance sheet date, the above unlisted equity investments are not stated at fair value but at cost less any impairment loss because they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

## 11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The Group allows an average credit period of 30 to 60 days for its trade debtors. Trade receivables are non-interest-bearing.

An aging analysis of trade receivables at the balance sheet date based on the invoice date is as follows:

	<b>(Unaudited)</b> <b>30 September 2008</b>		<b>(Audited)</b> <b>31 March 2008</b>	
	<b>HK\$'000</b>	<b>%</b>	<b>HK\$'000</b>	<b>%</b>
Current to 30 days	<b>1,914</b>	<b>94</b>	54	4
31 days to 60 days	<b>–</b>	<b>–</b>	80	5
Over 60 days	<b>117</b>	<b>6</b>	1,323	91
	<b>2,031</b>	<b>100</b>	1,457	100

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>(Unaudited)</b> <b>30 September</b> <b>2008</b>	<b>(Audited)</b> <b>31 March</b> <b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
At fair value:		
Equity securities listed in Hong Kong	<b>45,947</b>	39,446

## 13. TRADE PAYABLES

An aging analysis of trade payables at the balance sheet date was as follow:

	<b>(Unaudited)</b> <b>30 September 2008</b>		<b>(Audited)</b> <b>31 March 2008</b>	
	<b>HK\$'000</b>	<b>%</b>	<b>HK\$'000</b>	<b>%</b>
Current to 30 days	<b>1</b>	<b>1</b>	146	54
31 days to 60 days	<b>–</b>	<b>–</b>	118	43
Over 60 days	<b>98</b>	<b>99</b>	8	3
	<b>99</b>	<b>100</b>	272	100

#### 14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised		
Ordinary shares of HK\$0.2 each		
At 1 April 2008 and 30 September 2008	15,000,000,000	300,000
Issued and fully paid		
At 1 April 2008 and 30 September 2008	3,636,340,000	72,726

Except above, during the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

#### 15. BANKING FACILITIES/CONTINGENT LIABILITIES

At 30 September 2008 and 31 March 2008, the Group did not have any significant contingent liabilities. At 30 September 2008, trust receipt loans amounting to HK\$50,653,000 (At 31 March 2008: trust receipt loans of HK\$15,159,000) have been utilized by the Group.

#### 16. SUBSEQUENT EVENTS

On 24 September 2008, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed to procure the Placees for the Convertible Notes with principal amount of HK\$43,200,000 which will be placed on a fully underwritten basis. The placing of Convertible Notes was completed at 15 October 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

During the first six months, the Group's turnover was HK\$63,311,000 (2007: HK\$159,260,000), a decrease of 60% compared to the corresponding period last year. The decrease in turnover was mainly due to a significant drop in turnover in securities. The net loss attributable to equity holders of the Company was HK\$8,537,000 as compared to a net profit of HK\$37,799,000 last corresponding period, resulting in a basic loss per share of HK\$0.23 cents for the current period (2007 (restated): a basic earnings per share of HK\$1.24 cents).

### Operation Review

The major sources of revenue of the Group for the first half year were investment business and fur business.

### Investment Business

#### *Trading in Securities*

The decrease in the Group's total turnover for the first half year was mainly due to the reduction in the business trading in securities as a result of a more cautious attitude towards the securities market of the Board. During the period, the turnover of trading in securities was HK\$Nil. In addition, loss from our business of trading in securities during the period was HK\$46,791,000, compared with a profit of HK\$52,471,000 in the corresponding period last year.

#### *Investments*

The Group's investment for the first half year mainly represented disposal of the Group's bond investment. Investment resulted in a loss of HK\$3,086,000, representing an increase of 170% compared with a loss of HK\$1,144,000 in the corresponding period last year.

### Mining Business

The mining business of the Group had not started contributing revenue during the period under review. However, for the mining business, a profit of HK\$27,731,000 was recorded. The profit was mainly due to the combination of excess over the cost of the acquired business recognized in the income statement for HK\$277,046,000 and an impairment loss on exploration and evaluation assets recognized in the income statement for HK\$248,308,000.

## **Fur Business**

### *Fur Skin Trading*

The turnover of the trading of fur skins for the first half year was HK\$61,027,000, representing a satisfactory growth from HK\$1,243,000 of the corresponding period last year. A profit of HK\$1,927,000 was recorded, compared with a loss of HK\$1,422,000 in the corresponding period last year. The increase in turnover was mainly attributable to the substantial rise in the demands of our PRC customers as a result of continuous development and growth of the PRC economy.

### *Manufacture and Sales of Fur Garments*

The turnover for manufacture and sales of fur garments for the first half year was HK\$2,284,000, a decrease of 66% compared to HK\$6,788,000 in the corresponding period last year. A loss of HK\$1,711,000 was recorded, compared with a loss of HK\$1,734,000 in the corresponding period last year. The decrease in turnover and loss was mainly due to the weak demand for fur garments in most international markets during the period under review.

## **Prospects**

### *Investment Business*

Despite the uncertainties in the global economies and equity markets, the group is optimistic on the investment sector, base on the fact that numerous fiscal and monetary policies have been consensually imposed by various governments simultaneously; continuous actions for the same to strengthen the economies are expected to be imposed in the near future. All these reflected the full determination of different administrations sitting together to cope with the financial crisis. The Group will conduct its investment business in a cautious manner.

### *Mining Business*

Mineral and resources price during the past few months had dropped significantly. 2009 is expected to be a tough and challenging year, expecting recession is going to recover at the earliest mid to late 2009, and some economist predict even in 2010 or later. To overcome the recession period and await for the rebound in the metal price, the group decided to slow down its pace in investing in extracting the vanadium mine located in Shanxi Province, PRC that the group owns 80% interest this move is to protect the value of our vanadium reserve. The pace of investment in the mining will depend on the market price of the vanadium.



## *Fur Skin Business*

The world economy is now mired in the most severe financial crisis since the Great Depression. The Group will continue to take a conservative strategy in terms of financing customers at various fur auctions. We predict that the economic recession will have a negative impact on skin prices in the coming season, however the drop in prices for the European breeder should stay moderate due to the strengthened dollar. We will closely monitor for the market and will take cautious steps to capture any opportunity when the skin prices drop to an attractive level.

## *Manufacture and Sales of Fur Garments*

While the collections of the world's fashion houses are full of fur, the international financial crisis and the market sentiment have caused uncertainty in all market areas. Therefore, making predictions about the sales season starting in December is harder than usual. The consumer markets for furs lean on two primary market areas, Russia and China. However, Russia market has been greatly affected by the combination of a warm winter and the economic crisis. On the retail level, the Group has opened its own retail shop in Paris in December and the Group is focusing on developing its own brand: Lecothia. The spreading global financial crisis and economic slowdown are having lesser negative impact on Chinese economy and China's economic growth continues, the Group will be penetrating its brand into China retail markets in the near future.

## **Liquidity and Financial Resources**

The Group generally derives cash for operation from internal cash flow and facilities from Hong Kong banks. As at 30 September 2008, the Group has cash and bank balance of approximately HK\$28,837,000 (31 March 2008: HK\$92,651,000). As at 30 September 2008, the Group's bank borrowings amounting to approximately HK\$50,653,000 (31 March 2008: HK\$15,159,000). The borrowings were on short term basis to fund the Group's working capital requirement. As at 30 September 2008, the Shareholders' funds amounted to approximately HK\$916,020,000 (31 March 2008: HK\$461,939,000). Accordingly, the gearing ratio measured as bank borrowings, net of cash and bank balances, to Shareholders' fund was 2% (31 March 2008: Nil%).

## **Foreign Exchange Exposure**

The Group's trading businesses are mainly conducted in United States dollars and Renminbi, with minimal exposure to fluctuations in foreign exchanges.

## **Employees**

As at 30 September 2008, the Group employed 21 employees in Hong Kong and Macau. The Group's remuneration policies are based primarily on the prevailing market wages and the performance of individual employee. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2008, the following director of the Company had an interest set out below in the shares of the Company which was required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interest which he was deemed or taken to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which was required pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

### (a) Long positions in ordinary shares of HK\$0.02 each of the Company

Name of Director	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Lai Leong	Interest held by controlled corporation ( <i>Note</i> )	1,915,065,000	52.66%

*Note:* These shares were owned by Oriental Day International Limited, which was incorporated in the British Virgin Islands wholly owned by Mr. Lai Leong.

### (b) Long positions in underlying shares of the Company – physically settled unlisted equity derivatives

Details of the interests of directors and chief executive in share options of the Company are disclosed under the section "Share Option Scheme" in this report.

No share options were granted to, or exercised by, the directors and chief executive during the six months ended 30 September 2008. There was no outstanding option granted to the directors and chief executive at the beginning and at the six months ended 30 September 2008.

Save as disclosed above, as at 30 September 2008, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code, to be notified to the Company and the Stock Exchange; nor had there been any grant or exercise of rights of such interests during the six months ended 30 September 2008.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' interests and short positions in shares, underlying shares and debentures" above and "Share option scheme" below, at no time during the period or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares in or debentures in the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## SHARE OPTION SCHEME

The Share Option Scheme (the "Scheme") adopted on 9 October 1997 was terminated at the annual general meeting of the Company held on 30 July 2004. A new share option scheme which complied with the amended Chapter 17 of the Listing Rules was adopted at the same annual general meeting held on 30 July 2004. No share option has been granted by the Company under the new share option scheme.

## DIRECTORS' INTERESTS IN CONTRACTS

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the period.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2008, according to the register of interest required to be kept by the Company pursuant to Section 336 of the SFO, the Company has been notified that the following parties, other than the director of the Company disclosed above, had interests of 5% or more of the issued share capital of the Company:

### (1) Long position in the ordinary shares of HK\$0.02 each of the Company

Name of substantial shareholder	Capacity	Number of shares interested	Percentage of the Company's issued share capital
Oriental Day International Limited	Beneficial owner	1,915,065,000 (Note)	52.66%

*Note:* Such interest was also disclosed as the interest of Mr. Lai Leong in the above section headed "Directors interests and short positions in shares, underlying shares and debentures".

**(2) Long positions in underlying shares of the Company – physically settled unlisted equity derivatives**

<b>Name of substantial shareholder</b>	<b>Capacity</b>	<b>Number of shares interested</b>	<b>Percentage of the underlying shares over the Company's issued share capital</b>
Zou Quanbo	Beneficial owner	2,092,500,000 (Note)	57.54%
Chen Jianjun	Beneficial owner	1,674,000,000 (Note)	46.04%
Wang Hong	Beneficial owner	418,500,000 (Note)	11.50%

*Note:* These represented the shares to be issued by the Company pursuant to conversion of the convertible notes issued by the Company. Subsequent to 30 September 2008, the number of these underlying shares held by Zou Quanbo, Chen Jianjun and Wang Hong were adjusted to 2,092,500,000, 1,674,000,000 and 418,500,000 shares respectively as the conversion price of the convertible notes was reset from the initial conversion price of HK\$0.28 per share to HK\$0.20 per share.

Save as disclosed above, as at 30 September 2008, no person, other than the director of the Company whose interest has been set out in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" above, had registered an interest and a short position in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2008.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the “Code on CGP”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange as its own code on corporate governance practices. During the period, the Company complied with all the Code on CGP, except the following deviation:

- (1) Code Provision A.2.1 of the Code on CGP stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Lai Leong was appointed as an Executive Director and elected Chairman on 31 August 2007, upon his appointment as the Chairman, he also takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as the execution of long-term business strategies. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the management of the Company.

- (2) None of the Company’s existing directors has entered into any service contract with the Company for, among other matters, fixing their term of service. Accordingly, the Company has not complied with the code provision A.4.1 of the Code on CGP, which stipulates that non-executive directors should be appointed for a specific term. Although the directors do not have a specific term of appointment, the Board considers that the Company meets the objective of the code provision A.4.1 since, as set out above, all directors, including non-executive directors, of the Company are subject to retirement by rotation and reelection at the Company’s annual general meeting at least once every three years in accordance with the Company’s Bye-laws.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

## **REMUNERATION COMMITTEE**

The Remuneration Committee has been established by the Company in accordance with the requirements of the Code on CGP.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of directors and management, including the policy of granting of share options to employees under the Company's share option scheme. No director or any of his/her associates may be involved in any decisions as to his/her own remuneration.

The Remuneration Committee currently comprises three independent non-executive directors.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim consolidated financial statements for the six months ended 30 September 2008.

The primary duties of the Audit Committee include review of the effectiveness of financial reporting processes and internal control systems of the Group, review of the Group's financial information and compliance, making recommendation to the Board on the appointment and removal of external auditors and assessing their independence and performance.

The Audit Committee comprises three independent non-executive directors of the Company.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2008 (six months ended 30 September 2007: Nil). No dividend was paid during the period under review.

## **INTERIM REPORT**

This Interim Report is printed in English and Chinese and is available on the Stock Exchange's website at <http://www.hkexnews.hk> under the "Listed Company Information" and our Company's website at <http://www.hkrising.com>. Printed copies in both languages are posted to shareholders.

## BOARD OF DIRECTORS

As at the date of this report, the Board of the Company comprises three executive Directors, namely Mr. Lai Leong, Mr. Lee Yuk Lun and Mr. Kong Shan, David; three independent non-executive Directors, namely, Mr. Fok Ho Yin, Thomas, Tsui Ching Hung and Tso Hon Sai, Bosco.

ON BEHALF OF THE BOARD

**Lai Leong**

*Chairman*

Hong Kong, 30 December 2008