RISING DEVELOPMENT HOLDINGS LIMITED
麗 盛 集 團 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)
(Stock Code: 01004)

Annual Report 2009

Contents

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 1621-33, 16th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 2004-5, 20th Floor
World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

UBS AG
HSBC
Wing Hang Bank, Limited
DBS Bank (Hong Kong) 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

On behalf of the board of directors (the "Board") of Rising Development Holdings Limited (the "Company"), I present the annual report and audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009.

RESULTS OF THE GROUP

During the year under review, the Group recorded a turnover of HK$173,611,000 (2008: HK$215,806,000), representing a decrease of 20% as compared to that of last year. The decrease in turnover was mainly due to significant drop in the business of trading in securities. The net loss attributable to equity holders of the Company for the current year amounted to HK$66,679,000 as compared to a net loss of HK$39,869,000 last year, resulting in a basic loss per share this year of HK$1.83 cents (2008: basic loss per share of HK$1.24 cents). The loss were mainly due to the net loss in investments of HK$62,648,000 and the interest expenses on convertible notes of HK$143,139,000. The interest expenses on convertible notes was mainly accounted by the interest charged on the old convertible note of HK$837,000,000 which was replaced by the issuance of new convertible note of HK$744,930,000. These old and new convertible notes were part of the consideration for acquisition of the vanadium mine.

INVESTMENT BUSINESS

Trading in securities

The decrease in the Group's total turnover for the year was mainly due to the reduction in the business of trading in securities as a result of a more cautious attitude towards the volatile securities market of the Board. During this year, turnover from trading in securities was HK$19,200,000, representing a decrease of 91% compared with the corresponding period last year of HK$203,784,000. Loss resulted from our business of trading in securities during the year was HK$53,961,000, representing an increase of 45% compared with the corresponding period last year of loss HK$37,192,000.

FUR BUSINESS

Trading of fur skins

During this year turnover of fur skin trading was HK$146,595,000, representing an 11,684% increase compared with the corresponding period last year of HK$1,244,000, while its loss is recorded at HK$881,000, a 54% decrease compared with the corresponding period last year of HK$1,917,000. The significant increase in turnover in the current year in the trading of fur skin was due to the good performance of our re-established marketing team and the good market sentiment during the first half financial year. Slim profit margin was the result of the cost of re-establishing of our marketing team and slim profit strategy to re-build customer base.

Manufacture and sales of fur garment

The turnover of fur garment manufacturing and sales throughout the year was HK$7,816,000, representing a decrease of 27% compared with the corresponding period last year of HK$10,778,000. During the year, the loss from manufacture and sales of fur garment was HK$9,432,000 while the loss of the corresponding period last year was HK$3,184,000. The decrease in turnover was due to slow garment sale in the retail market as a result of the financial turmoil which happened towards the end of 2008.

2009 is expected to be another challenging year with a lot of uncertainties ahead. However, the management believes that the persistent economic growth in China would eventually benefit the Group.

MINE BUSINESS

During the year under review, the mining business of the Group has not yet contributed any operational turnover.

FINAL DIVIDEND

As a prudent measure to overcome the more and more unpredictable difficulties and challenges in the coming year, the Board does not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: final dividend Nil per share).

ACKNOWLEDGEMENT

The management will devote their effort to turn the Group back to operating profit as its main task. I would like to express my sincere gratitude to thank all of our shareholders, investors, bankers, business associates and customers for the continue support to the group and to all our directors, senior management and staff for their hard work and contributions.

Lai Leong
Chairman

Hong Kong, 6 July 2009

EXECUTIVE DIRECTORS

Mr. Lai Leong, aged 44, is an executive director, the Chairman and the Chief Executive Officer of the Company. He is also a director of various subsidiaries of the Company. Besides, he is a director of Oriental Day International Limited, the controlling shareholder of the Company. Mr. Lai joined the Group on 31 August 2007. He is responsible for strategic planning of the Group. Since 1991, Mr. Lai has worked for several property and trading companies in Mainland China and has over 20 years of experience in property investment, development and management and in corporate management for companies in Hong Kong and in Mainland China. Mr. Lai received an MBA degree from the Maastricht School of Management in the Netherlands in 2005. Currently, Mr. Lai is also the vice-chairman and a non-executive director of Neo-China Land Group (Holdings) Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 563). On 10 June 2009, Mr. Lai resigned as an executive director of China Power New Energy Development Company Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 735).

Mr. Lee Yuk Lun, aged 45, is an executive director and the Deputy Chairman of the Company. He joined the Group on 31 August 2007. Mr. Lee has been engaged in the finance industry for about 15 years and, in particular, in the area of mergers and acquisitions. He also possesses more than 10 years of experience in project investments in Mainland China. Mr. Lee is a member of the Chinese People's Political Consultative Conference (CPPCC) Beijing Committee (中國人民政治協商會議北京市委員會政協委員), a member of the Committee of Shunyi District, CPPCC Beijing Committee (中國人民政治協商會議北京市順義區委員會委員) and the director of Beijing Chinese Overseas Friendship Association (北京海外聯誼會理事) and Director 2009/2010 Tung Wah Group of Hospitals (東華三院). Mr. Lee is also the chairman of Pico Zeman Asset Management Limited and Volk Favor Food Company Limited. On 17 December 2008, Mr. Lee resigned as a non-executive director of China Yunnan Tin Minerals Group Company Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 263).

Mr. Kong Shan, David, aged 55, is an executive director of the Company. He joined the Group on 31 August 2007 and is responsible for the business development of the Group. Mr. Kong graduated from Shenzhen University in Mainland China with a diploma in Business Administration. He has more than 20 years of experience in property development and investment and corporate management in Mainland China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fok Ho Yin, Thomas, aged 38, is an independent non-executive director and the chairman of both the Audit Committee and Remuneration Committee of the Company. He joined the Group on 31 August 2007. Mr. Fok had worked in the Listing Division of the Hong Kong Stock Exchange and has over 13 years of experience in the field of corporate finance and, in particular, in equity financing and financial restructuring. Mr. Fok is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. He is also a Chartered Financial Analyst. Mr. Fok is currently also an executive director and Chief Financial Officer of Jian ePayment Systems Limited (a company listed on the growth enterprise market of the Hong Kong Stock Exchange, stock code: 8165).

Mr. Tso Hon Sai, Bosco, aged 44, is an independent non-executive director and a member of both the Audit Committee and Remuneration Committee of the Company. He joined the Group on 31 August 2007. Mr. Tso is currently a consultant of Messrs Tso Au Yim & Yeung, Solicitors and he has been a Hong Kong practicing solicitor since 1990. He received his bachelor of laws degree from King's College, London. Mr. Tso is currently also an executive director of Sanyuan Group Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 140) and is an independent non-executive director of Fortuna International Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 530) and an independent non-executive director of Neolink Cyber Technology (Holding) Limited (a company listed on the growth enterprise market of the Hong Kong Stock Exchange, stock code: 8116).

Directors and Senior Management Biographies

Mr. Tsui Ching Hung, aged 55, is an independent non-executive director and a member of both the Audit Committee and Remuneration Committee of the Company. He joined the Group on 31 August 2007. Mr. Tsui holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from University of Aston and University of Warwick in the United Kingdom respectively. He has over 11 years of experience in senior management positions of several multinational corporations in Hong Kong. Mr. Tsui is currently an executive director of China Sci-Tech Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 985) and executive director of G-Resources Group Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 1051).

SENIOR MANAGEMENT

Mr. Chiang Chi Kin, Stephen, aged 39, joined the Company as the Deputy General Manager and Company Secretary in September 2007. He is also a director of a majority of the subsidiaries of the Company. Mr. Chiang graduated from the University of Wolverhampton with a bachelor's degree in laws, and qualified as a solicitor of the High Court of Hong Kong in 1998. He has over 11 years of experience in corporate and commercial law, and is responsible primarily for the legal and company secretarial matters of the Group. Mr. Chiang has been the company secretary of China Power New Energy Development Company Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 735) since 1 September 2005.

Ms. Ren Yi, Connie, aged 38, joined the Company in the year of September 2007. She was appointed as a director of Rising Development Limited, a subsidiary of the Company in January 2008. Ms. Ren graduated from the Aviation University of Beijing with a degree in English Culture, Communication and Hotel Management. She has over 6 years of experience in a few major investment banks, serving in various marketing and customer-serving positions. Ms. Ren is responsible for strategic development and implementation of the sales and marketing plan of the Company's fur skin business.

Ms. Leung Fung Sin, aged 41, joined the Company in March 2009. She was appointed as the Sales Manager in March 2009 and was appointed as the Deputy General Manager and Sales General Manager of Rising Development Limited, a subsidiary of the Company in June 2009. Ms. Leung is responsible for the sales of fur garment and implementation of marketing plans of the Company. Ms. Leung studied Psychology in the Hong Kong Open University. She has over 10 years of experience in garment sales, purchasing and financial management covering Europe and South East Asia regions.

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover by Business Segments

Ratio analysis by business segments for the Group's turnover for the year ended 31 March 2009 is as follows:

- Trading in securities: approximately HK$19,200,000, 11% of turnover (2008: HK$203,784,000, 94%)
- Fur skin trading: approximately HK$146,595,000, 84% of turnover (2008: HK$1,244,000, 1%)
- Manufacture and sale of fur garments: approximately HK$7,816,000, 5% of turnover (2008: HK$10,778,000, 5%)

Turnover by Geographical Region

Ratio analysis by geographical region for the Group's turnover for the year ended 31 March 2009 is as follows:

- Hong Kong and Mainland China: approximately HK$170,307,000, 98.1% of turnover (2008: HK$209,555,000, 97.1%)
- Japan: approximately HK$647,000, 0.37% of turnover (2008: HK$1,043,000, 0.5%)
- North America: approximately HK$152,000, 0.09% of turnover (2008: HK$931,000, 0.4%)
- Other regions: approximately HK$2,505,000, 1.44% of turnover (2008: HK$4,277,000, 2%)

PROSPECT

Investment Business

For the coming year, the Group will keep caution in its investment activities as the market atmosphere presently is still fluctuated. This is a challenge and also a chance for the group to gain profit in the investment business sector. The Group will try our effort to capture this opportunity and at the same time exercise care to build up its portfolio in securities investment activities.

Fur Business

Trading of fur skins

Before the recent slowdown, economic growth in Russia and China was creating wealthy consumers who could splurge on luxury goods. As the credit crisis ripples around the globe, one of the biggest fur markets Russia have placed stiff controls on the outflow of hard currency, thus severely limiting what trade buyers at auctions can spend. In addition, the Russian fur business, which grew rapidly as oil wealth rose, is being hit hard by tight credit. Pelt prices are down about 30% from a year ago. The Group will contract fur skin trading business to avoid any negative impact on the Group's overall performance. Over the past decade, mink production has been shifting to China, and the Group will take the prudent step to further cooperate with China manufactures for the fur skin trading business.

Manufacture and sales of fur garment

The China Market is the most important fur market in the world. The Group will continue to explore the mainland market along with its strategic partners. A more widen strategy of expanding both wholesale and retail markets in China, and step by step to develop our marketing channel in China for selling of our own brand is one of our the task of the coming year.

The Group has acquired a retail outlet in Paris in October 2008 for the selling of our own brand of fur garment. Although the market sentiment deteriorate towards the end of 2008 due to the financial turmoil, the management views this as a step to move ahead to develop retail business and as part of our strategy to develop our own sale channel for our own brand worldwide.

Vanadium Mine Business

Though minerals and resources price during last year has dropped significantly, 2010 is still expected to be a tough year for the Group's mining business, endorsed by the recent amended figure of global economic growth increase from -1.75% to -2.9% that put forward by The World Bank in June 2009. This year the Group keeps on slowing down our investment in our vanadium mine to protect our mine reserve and the pace of investment in the mining business will still depend on the market price of the vanadium which has recently dropped to approximately RMB180,000.00 per ton.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow and facilities from banks in Hong Kong and PRC. As at 31 March 2009, the Group had time deposits, cash and bank balances of approximately HK$27,709,000 (2008: HK$92,651,000). As at 31 March 2009, the Group's interest bearing bank and other borrowings (including convertibles notes) amounted to approximately HK$756,278,000 (2008: HK$15,159,000). Shareholders' funds amounted to approximately HK$717,433,000 (2008: HK$461,939,000). Accordingly, the gearing ratio (as calculated in note 40 to the financial statements) was 1.02 (2008: nil).

CAPITAL STRUCTURE

On 11 April 2008, the Company issued convertible notes with a nominal value of HK$837,000,000 (the "April Convertible Notes") to three independent vendors as part of consideration for acquiring 80% interest in 陝西久權礦業有限公司 (Shanxi Jiuquan Mining Company Limited). The April Convertible Notes bear interest at 1% per annum with a maturity date on 10 April 2011. The holders of the April Convertible Notes (the "CN holders") have the right to convert on or after 11 April 2008 up to and including 10 April 2011, into ordinary share of the Company at an initial conversion price of HK$0.28 per share, subject or adjustment for general dilutive events.

Subsequent to the balance sheet date, the Company entered into deeds of settlement with the holders of the April Convertible Notes that the Company would issue to the CN holders the new convertible notes in the aggregate principal amount of HK$744,930,000 with a term of 3 years. The notes bear no interest.

On 24 September 2008, the Company entered into the placing agreement (the "Placing Agreement") with the placing agent (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 (the "October Convertible Notes"). The October Convertible Notes bear no interest with maturity date on 14 October 2011. The holders of the October Convertible Notes have the right to convert on or after 15 October 2008 up to and including 7 October 2011, into ordinary share of the Company at an initial conversion price of HK$0.06 per share.

As at 31 March 2009, the Company has 3,636,340,000 shares of HK$0.02 each in issue. On 3 April 2009, pursuant to a special resolution passed by the shareholders of the Company, the Company effected a capital reorganisation (the "Capital Reorganisation"), which included:

a. share consolidation of every twenty-five issued shares of HK$0.02 each into one consolidated share of HK$0.50 each;

b. capital reduction of the par value of each issued consolidated share from HK$0.50 to HK$0.01 by cancellation of HK$0.49 of the paid-up capital on each consolidated share;

c. share sub-divided of each of the authorized but unissued shares of HK$0.02 each into two reorganised share of HK$0.01 each; and

d. the credit arising in the accounts of the Company from the capital reduction will be credited to the contributed surplus account of the Company.

An aggregate amount of HK$71,272,264 will arise as a result of the Capital Reorganisation which will be credited to the contributed surplus account of the Company.

Resulting from the Capital Reorganisation, the initial conversion price of the October Convertible Notes HK$0.06 was adjusted according to the terms of the October Convertible Notes. Assuming that the October Convertible Notes is fully converted at the prevailing conversion price of HK$1.50, the number of new shares of HK$0.01 each to be allotted and issued is 28,800,000.

CHARGES ON ASSETS

At 31 March 2009, the Group's banking facilities were supported by a corporate guarantee given by the Company. At 31 March 2008, the Group's banking facilities were secured by a corporate guarantee given by the Company and certain listed equity and quoted debt securities and leasehold land and buildings of the Group.

At 31 March 2009, the Group did not obtain any trust receipt loans.

Details of Charge on assets of the Company and the Group during the year are set out in note 29 to the financial Statements.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

On 21 December 2007, the Company and a wholly owned subsidiary of the Company, Perfect Fair Limited, entered into an agreement with independent third parties (the "Vendors") to acquire the entire issued share capital of Oriental Harvest Development Limited, which indirectly owns 80% interest in 陝西久權礦業有限公司 (Shanxi Jiuquan Mining Company Limited) in PRC, which in turn is the beneficial and registered owner of 100% interest in the mining, exploration and exploitation rights over vanadium mine located in Xunyangba County, Ningshan Town, Shanxi Province, PRC at a consideration of HK$1,137 million which was settled by cash of HK$300 million and the Company's issue of HK$837 million convertible notes. This acquisition was completed on 11 April 2008.

The management believed that the acquisition enables the Group to diversify into the promising mineral sector and will benefit the Group in the future.

Subsequent to the balance sheet date, the Company entered into deeds of settlement with the holders of the convertible notes that the Company issues to the CN holders the new convertible notes in the aggregate principal amount of HK$744,930,000. The total consideration in calculating the goodwill was adjusted to reflect the ultimate settlement of the acquisition.

Details of significant investment and material acquisitions of the Group held as at 31 March 2009 are set out in notes 23 and 42 and 43 to the financial statements.

FOREIGN EXCHANGE EXPOSURE

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

EMPLOYEES

As at 31 March 2009, the Group employed around 24 employees in Hong Kong, Macau and Mainland China. The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. 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.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 March 2009.

The board of directors (the "Board") of the Company hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2009.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence. The Board sets appropriate policies and implements corporate governance practices which are considered appropriate to the conduct and growth of the Group's business.

The Company's corporate governance practices are primarily based on the principles and code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Throughout the period under review, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.2.1, A.4.1 and E.1.2. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders and investors.

Key corporate governance principles and practices of the Company as well as details of the foregoing deviations of code provisions are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

The overall management and control of the Group's business are vested in the Board. The Board is responsible for establishing policies, strategies and plans, providing leadership in creating value and overseeing the Group's financial performance on behalf of shareholders of the Company. All the directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

The Board reserves for its decision all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The day-to-day management, administration and operations of the Group are delegated to the executive directors and senior management of the Company. The Board has delegated a schedule of responsibilities to these officers for the implementation of Board decisions. The Board periodically reviews the delegated functions and work tasks. Prior to entering into any significant transactions, the aforesaid officers have to obtain Board approval.

A2. Board Composition

The Board comprises the following directors:

Executive directors:

Mr. Lai Leong	*(Chairman of the Board and Chief Executive Officer)*
Mr. Lee Yuk Lun	*(Deputy Chairman)*
Mr. Kong Shan, David	

Independent non-executive directors:

Mr. Fok Ho Yin, Thomas	*(Chairman of both the Audit Committee and the Remuneration Committee)*
Mr. Tso Hon Sai, Bosco	*(Member of both the Audit Committee and the Remuneration Committee)*
Mr. Tsui Ching Hung	*(Member of both the Audit Committee and the Remuneration Committee)*

The Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the Listing Rules.

The list of directors (by category) is set out under the section headed "Corporate Information" in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. The independent non-executive directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and serving on Board committees, the independent non-executive directors have made various contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The biographical details of the directors of the Company are set out under "Directors and Senior Management Biographies" in this annual report. None of the members of the Board is related to one another.

The Company has received written annual confirmation from all of its independent non-executive directors in respect of their independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

A3. Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of the Chairman of the Board and Chief Executive Officer should be separate and should not be performed by the same individual.

Though this led to the Company's non-compliance of the code provision A.2.1 of the CG Code, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Lai provides the Group with a strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. As such, the structure is beneficial to the Group and the shareholders as a whole.

The Board shall review its structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

A4. Appointment, Re-election of Directors

The code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Currently, the non-executive director and the independent non-executive directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Company's bye-laws (the "Bye-laws"). Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

Pursuant to the foregoing retirement provision in the Bye-laws, Mr. Fok Ho Yin, Thomas and Mr. Tsui Ching Hung shall retire by rotation at the forthcoming 2009 annual general meeting and, being eligible, they will offer themselves for re-election. The Board recommended the re-election of these two retiring directors. The Company's circular, sent together with this annual report, contains detailed information of the above two directors.

The Company has not set up a nomination committee and the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the succession planning of directors and assessing the independence of independent non-executive directors.

Besides, there are also procedures and process of appointment, re-election and removal of directors of the Company are laid down in the Company's Bye-laws. In accordance with the Bye-laws, all directors are subject to retirement by rotation at least once every three years at the Company's annual general meeting. Besides, any new director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the next following general meeting and any new director appointed by the Board as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting.

During the year ended 31 March 2009, the Board, through its meetings held on 18 July 2008 (with the presence of all directors), performed the following work regarding matters relating to nomination of directors:

(i) review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; recommendation of the re-election of the retiring directors standing for re-election at the 2008 annual general meeting of the Company; and assessment of the independence of all the Company's independent non-executive directors.

A5. Induction and Continuing Development for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors will be arranged whenever necessary.

A6. Board Meeting

A6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given of a regular Board meeting. For other Board and committee meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting to keep the directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chief Executive Officer, Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to directors for comments within a reasonable time after each meeting and the final version is open for directors' inspection.

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

A6.2 Directors' Attendance Records

During the year ended 31 March 2009, the Board has met regularly with a total of seven Board meetings for reviewing and considering the financial and operating performance, business development and prospects of the Group.

The attendance records of each director at these seven Board meetings are set out below:

Name of Director	Attendance/Number of Board Meetings
Executive directors	
Mr. Lai Leong	7/7
Mr. Lee Yuk Lun	6/7
Mr. Kong Shan, David	5/7
Independent non-executive directors	
Mr. Fok Ho Yin, Thomas	5/7
Mr. Tso Hon Sai, Bosco	5/7
Mr. Tsui Ching Hung	5/7

A6.3 Model Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") contained in Appendix 10 to the Listing Rules as its code of conduct regarding directors' dealing in the Company's securities. Specific enquiry has been made of all the Company's directors who have confirmed that they have complied with the required standard set out in the Model Code in respect of the year ended 31 March 2009.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

B. BOARD COMMITTEE

The Board has established two Board committees, namely, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the affairs of the Group. All Board committees have been established with defined written terms of reference, which are posted on the Company's website "www.hkrising.com" and are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in section A6.1 above.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. The duties and work done by the foregoing two Board committees for the year ended 31 March 2009 are detailed below.

B1. Remuneration Committee

The Remuneration Committee comprises the three independent non-executive directors, namely Mr. Fok Ho Yin, Thomas, Mr. Tso Hon Sai, Bosco and Mr. Tsui Ching Hung. The chairman of the Remuneration Committee is Mr. Fok Ho Yin, Thomas.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of directors and members of senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year ended 31 March 2009, the Remuneration Committee has met once with all the committee members present at the meeting. The members in that meeting have reviewed the current remuneration packages of the directors and senior management of the Group.

Details of the remuneration of each director of the Company for the year ended 31 March 2009 are set out in note 14 to the financial statements contained in this annual report.

B2. Audit Committee

The Audit Committee comprises a total of three members, being the three independent non-executive directors, namely Mr. Fok Ho Yin, Thomas, Mr. Tso Hon Sai, Bosco and Mr. Tsui Ching Hung, with Mr. Fok Ho Yin, Thomas possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. The chairman of the Audit Committee is Mr. Fok Ho Yin, Thomas. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year ended 31 March 2009, the Audit Committee has met twice with all the committee members present at the meeting and performed the following major works:

– Review and discussion of the annual financial statements, results announcement and annual report for the year ended 31 March 2008, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 September 2008, the related accounting principles and practices adopted by the Group and the relevant audit findings; and

– Review of the scope of audit work, auditor's fee and terms of engagement and recommendation of re-appointment of auditor for the year ended 31 March 2009.

The attendance records of each director at these twice Board meetings are set out below:

Name of Audit Committee Member	Attendance/Number of Board Meetings
Mr. Fok Ho Yin, Thomas *(Chairman)*	2/2
Mr. Tso Hon Sai, Bosco	2/2
Mr. Tsui Ching Hung	2/2

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2009.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system of the Group to safeguard the interests of the Company's shareholders and assets and, with the support of the Audit Committee, for reviewing the effectiveness of such system on an annual basis.

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 March 2009. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

E. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities on the Company's financial statements for the year ended 31 March 2009 is set out in the section headed "Independent Auditor's Report" in this annual report.

A summary of audit and non-audit services provided by the external auditor for the year ended 31 March 2009 and their corresponding remuneration is as follows:

Nature of services	Amount *HK$'000*
Audit services	380
Non-audit services	120

F. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decision.

As a channel to promote effective communication, the Group maintains a website at "www.hkrising.com" where information on the Company's announcements, financial information and other information are posted. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries. Inquiries are dealt with in an informative and timely manner.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns they may have to the Board or the management directly. The Chairman of the Board as well as the chairmen and/or other members of the Audit Committee and the Remuneration Committee are normally present at annual general meeting and other shareholders' meetings of the Company to answer questions raised. During the year ended 31 March 2009, the Company held one shareholders' meeting, which is the annual general meeting held on 29 August 2008.

Code provision E1.2 of the CG Code stipulates that the Chairman should attend the annual general meeting. Mr. Lai Leong, the Chairman of the Board, was unable to attend the Company's 2008 annual general meeting as he had another important business engagement. Despite his absence, he had arranged for Mr. Lee Yuk Lun, an executive director and the Deputy Chairman of the Company, to take the chair of the meeting and answer shareholders' question. Mr. Lai also arranged for the Chairman of the Audit Committee and the Remuneration Committee to be available to answer questions at the said annual general meeting.

G. SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, various rights of shareholders, including the right for proposing resolutions, are contained in the Bye-laws.

Upon implementation of the amendments to the Listing Rules with effect from 1 January 2009, all resolutions proposed at shareholder meetings of listed issuers shall be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.hkrising.com) after each shareholders' meeting.

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holdings. The Group is principally engaged in investment holding and trading in securities, the manufacture and sale of fur garments, the trading of fur skins and business of mining natural resources. Details of the principal activities of subsidiaries are set out in note 20 to the financial statements.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to profit/(loss) from operating activities by principal activity and geographical area of operations for the year ended 31 March 2009 is set out in note 7 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 26 to 87.

The directors do not recommend the payment of any dividend in respect of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2009.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Company and the Group are set out in notes 17 and 18 to the financial statements, respectively.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 34 to the financial statements.

The Company's issued and fully paid share capital as at 31 March 2009 amounted to HK$72,726,800 divided into 3,636,340,000 ordinary shares of HK$0.02 each.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 35 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2009, the Company's reserves available for cash distribution and/or distribution in specie amounted to approximately HK$207,017,000 as computed in accordance with the Companies Act of Bermuda. In addition, under the laws of Bermuda, the Company's share premium account, with a balance of approximately HK$188,467,000 as at 31 March 2009, may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 54.56% of the total sales of fur skins and fur garments for the year and sales to the largest customer included therein amounted to 22.62%.

Purchases from the Group's five largest suppliers accounted for 91.07% of the total purchases of fur skins and fur garments for the year and purchases from the largest supplier included therein amounted to 53.73%.

None of the directors of the Company, any of their associates or any shareholders (which, to the best knowledge of the directors own more than 5% of the Company's issued share capital), had any beneficial interests in the Group's five largest customers or five largest suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

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

In accordance with clauses 111 of the Company's bye-laws, Mr. Fok Ho Yin, Thomas and Mr. Tsui Ching Hung will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The terms of office of independent non-executive directors are subject to reappointment or retirement by rotation in accordance with the bye-laws of the Company. All of the directors, without limitation to independent non-executive directors, are subject to retirement by rotation and re-election at annual general meetings, in accordance with the Company's bye-laws.

DIRECTORS' SERVICE CONTRACTS

As at 31 March 2009, none of the directors had any existing or proposed service contracts with the Company.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY FOR DIRECTORS

The emoluments payable to directors of the Company are determined in accordance with their duties and responsibilities within the Company and the Company's performance, by a remuneration committee of the board of directors according to its terms of reference.

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 year.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 34 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and in the share option scheme disclosures in note 34 to the financial statements, at no time during the year 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 of 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2009, 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 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 *(Note)*	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. Please refer to the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" for further details.

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

Details of the Company's share option scheme are set out in note 34 to the financial statements.

No share options were granted to, or exercised by, the directors and chief executive during the year. There was no outstanding option granted to the directors and chief executive at the beginning and at the end of the year.

Save as disclosed above, as at 31 March 2009, 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 year ended 31 March 2009.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2009, according to the register of interest in shares and short positions required to be kept by the Company under Section 336 of the SFO, the Company has been notified that the following shareholders were interest in 5% or more of the share capital of the Company:

(a) Long position in the ordinary share of HK$0.02 each of the Company

Name of substantial shareholder	Capacity	Number of ordinary 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' And Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures". Pursuant to the Capital Reorganisation (as defined in the Company's circular dated 11 March 2009) which became effective on 6 April 2009, the number of Shares held by Oriental Day International Limited became 76,602,600 on such effective date.

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

Name of substantial shareholder	Capacity	Number of underlying shares interested	Percentage of the underlying shares over Company's issued share capital
Zou Quanbo	Beneficial owner	2,157,216,494 *(Note)*	59.32%
Chen Jianjun	Beneficial owner	1,725,773,195 *(Note)*	47.46%
Wang Hong	Beneficial owner	431,443,298 *(Note)*	11.86%

Note: These represented the shares to be issued by the Company pursuant to conversion of the convertible notes issued by the Company. The number of these underlying shares held by Zou Quanbo, Chen Jianjun and Wang Hong were adjusted to 2,157,216,494, 1,725,773,195 and 431,443,298 shares respectively at 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 on 6 May 2008 and a further adjustment to HK$0.194 on 22 October 2008. Pursuant to the Capital Reorganisation (as defined in the Company's circular dated 11 March 2009) which became effective on 6 April 2009, the number of underlying Shares in which each of Zou Quanbo, Chen Jianjun and Wang Hong became 86,288,659, 69,030,927 and 17,257,731 respectively.

Save as disclosed above, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had registered an interest and short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Group had no connected transactions as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

AUDIT COMMITTEE

The Audit Committee, comprising the three independent non-executive directors of the Company, 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 Company's audited financial statements for the year ended 31 March 2009.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares required under the Listing Rules.

AUDITORS

Messrs. Li, Tang, Chen & Co. will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ANNUAL REPORT

This Annual Report is printed in English and Chinese and is available on 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.

ANNUAL GENERAL MEETING

The 2009 annual general meeting of the Company will be held on Thursday, 13 August 2009. Details of the annual general meeting are set out in the notice of annual general meeting which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of the annual general meeting and the proxy form are also available on Stock Exchange's website and the Company's website.

On behalf of the Board

Lai Leong
Chairman

Hong Kong, 6 July 2009

李湯陳會計師事務所
LI, TANG, CHEN & CO.
Certified Public Accountants (Practising)

TO THE SHAREHOLDERS OF RISING DEVELOPMENT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Rising Development Holdings Limited set out on pages 26 to 87, which comprise the consolidated and Company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)

10/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

6 July 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
TURNOVER	8	**173,611**	215,806
Cost of sales		**(164,064)**	(156,878)
Gross profit		**9,547**	58,928
Other income and net gains/(losses)	8		
– Net loss from investments		**(62,648)**	(100,564)
– Others		**167,618**	7,108
Fair value gains on investment properties	18	**–**	11,520
Loss on disposal of investment properties		**(6,250)**	–
Impairment loss on goodwill		**(1,300)**	–
Selling and distribution expenses		**(4,786)**	(3,135)
Operating and administrative expenses		**(18,984)**	(18,139)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		**83,197**	(44,282)
Finance costs	9	**(144,129)**	(4,212)
Share of loss of an associate		**–**	(2)
LOSS BEFORE TAX	10	**(60,932)**	(48,496)
Tax	11	**(6,112)**	8,627
LOSS FOR THE YEAR		**(67,044)**	(39,869)
Attributable to:			
Equity holders of the Company	12	**(66,679)**	(39,869)
Minority interests		**(365)**	–
		(67,044)	(39,869)
DIVIDENDS	13	**–**	–
LOSS PER SHARE	16		
Basic		**HK(1.83) cents**	HK(1.24) cents
Diluted		**HK(1.83) cents**	HK(1.24) cents

Consolidated Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**3,478**	2,612
Investment properties	18	**–**	60,250
Prepaid land lease payments	19	**–**	–
Interest in an associate	21	**–**	18
Available-for-sale financial assets	22	**7,800**	32,927
Exploration and evaluation assets	23	**1,799,008**	–
Goodwill	24	**3,891**	–
Deferred tax assets	33	**–**	9,251
		1,814,177	105,058
CURRENT ASSETS			
Inventories	25	**29,934**	17,862
Prepaid land lease payments	19	**–**	–
Deposit paid for acquisition of a subsidiary		**–**	227,400
Prepayments, deposits, temporary payments and other receivables		**5,386**	2,695
Trade receivables	26	**3**	1,457
Financial assets at fair value through profit or loss	27	**49,959**	39,446
Tax recoverable	11	**2,832**	3,519
Time deposits, cash and bank balances	28	**27,709**	92,651
		115,823	385,030
CURRENT LIABILITIES			
Trust receipt loans	29	**–**	15,159
Trade payables	30	**62**	272
Customers' deposits		**2,161**	2,938
Other payables and accruals	31	**5,743**	2,513
Tax payable		**590**	–
		8,556	20,882
NET CURRENT ASSETS		**107,267**	364,148
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,921,444**	469,206
NON-CURRENT LIABILITIES			
Convertible notes	32	**756,278**	–
Deferred tax liabilities	33	**447,733**	7,267
		1,204,011	7,267
NET ASSETS		**717,433**	461,939
CAPITAL AND RESERVES			
Share capital	34	**72,726**	72,726
Reserves	35	**374,754**	389,213
Equity attributable to equity holders of the Company		**447,480**	461,939
Minority interests		**269,953**	–
TOTAL EQUITY		**717,433**	461,939

Mr. Lai Leong
Director

Mr. Lee Yuk Lun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Share capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Asset revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Investment revaluation reserve HK$'000	Statutory reserve fund HK$'000	Retained profits HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2008	72,726	188,467	5,830	–	20,882	118	(1,291)	12	175,195	–	461,939
Recognition of equity component of convertible notes	–	–	–	25,807	–	–	–	–	–	–	25,807
Realised on disposal of available-for-sale financial assets	–	–	–	–	–	–	1,291	–	–	–	1,291
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	265,117	265,117
Revaluation surplus written back upon disposal of properties	–	–	–	–	(25,010)	–	–	–	25,010	–	–
Deferred tax on revaluation of properties written back on disposal - *note 33*	–	–	–	–	4,128	–	–	–	–	–	4,128
Exchange adjustment	–	–	–	–	–	20,994	–	–	–	5,201	26,195
Loss for the year	–	–	–	–	–	–	–	–	(66,679)	(365)	(67,044)
At 31 March 2009	72,726	188,467	5,830	25,807	–	21,112	–	12	133,526	269,953	717,433

	Share capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Asset revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Investment revaluation reserve HK$'000	Statutory reserve fund HK$'000	Retained profits HK$'000	Proposed dividend HK$'000	Total HK$'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)
Issuance of shares for placing – *note 34(b)*	12,000	159,356	–	–	–	–	–	–	–	171,356
Realised on disposal of available-for-sale financial assets	–	–	–	–	–	(1,092)	–	–	–	(1,092)
Deficit on revaluation	–	–	–	–	–	(2,164)	–	–	–	(2,164)
Revaluation surplus – on transfer from property, plant and equipment and leasehold land to investment properties – *note 18*	–	–	–	21,863	–	–	–	–	–	21,863
Deferred tax on revaluation surplus – *note 33*	–	–	–	(3,576)	–	–	–	–	–	(3,576)
Final dividend paid	–	–	–	–	–	–	–	–	(11,558)	(11,558)
Loss for the year	–	–	–	–	–	–	–	(39,869)	–	(39,869)
At 31 March 2008	72,726	188,467	5,830	20,882	118	(1,291)	12	175,195	–	461,939

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(60,932)**	(48,496)
Adjustments for:		
Share of loss of an associate	**–**	2
Interest expenses	**144,129**	4,212
Dividend income from available-for-sale financial assets	**–**	(269)
Dividend income from financial assets at fair value through profit or loss	**(50)**	(2,004)
Interest income from investments in available-for-sale financial assets	**(414)**	(10,941)
Bank interest income	**(129)**	(822)
Other interest income	**(87)**	(1,361)
Fair value gains on investment properties	**–**	(11,520)
Depreciation	**815**	783
Recognition of prepaid land lease payments	**–**	7
Discount on acquisition of interests in subsidiaries	**(17,823)**	–
Impairment loss on goodwill	**1,300**	–
Gain on disposal of property, plant and equipment	**(46)**	(213)
Loss/(gain) on disposal of investment properties	**6,250**	(2,079)
Net realised loss on disposal of available-for-sale financial assets	**2,004**	17,071
Unrealised loss on investments in financial assets at fair value through profit or loss	**61,109**	98,148
Net realised and unrealised gain on derivative financial instruments	**–**	(1,441)
Change in fair values of derivative components embedded in convertible notes	**(149,184)**	–
Foreign exchange loss	**207**	–
Operating (loss)/profit before working capital changes	**(12,851)**	41,077
Increase in inventories	**(11,942)**	(7,601)
Decrease/(increase) in deposit paid for acquisition of a subsidiary	**227,400**	(227,400)
(Increase)/decrease in prepayments, deposits, temporary payments and other receivables	**(2,485)**	3,488
Decrease/(Increase) in trade receivables	**1,455**	(828)
Increase in financial assets at fair value through profit or loss	**(71,622)**	(30,056)
(Decrease)/increase in trust receipt loans	**(15,159)**	15,159
(Decrease)/increase in trade payables	**(210)**	138
(Decrease)/increase in customers' deposits	**(777)**	60
Increase in other payables and accruals	**2,654**	222
Cash from/(used in) operations	**116,463**	(205,741)
Interest paid	**(990)**	(4,212)
Hong Kong profits tax refunded/(paid)	**1,277**	(3,897)
Net cash from/(used in) operating activities	**116,750**	(213,850)

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES			
Dividend income from available-for-sale financial assets		–	269
Dividend income from financial assets at fair value through profit or loss		**50**	2,004
Interest income from investments in available-for-sale financial assets		**414**	10,941
Bank interest income		**129**	822
Other interest income		**87**	1,361
Purchases of property, plant and equipment		**(1,464)**	(3,221)
Proceeds from disposal of property, plant and equipment		**157**	416
Proceeds from disposal of investment properties		**54,000**	23,144
Purchases of investment properties		–	(10,215)
Acquisition of available-for-sale financial assets		–	(7,454)
Proceeds from disposal of available-for-sale financial assets		**24,414**	205,841
Net cash outflow on acquisition of subsidiaries	*42a & b*	**(302,679)**	–
Net settlement of derivative financial instruments		–	4,501
Net cash (used in)/from investing activities		**(224,892)**	228,409
FINANCING ACTIVITIES			
Payment for repurchase of shares		–	(372)
Issue of shares		–	171,356
Dividend paid		–	(11,558)
Proceeds from issue of convertible notes		**43,200**	–
Repayment of short-term bank loans		–	(110,982)
Net cash from financing activities		**43,200**	48,444
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(64,942)**	63,003
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**92,651**	29,648
CASH AND CASH EQUIVALENTS AT END OF YEAR		**27,709**	92,651
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits		**19,058**	85,025
Cash and bank balances		**8,651**	7,626
		27,709	92,651

Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**14**	19
Interests in subsidiaries	20	**1,151,297**	344,520
Available-for-sale financial assets	22	**–**	25,127
Deferred tax assets	33	**–**	8,797
		1,151,311	378,463
CURRENT ASSETS			
Amounts due from subsidiaries	20	**27,040**	–
Prepayments, deposits and other receivables		**333**	467
Financial assets at fair value through profit or loss	27	**49,959**	39,446
Tax recoverable	11	**2,832**	2,831
Time deposits, cash and bank balances	28	**20,102**	88,627
		100,266	131,371
CURRENT LIABILITIES			
Amount due to a subsidiary	20	**960**	–
Other payables and accruals	31	**322**	729
		1,282	729
NET CURRENT ASSETS		**98,984**	130,642
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,250,295**	509,105
NON-CURRENT LIABILITIES			
Convertible notes	32	**756,278**	–
NET ASSETS		**494,017**	509,105
CAPITAL AND RESERVES			
Share capital	34	**72,726**	72,726
Reserves	35	**421,291**	436,379
TOTAL EQUITY		**494,017**	509,105

Mr. Lai Leong
Director

Mr. Lee Yuk Lun
Director

1. CORPORATE INFORMATION

Rising Development Holdings Limited was incorporated in Bermuda on 8 August 1997 as an exempted company with limited liability under the Companies Act (as amended) of Bermuda. The principal office of the Company is located at Rooms 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.

During the year, the Group was engaged in investment holding, trading in securities, the manufacture and sale of fur garments, the trading of fur skins and business of mining natural resources.

In the opinion of the directors, the ultimate holding company is Oriental Day International Limited, which is incorporated in the British Virgin Islands ("BVI").

The financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION AND CONSOLIDATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which also includes Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial assets, which have been measured at fair value.

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2009. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All income, expense and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the hybrid entity concept/parent entity method whereby the difference between the cost of additional interests in the subsidiary and the minority interest's share of the assets and liabilities reflected in the consolidated balance sheet at the date of the acquisition of the minority interests is reflected partly as goodwill and partly as a reduction in equity.

3. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments and interpretations ("INTs") (herein collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

Hong Kong Accounting Standard ("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 the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Financial Instrument Disclosures – Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Embedded Derivatives[7]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[4]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2009.
4 Effective for annual periods beginning on or after 1 July 2009.
5 Effective for annual periods beginning on or after 1 July 2008.
6 Effective for annual periods beginning on or after 1 October 2008.
7 Effective for annual periods ending on or after 30 June 2009.
8 Effective for transfers of assets from customers received on or after 1 July 2009.

4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associate

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results of an associate is included in the consolidated income statement. The Group's investment in an associate is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognise immediately in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Buildings are stated in the balance sheet at their cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the asset revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each property, plant and equipment to its residual value over its estimated useful life. The principal annual rates are used for this purpose are as follows:

Buildings	The shorter of the lease terms and 50 years
Leasehold improvements	The shorter of the lease terms and 5 years
Plant and machinery	3 to 5 years
Furniture, fixtures and motor vehicles	3 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

An item of property, plant and equipment is derecognised upon disposal of when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

When the technical feasibility and commercial viability for extracting a mineral resource becomes demonstrable, any previously recognised exploration and evaluation assets are reclassified as property, plant and equipment, mining rights or other intangible assets. These assets are assessed for impairment and any impairment loss is recognised before reclassification.

Inventories

Inventories are stated at the lower of cost and net realisable value after allowances for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads based on a normal level of operating activity. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated or not classified as any of the other categories. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse to profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairments losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets (cont'd)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put opinion (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holders, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component. The derivative component embedded in the convertible notes is accounted for as derivative financial instruments.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. The derivative component is initially measured at fair value. Any excess of proceeds over the amount initially recognised as the liability component and derivative component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability, derivative and equity components in proportion to the allocation of proceeds. The portion relating to the derivative component is recognised immediately to profit or loss.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The derivative component is remeasured to fair value at each balance sheet date. The gain or loss on remeasurement to fair value is charged immediately to profit or loss. The equity component is recognised in the convertible notes equity reserve until either the note is converted or redeemed.

If the note is converted, the convertible notes equity reserve, together with the carrying amounts of the liability and derivative components at the time of conversion, are transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the convertible notes equity reserve is released directly to retained profits, and any difference between the amount paid and the carrying amounts of liability and derivative components is recognised in profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the profit or loss for the year.

Impairment of assets other than exploration and evaluation assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, deferred tax assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows, that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the year in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which is arises.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of exploration and evaluation assets

In the following cases, or similar cases, the Group shall test exploration and evaluation assets for impairment.

(a) The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purpose of impairment testing exploration and evaluation assets are allocated to the relevant cash-generating units expected to benefit from the assets. Cash-generating units to which exploration and evaluation assets have been allocated are tested for impairment when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of exploration and evaluation assets allocated to the unit.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income tax (cont'd)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Trade and other payables

Liabilities for trade and other payables which are normally settled on 30 to 60 days terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions and contingent liabilities

(i) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note (ii) below. Contingent liabilities that cannot be reliably fair valued are disclosed in accordance with note (ii) below.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) on the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) sale of listed securities, on a trade date basis;

(c) rental income, on a straight-line basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial assets; and

(e) dividend income, when the right to receive payment is established.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits

(i) The Group joins a defined contribution Mandatory Provident Fund ("MPF") retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance. Contributions to the MPF scheme are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF scheme. The Group's employer contributions are fully and immediately vested in favour of the employees.

(ii) The Company's subsidiaries which operate outside Hong Kong are required to pay social security insurance premium to local authority for their employees. The insurance premium is calculated at certain percentage on the staff payroll. Social security insurance can provide retirement and unemployment benefits to the employees.

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends proposed by the directors are classified as a separate allocation of retained profits within capital and reserves in the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in the terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currencies (cont'd)

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

Equity share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (Employee share-based compensation reserve).

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained profits.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group.

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

6. SUMMARY ACCOUNTING JUDGEMENT AND ESTIMATES

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Income taxes

As at 31 March 2009, the Group had estimated unused tax losses of approximately HK$130,527,000 (2008: HK$56,998,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$Nil (2008: HK$53,336,000) of such losses. No deferred tax asset has been recognised on the tax losses of approximately HK$130,527,000 (2008: HK$3,662,000) due to unpredictability of future profits streams. The reliability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more or less than expected, a material reversal or recognition of deferred tax assets may arise.

Impairment assessment for receivables

The policy for impairment assessment for receivables of the Group is based on the evaluation of collectability and an ageing analysis of receivables and on the judgement of the management. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required.

Fair value of assets acquired and liabilities assumed upon acquisition of subsidiaries

In connection with acquisitions of subsidiaries, the assets acquired and liabilities assumed are adjusted to their estimated fair values on date of acquisition. The determination of fair values of the assets acquired and liabilities assumed involves management's judgement and assumptions. Any change in such judgement and assumptions would affect the fair value of assets acquired and liabilities assumed and would change the amount of depreciation or amortisation expenses recognised relating to those identifiable property, plant and equipment and intangible assets.

6. SUMMARY ACCOUNTING JUDGEMENT AND ESTIMATES (CONT'D)

Impairment of exploration and evaluation assets

In determining whether the Group's exploration and evaluation assets are impaired, management has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether the Group is able to obtain the right to exploit in the specific mining site; (2) whether carrying amount of exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale. In any such case, the Group shall perform an impairment test in accordance with the accounting policy as disclosed in the note 5. At 31 March 2009, no impairment losses have been recognised for exploration and evaluation assets (2008: Nil). The aggregate carrying value of exploration and evaluation assets was HK$1,799,008,000 (2008: HK$ Nil).

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy as disclosed in the note 5. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

7. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) Trading in securities comprise proceeds from trading in listed securities and investment income from listed securities.

(b) Investments comprise dividend and interest income from investments and gain or loss on investments other than securities.

(c) Manufacture and sale of fur garments.

(d) Trading of fur skins.

(e) Mine exploration.

(f) Others comprise rental income from investment properties and the Group's management services business, which provide management services to Group companies.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted at the terms agreed between the parties and with reference to third party prices.

7. SEGMENT INFORMATION (CONT'D)

(a) Business segments:

The following tables present revenue, profit/(loss) and expenditure and certain asset and liability information for the Group's business segments for the years ended 31 March 2009 and 2008.

2009	Trading in securities *HK$'000*	Investments *HK$'000*	Manufacture and sale of fur garments *HK$'000*	Trading of fur skins *HK'000*	Mine *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue:								
Sales to external customers	19,200	–	7,816	146,595	–	–	–	173,611
Intersegment sales	–	–	6,016	6,176	–	–	(12,192)	–
Income from investments	50	414	–	–	–	–	–	464
Other revenue	–	–	1,446	128	17,823	–	(1,173)	18,224
Total revenue	19,250	414	15,278	152,899	17,823	–	(13,365)	192,299
Segment results	(53,961)	(2,331)	(9,432)	(881)	15,997	(7,278)		(57,886)
Interest income								217
Change in fair value of derivative components embedded in convertible notes								149,184
Unallocated expenses								(8,318)
Profit from operating activities								83,197
Finance costs								(144,129)
Loss before tax								(60,932)
Tax								(6,112)
Loss for the year								(67,044)

7. SEGMENT INFORMATION (CONT'D)

(a) Business segments: (cont'd)

2008	Trading in securities HK$'000	Investments HK$'000	Manufacture and sale of fur garments HK$'000	Trading of fur skins HK'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment revenue:							
Sales to external customers	203,784	–	10,778	1,244	–	–	215,806
Intersegment sales	–	–	–	566	–	(566)	–
Income from investments	2,004	12,651	–	–	–	–	14,655
Other revenue	–	–	574	71	9,732	(5,452)	4,925
Total revenue	205,788	12,651	11,352	1,881	9,732	(6,018)	235,386
Segment results	(37,192)	(3,529)	(3,184)	(1,917)	11,714		(34,108)
Interest income							2,183
Unallocated expenses							(12,357)
Loss from operating activities							(44,282)
Finance costs							(4,212)
Share of loss of an associate							(2)
Loss before tax							(48,496)
Tax							8,627
Loss for the year							(39,869)

7. SEGMENT INFORMATION (CONT'D)

(a) Business segments: (cont'd)

2009	Trading in securities HK$'000	Investments HK$'000	Manufacture and sale of fur garments HK$'000	Trading of fur skins HK'000	Mine HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	70,061	8,146	29,276	33,806	1,799,889	56,659	(70,669)	1,927,168
Unallocated assets								2,832
Total assets								1,930,000
Segment liabilities	–	(8,167)	(27,175)	(30,356)	(2,390)	(10,547)	70,669	(7,966)
Unallocated liabilities								(1,204,601)
Total liabilities								(1,212,567)
Other segment information:								
Depreciation	–	(4)	(691)	(52)	(18)	(50)		(815)
Capital expenditure	–	–	(839)	–	(24)	(601)		(1,464)
Loss on disposal of investment properties	–	–	–	–	–	(6,250)		(6,250)
Net realised loss on investments in available-for-sale financial assets	–	(2,004)	–	–	–	–		(2,004)
Unrealised loss on investments in financial assets at fair value through profit or loss	(61,108)	–	–	–	–	–		(61,008)

7. SEGMENT INFORMATION (CONT'D)

(a) Business segments: (cont'd)

2008	Trading in securities HK$'000	Investments HK$'000	Manufacture and sale of fur garments HK$'000	Trading of fur skins HK'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	128,073	33,413	8,469	19,061	93,448	(33,921)	248,543
Interest in associate							18
Unallocated assets							241,527
Total assets							490,088
Segment liabilities	–	(7,923)	(27,821)	(19,040)	(19)	33,921	(20,882)
Unallocated liabilities							(7,267)
Total liabilities							(28,149)
Other segment information:							
Depreciation	–	(4)	(763)	(4)	(12)		(783)
Capital expenditure	–	(22)	(3,193)	–	(6)		(3,221)
(Gain)/loss on disposal of property, plant and equipment	–	–	(286)	19	54		(213)
Net realised loss on investments in available-for-sale financial assets	–	(17,071)	–	–	–		(17,071)
Unrealised loss on investments in financial assets at fair value through profit or loss	(98,148)	–	–	–	–		(98,148)
Fair value gains on investment properties	–	–	–	–	11,520		11,520

7. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments:

The following tables present revenue, profit/(loss) and certain asset and expenditure information for the Group's geographical segments.

	Hong Kong and Mainland China *HK$'000*	Japan *HK$'000*	North America *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
2009					
Segment revenue:					
Sales to external customers	**170,307**	**647**	**152**	**2,505**	**173,611**
Segment results	**(53,892)**	**(782)**	**(184)**	**(3,028)**	**(57,886)**
2008					
Segment revenue:					
Sales to external customers	209,555	1,043	931	4,277	215,806
Segment results	(32,262)	(308)	(275)	(1,263)	(34,108)
2009					
Other segment information:					
Segment assets	**1,922,213**	**–**	**1**	**4,954**	**1,927,168**
Capital expenditure	**(832)**	**–**	**–**	**(632)**	**(1,464)**
2008					
Other segment information:					
Segment assets	248,505	–	38	–	248,543
Capital expenditure	(3,221)	–	–	–	(3,221)

8. TURNOVER AND OTHER INCOME AND NET GAINS/(LOSSES)

An analysis of the Group's turnover and other income and net gains/(losses) is as follows:

	2009 **HK$'000**	2008 HK$'000
Turnover		
Sales of fur skins and fur garments	**154,411**	12,022
Proceeds from trading in listed financial assets at fair value though profit or loss	**19,200**	203,784
	173,611	215,806
Other income and net gains/(losses)		
Net loss from investments:		
Interest income from investments in listed available-for-sale financial assets	**414**	10,941
Dividend income from listed available-for-sale financial assets	**–**	269
Dividend income from listed financial assets at fair value through profit or loss	**50**	2,004
Net realised loss on investments in listed available-for-sale financial assets	**(713)**	(18,163)
Transfer from equity upon disposal of listed available-for-sale financial assets	**(1,291)**	1,092
Unrealised loss on investments in listed financial assets at fair value through profit or loss	**(61,108)**	(98,148)
Net realised and unrealised gain on derivative financial instruments	**–**	1,441
	(62,648)	(100,564)
Others:		
Gain on disposals of property, plant and equipment	**150**	213
Gain on disposals of investment properties	**–**	2,079
Gross rental income	**36**	307
Bank interest income	**129**	822
Other interest income	**87**	1,361
Exchange gain	**–**	719
Excess over the cost of a business combination recognised in income statement	**17,823**	–
Fair value change on derivative components embedded in convertible notes	**149,184**	–
Others	**209**	1,607
	167,618	7,108
	104,970	(93,456)

9. FINANCE COSTS

	Group 2009 HK$'000	Group 2008 HK$'000
Interest expenses on convertible notes	**143,139**	–
Interest on bank loans and overdrafts wholly repayable within five years	**–**	2,289
Interest on other loans wholly repayable within five years	**–**	1,877
Interest on trust receipt loans	**990**	46
Total finance costs	**144,129**	4,212

10. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2009 HK$'000	2008 HK$'000
Cost of inventories sold	**161,795**	23,289
Depreciation	**815**	783
Recognition of prepaid land lease payments	**–**	7
Minimum lease payments under operating lease on land and buildings	**2,988**	813
Pension contributions	**187**	146
Auditor's remuneration		
– audit services	**380**	368
– other services	**120**	288
	500	656
Staff costs (excluding directors' remuneration)	**5,207**	5,422
Gross rental income	**(36)**	(307)
Less: Outgoings	**42**	190
Net rental expense/(income)	**6**	(117)
Provision for obsolete inventories written back	**(877)**	(3,204)
Loss on disposal of property, plant and equipment	**104**	–
Exchange loss	**434**	–

11. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 March 2009 and 31 March 2008. Overseas taxes on assessable profits of the Company or its subsidiaries, if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on the prevailing legislation, interpretations and practices in respect thereof.

	Group	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong profits tax		
– current year	**–**	–
– overprovision in respect of prior years	**–**	(104)
	–	(104)
Deferred tax *(note 33)*		
– current year	**6,112**	(8,893)
– attributable to a change in tax rate	**–**	370
Income tax expense/(credit)	**6,112**	(8,627)

A reconciliation of the income tax expense/(credit) applicable to loss before tax using the statutory rate to the tax charge at the effective tax rate is as follows:

	Group			
	2009		2008	
	HK$'000	**%**	*HK$'000*	*%*
Loss before tax	**(60,932)**		(48,496)	
Tax at the statutory tax rate	**(10,054)**	**(16.50)**	(8,486)	(17.50)
Income not subject to tax	**(28,231)**	**(46.33)**	(4,860)	(10.02)
Expenses not deductible for tax	**25,563**	**41.95**	3,839	7.92
Utilisation of tax loss previously not recognised	**–**		(14)	(0.03)
Overprovision of profits tax in respect of prior years	**–**		(104)	(0.21)
Unrecognised tax loss	**12,221**	**20.05**	606	1.25
Effect of change in tax rate on deferred tax balances	**–**	**–**	370	0.76
Unrecognised temporary differences	**17**	**0.03**	(260)	(0.54)
Reversal of previously recognised temporary differences	**(2,183)**	**(3.58)**	–	
Reversal of previously recognised tax losses	**8,801**	**14.44**	–	
Others	**139**	**0.23**	282	0.58
Effect of different tax rates in other jurisdictions	**(161)**	**(0.26)**	–	
Income tax expense/(credit) at the Group's effective rate	**6,112**	**10.03**	(8,627)	(17.79)

Tax recoverable represented the excess of the provisional profits tax paid over the estimated tax liabilities.

12. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss for the year attributable to equity holders of the Company includes a loss of HK$42,186,000 (2008: HK$9,932,000) (note 35(b)), which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

	Group and Company	
	2009	2008
	HK$'000	*HK$'000*
Proposed final – HK Nil cent (2008: Nil)	**–**	–

As a prudent measure to safeguard the Group's interest in a turbulent environment, the board of directors does not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: Nil).

14. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Fees	**570**	395
Other emoluments		
Basic salaries, housing benefits, other allowances and benefits in kind	**510**	1,210
Discretionary bonuses	**–**	1,733
Retirement benefits contributions	**8**	15
	518	2,958
	1,088	3,353

14. DIRECTORS' REMUNERATION (CONT'D)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2009 ***HK$'000***	2008 *HK$'000*
Fok Ho Yin, Thomas (i)	**120**	70
Tso Hon Sai, Bosco (i)	**120**	70
Tsui Ching Hung (i)	**120**	70
Chan Wing Yuen, Hubert (ii)	**–**	57
Ho Man Kay, Angela (ii)	**–**	57
Fan Sai Yee (ii)	**–**	71
	360	395

There was no other emoluments payable to the independent non-executive directors during the year (2008: Nil).

Notes:

(i) Appointed on 31 August 2007.

(ii) Resigned on 21 September 2007.

(b) Executive directors

	Fees *HK$'000*	Salaries, allowances and other benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Retirement benefits contributions *HK$'000*	Total remuneration *HK$'000*
2009					
Lai Leong (i)	**–**	**120**	**–**	**–**	**120**
Lee Yuk Lun (i)	**210**	**270**	**–**	**8**	**488**
Kong Shan, David (i)	**–**	**120**	**–**	**–**	**120**
	210	**510**	**–**	**8**	**728**
2008					
Lai Leong (i)	–	30	–	–	30
Lee Yuk Lun (i)	–	120	–	–	120
Kong Shan, David (i)	–	30	–	–	30
Ng Ngan Lung, Freddy (ii)	–	739	1,000	6	1,745
Mui Chi Hung, Clarence (iii)	–	142	255	3	400
Chui May Ling, Margaret (ii)	–	149	478	6	633
	–	1,210	1,733	15	2,958

14. DIRECTORS' REMUNERATION (CONT'D)

(b) Executive directors (cont'd)

Notes:

(i) Appointed on 31 August 2007.

(ii) Resigned on 21 September 2007.

(iii) Resigned on 26 June 2007.

(c) The number of directors whose emoluments fell within the following band is as follows:

	Number of directors	
	2009	2008
Nil – HK$1,000,000	**6**	11
HK$1,000,001 – HK$1,500,000	**–**	–
HK$1,500,001 – HK$2,000,000	**–**	1

No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

15. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the year included one director (2008: three directors), details of whose emoluments are disclosed above. The details of the remuneration of four (2008: two) remaining individuals, highest paid employees for the year are as follows:

	2009	2008
	HK$'000	*HK$'000*
Basic salaries, housing benefits, other allowances and benefits in kind	**1,731**	1,276
Retirement benefits contributions	**47**	24
	1,778	1,300

The emoluments fell within the following band:

	Number of individuals	
	2009	2008
Nil – HK$1,000,000	**4**	2

None of the highest paid individuals of the Group waived any emoluments and no emoluments were paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year (note 34).

	2009	2008
Loss for the year attributable to equity holders of the Company *(HK$'000)*	**(66,679)**	(39,869)
Weighted average number of ordinary shares in issue *(thousands)*	**3,636,340**	3,211,554
Basic loss per share *(HK cents per share)*	**(1.83) cents**	(1.24) cents

Basic loss per share amounts for the year ended 31 March 2009 are not adjusted for the Company's share consolidation occurring after the balance sheet date in April 2009, details of which are set out in note 43(a). This share consolidation does not affect the amount of capital used to produce the profit or loss for the year.

(b) Diluted loss per share

Diluted loss per share amounts for the years ended 31 March 2009 and 2008 are the same as the basic loss per share, as the convertible notes outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures, office equipment and motor vehicles HK$'000	Total HK$'000
Cost:					
Balance at 1.4.2007	6,440	5,838	2,766	5,763	20,807
Additions	–	2,102	–	1,119	3,221
Disposals	–	(71)	–	(1,008)	(1,079)
Written off	–	(335)	–	–	(335)
Transfer to investment properties *(note)*	(6,440)	–	–	–	(6,440)
Balance at 31.3.2008 and 1.4.2008	–	7,534	2,766	5,874	16,174
Acquisition of subsidiaries	318	–	3	–	321
Exchange adjustment	6	–	–	–	6
Additions	–	79	–	1,385	1,464
Disposals/written off	–	(5,162)	(13)	(8)	(5,183)
Balance at 31.3.2009	**324**	**2,451**	**2,756**	**7,251**	**12,782**
Accumulated depreciation:					
Balance at 1.4.2007	–	5,731	2,759	5,505	13,995
Provided during the year	–	469	2	312	783
Written off	–	(335)	–	–	(335)
Disposals	–	(24)	–	(857)	(881)
Balance at 31.3.2008 and 1.4.2008	–	5,841	2,761	4,960	13,562
Provided during the year	15	455	2	343	815
Eliminated on written off	–	(5,052)	(13)	(8)	(5,073)
Balance at 31.3.2009	**15**	**1,244**	**2,750**	**5,295**	**9,304**
Net carrying amount					
At 31.3.2009	**309**	**1,207**	**6**	**1,956**	**3,478**
At 31.3.2008	–	1,693	5	914	2,612

Note:

On 22 July 2007, the Group ended owner-occupation of leasehold land and buildings and resolved that such properties are to be held for capital appreciation. Accordingly, such portions were transferred from property, plant and equipment and prepaid land lease payments (note 19) to investment properties at fair value of HK$29,200,000 on 22 July 2007. The fair value was determined by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers on an open market, existing use basis.

17. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	Office equipment
	HK$'000
Cost:	
Balance at 1.4.2007, 31.3.2008 and 31.3.2009	22
Accumulated depreciation:	
Balance at 1.4.2007 and 31.3.2008	3
Provided during the year	5
Balance at 31.3.2009	8
Net carrying amount	
At 31.3.2009	**14**
At 31.3.2008	19

The Group had not held any buildings at 31st March, 2008. The Group's buildings at 31 March 2009 were held in The People's Republic of China under medium term leases.

18. INVESTMENT PROPERTIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Valuation:		
At beginning of year	**60,250**	30,380
Additions	**–**	10,215
Transfer from land and buildings *(notes 17 and 19)*		
– Cost	**–**	7,337
– Revaluation surplus *(note 35(a))*	**–**	21,863
Disposals	**(60,250)**	(21,065)
Surplus on revaluation	**–**	11,520
At end of year	**–**	60,250

18. INVESTMENT PROPERTIES (CONT'D)

The Group's investment properties are held in Hong Kong under the following lease terms:

	2009	2008
	HK$'000	*HK$'000*
Medium term leases	–	60,250

At 31 March 2008, the Group's investment properties were revalued on an open market, existing use basis by BMI Appraisals Limited, an independent firm of professional valuers, at HK$60,250,000. The surplus arising on revaluation, amounting to HK$11,520,000 had been credited to the consolidated income statement during 2008.

19. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Carrying amount at 1 April	–	904
Recognised during the year	–	(7)
Transfer to investment properties *(note 18)*	–	(897)
Carrying amount at 31 March	–	–

The leasehold land is held under medium-term leases and is situated in Hong Kong.

20. INTERESTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	*HK$'000*
Unlisted shares, at cost	**83,368**	83,368
Due from subsidiaries	**2,217**	24,337
Loans to subsidiaries	**1,101,818**	239,028
Loans from subsidiaries	**(4,265)**	(793)
Due to subsidiaries	**(31,841)**	(1,420)
	1,151,297	344,520

The balances with and loans (from)/to subsidiaries included in the interests in subsidiaries are unsecured, interest-free and to be repayable after one year.

The amounts due from/(to) subsidiaries included in the Company's current assets and current liabilities of HK$27,040,000 (2008: HK$Nil) and HK$960,000 (2008: HK$Nil) respectively are unsecured, interest-free and are repayable on demand or within one year.

20. INTERESTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries at 31 March 2009 are as follows:

Name	Place of incorporation/ and operations*	Paid-up share capital	Percentage of equity attributable to the Company	Principal activities
Directly held				
Rising Group International Limited	BVI/Hong Kong	Ordinary US$4,000	100%	Investment holding
Indirectly held				
Cassaya Trading Limited	Republic of Mauritius	Ordinary US$1	100%	Dormant
Rising Manufacturing Macao Commercial Offshore Limited	Macau	Ordinary MOP$25,000	100%	Trading of fur and leather skins and acting as purchase agent
Rising Group Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Rising Development Limited	Hong Kong	Ordinary HK$100 Non-voting deferred** HK$5,000,000	100%	Trading of fur, leather and textile garments and property investment
Frede Derick Limited	Hong Kong	Ordinary HK$100	100%	Dormant
Rising Manufacturing Limited	Hong Kong/PRC	Ordinary HK$10,000	100%	Manufacturing and trading of fur garments
Cepa Distribution Limited	Hong Kong	Ordinary HK$5,000 Non-voting deferred** HK$1,000,000	100%	Dormant
Wellike Services Co., Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Wing Lee Agency Limited	Hong Kong	Ordinary HK$100	100%	Dormant
Cepa Network Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Mega Asset Development Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding

20. INTERESTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ and operations*	Paid-up share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held (cont'd)				
Perfect Leader Investments Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Success Fortune Holdings Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Perfect Fair Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Legend Sense Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Not yet commenced business
Oriental Harvest Development Limited	The British Virgin Islands/ Hong Kong	Ordinary US$10	100%	Investment holding
東晟企業管理顧問(深圳)有限公司***	The People's Republic of China	HK$10,000,000	100%	Investment holding
陝西久權礦業有限公司 (Shanxi Jiuquan Mining Company Limited)***	The People's Republic of China	RMB2,800,000	80%	Mine exploration
Paris Fur (International) Limited	Hong Kong	Ordinary HK$1	100%	Investment holding
Paris Fur (formerly C. D. L. C.)	France	Ordinary EUR30,490	100%	Operation of retail shop

* *Where different*

** *The non-voting deferred shares carry no rights to dividends, no rights to vote at general meetings and no rights to receive any surplus in a return of capital in a winding-up or otherwise.*

*** *The subsidiaries incorporated in PRC are limited liability companies.*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

21. INTEREST IN AN ASSOCIATE

	Group	
	2009	2008
	HK$'000	*HK$'000*
Share of net assets	**–**	18

The associate was deregistered on 11 April 2008.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At fair value:				
Equity securities listed outside Hong Kong	**–**	–	**–**	–
Debt securities quoted outside Hong Kong	**–**	25,127	**–**	25,127
	–	25,127	**–**	25,127
At cost:				
Unlisted equity securities (i)	**7,800**	7,800	**–**	–
	7,800	32,927	**–**	25,127

(i) 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.

23. EXPLORATION AND EVALUATION ASSETS

	Group		
	Exploration rights	**Evaluation expenditure**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Balance at 1 April, 2007 and 1 April 2008	–	–	–
Acquisition of subsidiaries *(Note 42)*	1,756,470	7,923	1,764,393
Exchange adjustment	34,460	155	34,615
Balance at 31 March 2009	**1,790,930**	**8,078**	**1,799,008**

The exploration rights represent the carrying amount of the rights for mining, exploration and exploitation in a vanadium mine located in Shanxi, PRC. The exploitation licence of the mine has been granted for 3 years and is renewable on an ongoing basis.

As at the year ended 31 March 2009, the management has engaged an independent professional valuer, BMI Appraisals Limited, to carry out a valuation on the exploration rights for the purposes of an impairment review on the exploration rights. Based on this report, the management considers that no impairment loss is necessary.

24. GOODWILL

	Group	
	2009	2008
	HK$'000	*HK$'000*
At 1 April	**–**	–
Arising from acquisition of a subsidiary	**5,191**	–
Impairment loss	**(1,300)**	–
At 31 March	**3,891**	–

Impairment tests for cash-generating units containing goodwill

Goodwill acquired has been allocated to the cash generating unit ("CGU") of the respective companies.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of one year. Cash flows beyond the one-year period are extrapolated using the estimated rates stated below. The growth rates do not exceed the respective long-term average growth rates for the business in which the CGUs operate.

Key assumptions used for value-in-calculations:

	2009	2008
Gross profit margin	**53%**	–
Growth rate	**6.7 to 12.5%**	–
Discount rate	**5%**	–

Management determined the budgeted gross profit margin based on past performance and its expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

The recoverable amounts of the CGU are lower than their carrying amounts based on value-in-use calculations. Accordingly, impairment loss on goodwill of HK$1,300,000 (2008: HK$Nil) is recognised in the consolidated income statement.

25. INVENTORIES

	Group 2009 HK$'000	Group 2008 HK$'000
Raw materials	**22,334**	16,357
Finished goods	**7,600**	1,505
	29,934	17,862

All the inventories were stated at cost.

26. 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 customers. 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:

	Group			
	2009		2008	
	HK$'000	**%**	*HK$'000*	%
Current to 30 days	**1**	**33**	54	4
31 days to 60 days	**–**	**–**	80	5
Over 60 days	**2**	**67**	1,323	91
	3	**100**	1,457	100

Impairment losses in respect of trade receivables are recorded using the allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in allowance for bad and doubtful debits during the year is as follows:

	Group 2009 HK$'000	Group 2008 HK$'000
At 1 April	**–**	102
Amount written off as uncollectible	**–**	(102)
At 31 March	**–**	–

26. TRADE RECEIVABLES (CONT'D)

At 31 March 2009 and 31 March 2008, there were no impairment losses recognised in respect of trade receivables.

The aged analysis of the trade receivables that are not considered to be impaired as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**1**	54
Less than 1 month past due	**–**	–
1 to 3 months past due	**–**	200
Over 3 months past due	**2**	1,203
	3	1,457

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Equity securities listed in Hong Kong at fair value	**49,959**	39,446	**49,959**	39,446

28. TIME DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Time deposits	**19,058**	85,025	**19,058**	85,025
Cash and bank balances	**8,651**	7,626	**1,044**	3,602
	27,709	92,651	**20,102**	88,627

Time deposits, cash and bank balances include the following amounts denominated in a currency other than the Group's and Company's functional currency, HK dollars:

	Group		Company	
	2009	2008	**2009**	2008
Euro dollars	**EUR139,230**	EUR 3,724	**EUR 257**	EUR 272
United States dollars	**USD78,323**	USD9,544,573	**USD33,417**	USD9,459,175
Renminbi	**RMB2,246,889**	RMB32,697	**–**	–

Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

29. BANKING FACILITIES/BORROWINGS

At 31 March 2009, the Group's banking facilities were supported by a corporate guarantee given by the Company. At 31 March 2008, the Group's banking facilities were secured by a corporate guarantee given by the Company and certain listed equity and quoted debt securities, leasehold land and buildings of the Group.

At 31 March 2009, the Group did not obtain any trust loans (2008: trust receipt loans of HK$15,159,000)

All of the bank borrowings for the year ended 31 March 2008 were variable-rate borrowings which carried interest ranging from 2.65% to 4.05% per annum. Interest rates were repricing weekly and monthly. All of the bank borrowings were repayable within one year.

29. BANKING FACILITIES/BORROWINGS (CONT'D)

Bank borrowings include the following amounts denominated in a currency other than the Group's and Company's functional currency, HK dollars:

	Group		Company	
	2009	2008	**2009**	2008
United States dollars	**–**	USD1,943,526	**–**	–

30. TRADE PAYABLES

An aging analysis of trade payables at the balance sheet date is as follows:

	Group			
	2009		2008	
	HK$'000	**%**	*HK$'000*	%
Current to 30 days	**59**	**95**	146	54
31 days to 60 days	**2**	**3**	118	43
Over 60 days	**1**	**2**	8	3
	62	**100**	272	100

The trade payables are non-interest bearing and normally settled on 30 to 60 days terms.

31. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount due to an investee company	**1,867**	1,867	**–**	–
Others	**3,876**	646	**322**	729
	5,743	2,513	**322**	729

Amount due to an investee company is unsecured, non-interest bearing and has no fixed terms of repayment.

Other payables and accruals include the following amounts denominated in a currency other than the Group's and Company's functional currency, Hong Kong dollars:

	Group		Company	
	2009	2008	**2009**	2008
Euro dollars	**EUR332,946**	–	**–**	–
Renminbi	**RMB72,411**	–	**–**	–

32. CONVERTIBLE NOTES

On 11 April 2008, the Company issued convertible notes with a nominal value of HK$837,000,000 to three independent vendors as part of consideration for acquiring 80% interest in Shanxi Jiuquan Mining Company Limited. The notes bear interest at 1% per annum with a maturity date on 10 April 2011. The holders of the convertible notes have the right to convert on or after 11 April 2008 up to and including 10 April 2011, into ordinary share of the Company at an initial conversion price of HK$0.28 per share, subject or adjustment for general dilutive events. Subsequent to the balance sheet date, the conversion price was adjusted to HK$4.85 per share due to the capital reorganisation (details see note 43a). The Company may redeem the convertible notes at 100% of the principal amount at anytime after the expiry of the first anniversary of the issue of the convertible notes. The effective interest rate of the liability component is 8.15% per annum.

Subsequent to the balance sheet date, the Company entered into deeds of settlement dated 24 June 2009 with the holders of the convertible notes that the Company issued to the 11 April 2008 convertible notes holders the new convertible notes in the aggregate principal amount of HK$744,930,000 with a term of 3 years. The notes bear no interest. The 11 April 2008 convertible notes holders agreed that the obligations of the Company under the 11 April 2008 convertible notes were fully discharged. In addition, the 1% interest payable amounting to HK$8,370,000 on the 11 April 2008 convertible notes was waived. The management considers that the principal amount of the 11 April 2008 convertible notes were subsequently settled in full by the new convertible notes of HK$744,930,000 for the same holders. Accordingly, the carrying amount of the 11 April 2008 convertible notes at 31 March 2009 is classified under non-current liabilities.

On 15 October 2008, the Company issued convertible notes with a nominal value of HK$43,200,000. The notes bear no interest with maturity date on 14 October 2011. The holders of the convertible notes have the right to convert on or after 15 October 2008 up to and including 7 October 2011, into ordinary share of the Company at an initial conversion price of HK$0.06 per share (subject to adjustment). Subsequent to the balance sheet date, the conversion price of the convertible notes was adjusted to HK$1.50 per share due to the capital reorganisation (details see note 43a). The Company shall have the right at any time from the date of issue of the convertible notes and inclusive of the maturity date to redeem the whole or part of the outstanding convertible notes. The effective interest rate of the liability component is 6.19% per annum.

The convertible notes were split into liability, derivative and equity components upon initial recognition by recogniting the liability components and derivative components at their fair value and attributing to the equity components the residual amount. The liability component is subsequently carried at amortised cost while the derivative component is carried at fair value to be remeasured at each balance sheet date. The equity component is recognised in the convertible notes equity reserve.

The movements of convertible notes during the year are as follows:

	Group and Company		
	Liability components	**Derivative components**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April, 2007 and 1 April 2008			
Convertible notes issued during the year, net of issuing costs	719,289	135,104	854,393
Interest charged during the year	143,139	–	143,139
Change in fair values	–	(149,184)	(149,184)
Amount to be waived according to the deeds of settlement for the 11 April 2008 convertible notes	(92,070)	–	(92,070)
Balance at 31 March 2009	**770,358**	**(14,080)**	**756,278**

33. DEFERRED TAX

	Group 2009 HK$'000	Group 2008 HK$'000	Company 2009 HK$'000	Company 2008 HK$'000
Net deferred tax assets recognised on the balance sheet	**–**	(9,251)	**–**	(8,797)
Net deferred tax liabilities recognised on the balance sheet	**447,733**	7,267	**–**	–
	447,733	(1,984)	**–**	(8,797)

(a) The followings are the major deferred tax (assets)/liabilities recognised and movements thereon during the current and prior years:

	Group				
	Tax losses HK$'000	(Decelerated)/ accelerated tax depreciation HK$'000	Revaluation of properties HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Total HK$'000
At 1 April 2007	–	472	2,491	–	2,963
Charged to asset revaluation reserve	–	–	3,576	–	3,576
Charged/(credited) to consolidated income statement *(note 11)*					
On disposal	–	–	(595)	–	(595)
Provided during the year	(9,334)	(980)	2,016	–	(8,298)
	(9,334)	(980)	1,421	–	(8,893)
Effect of change in tax rate	533	58	(221)	–	370
At 31 March 2008	**(8,801)**	**(450)**	**7,267**	**–**	**(1,984)**
Released from asset revaluation reserve	**–**	**–**	**(4,128)**	**–**	**(4,128)**
Acquisition of subsidiary	**–**	**–**	**–**	**439,118**	**439,118**
Exchange adjustment	**–**	**–**	**–**	**8,615**	**8,615**
Charged/(credited) to consolidated income statement *(note 11)*					
On disposal	**–**	**–**	**(3,290)**	**–**	**(3,290)**
Originally/reversing during the year	**8,801**	**450**	**151**	**–**	**9,402**
	8,801	**450**	**(3,139)**	**–**	**6,112**
At 31 March 2009	**–**	**–**	**–**	**447,733**	**447,733**

33. DEFERRED TAX (CONT'D)

(a) (cont'd)

	Company		
	Unused tax losses	Accelerated tax depreciation	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2007	–	–	–
Credited/(charged) to income statement	(8,801)	4	(8,797)
At 31 March 2008 and 1 April 2008	(8,801)	4	(8,797)
Credited/(charged) to income statement	8,801	(4)	8,797
At 31 March 2009	**–**	**–**	**–**

(b) Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Decelerated/(accelerated) depreciation allowances	**27,268**	–	**(2)**	–
Tax losses carried forwards	**22,004,332**	–	**18,886**	–
	22,031,600	–	**18,884**	–

At the balance sheet date, the Group has unused tax losses of HK$130,527,000 (2008: HK$56,998,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$ Nil (2008: HK$53,336,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$130,527,000 (2008: HK$3,662,000) due to the unpredictability of future profit streams. The unrecognised tax losses of HK$125,030,000 (2008: HK$3,662,000) can be carried forward infinitively. The remaining HK$5,497,000 (2008: HK$ Nil) expires in two to fifth years.

At 31 March 2009, there was no significant unrecognised deferred tax liability (2008: HK$ Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

There was no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

34. SHARE CAPITAL

		Number of shares of HK$0.1 each		Number of shares of HK$0.02 each		Share capital	
		2009	2008	**2009**	2008	**2009**	2008
	Notes	***'000***	*'000*	***'000***	*'000*	***HK$'000***	*HK$'000*
Authorised:							
Ordinary shares at beginning of year		**–**	3,000,000	**15,000,000**	–	**300,000**	300,000
Share subdivision	*(c)*	**–**	(3,000,000)	**–**	15,000,000	**–**	–
Ordinary shares at end of year		**–**	–	**15,000,000**	15,000,000	**300,000**	300,000
Issued and fully paid:							
Ordinary shares at beginning of year		**–**	608,296	**3,636,340**	–	**72,726**	60,829
Repurchase of shares	*(a)*	**–**	(1,028)	**–**	–	**–**	(103)
Issuance of ordinary shares	*(b)*	**–**	120,000	**–**	–	**–**	12,000
Share subdivision	*(c)*	**–**	(727,268)	**–**	3,636,340	**–**	–
Ordinary shares at end of year		**–**	–	**3,636,340**	3,636,340	**72,726**	72,726

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

Notes:

(a) In 2008, the Company purchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid**
April 2007	1,028,000	0.375 (Note)	0.36 (Note)	372

Note: These share prices had not been adjusted for the Company's share subdivision in December, 2007.

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the repurchase of the shares of HK$269,000 was charged against the share premium account during the year ended 31 March 2008.

34. SHARE CAPITAL (CONT'D)

Notes: (cont'd)

(b) Issuance of ordinary shares:

On 10 December 2007, 120,000,000 shares of HK$0.1 per share were issued by the Company at HK$1.47 per share pursuant to the Placing and Subscription Agreement. These shares rank pari passu with existing shares. The difference between the amount recognised in the share capital and net proceeds from share subscription, amounting to approximately HK$159,356,000 was credited to the share premium account during the year ended 31 March 2008 (note 35).

(c) Share subdivision:

Pursuant to a resolution passed at the extraordinary general meeting held on 19 December 2007, with effect from 20 December 2007, the issued and unissued shares of HK$0.1 each were subdivided into five subdivided shares of HK$0.02 each.

Share option scheme

On 30 July 2004, shareholders' resolution of the Company was passed to terminate the share option scheme adopted by the Company on 9 October 1997 (the "Old Scheme") and to adopt a new share option scheme (the "New Scheme"). As a result, the Company can no longer grant any further options under the Old Scheme. However, all options granted prior to the termination of the Old Scheme remain in full force and effect. The purpose of the New Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group. Eligible participants of the New Scheme include employees (including executive directors), non-executive directors (including independent non-executive directors), suppliers of goods or services, customers, shareholders of the Group and persons or entity that provides research, development or other technological support to the Group. Unless otherwise terminated or amended, the New Scheme will remain in force for 10 years from 11 August 2004, the date of the Stock Exchange's granting of the listing of and permission to deal in the shares to be issued pursuant to the exercise of options under the New Scheme.

Pursuant to the New Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares insurable under share options to each eligible participant within any 12-month period is limited to 1% of the Company's shares in issue at any time. The offer of a grant of share options may be accepted within 28 days from the date of the offer with consideration of HK$1.00 being payable by the grantee. The exercise period of the share options granted is determinable by the directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the directors, but may not be less than the highest of (1) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option; (2) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the option; and (3) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There were no outstanding options at the beginning and at the end of the financial year ended 31 March 2009. No share option has been granted by the Company under the New Scheme during the years ended 31 March 2008 and 31 March 2009. The total number of shares available for issue under the New Scheme as at the date of these financial statements was 199,132,000 (on post-subdivision basis), representing 5.47% of the issued share capital of the Company as at the date of these financial statements.

35. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 28 of the financial statements.

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2007	29,380	83,168	–	1,965	175,967	290,480
Shares repurchased	(269)	–	–	–	–	(269)
Issuance of shares for placing – *note 34(b)*	159,356	–	–	–	–	159,356
Realised on disposal of available-for-sale financial assets	–	–	–	(1,092)	–	(1,092)
Deficit on revaluation	–	–	–	(2,164)	–	(2,164)
Loss for the year – *note 12*	–	–	–	–	(9,932)	(9,932)
At 31 March 2008 and 1 April 2008	**188,467**	**83,168**	**–**	**(1,291)**	**166,035**	**436,379**
Recognition of equity component of convertible notes	**–**	**–**	**25,807**	**–**	**–**	**25,807**
Realised on disposal of available-for-sale financial assets	**–**	**–**	**–**	**1,291**	**–**	**1,291**
Loss for the year – *note 12*	**–**	**–**	**–**	**–**	**(42,186)**	**(42,186)**
At 31 March 2009	**188,467**	**83,168**	**25,807**	**–**	**123,849**	**421,291**

The contributed surplus of the Group arose as a result of the Group reorganisation carried out on 12 September 1997 and represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefore.

The contributed surplus of the Company arose as a result of the same Group reorganisation scheme and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefore. Under the Companies Act 1981 (as amended) of Bermuda, the Company may make distributions to its members out of the contributed surplus under certain circumstances.

36. OPERATING LEASE ARRANGEMENTS

The Group leases certain properties under operating lease arrangements. Leases for properties are negotiated for terms of two years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**1,954**	1,651
In the second to fifth years, inclusive	**700**	986
Over five years	**816**	–
	3,470	2,637

37. CONTINGENT LIABILITIES

At the balance sheet date, the Group did not have any significant contingent liabilities.

As at 31 March 2009, there were contingent liabilities in respect of guarantees given to banks by the Company to secure banking facilities granted to wholly owned subsidiaries.

As at the balance sheet date, the directors do not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees issued is the facility drawn down by the subsidiaries of HK$Nil (2008: HK$15,159,000).

The Company has not recognised any deferred income in respect of the guarantees as their fair values cannot be reliably measured and their transaction prices were HK$Nil (2008: HK$Nil).

38. RELATED PARTY TRANSACTIONS

During the year, the Group and the Company entered into the following significant transactions with related parties:

Compensation of key management personnel of the Group and of the Company:

The emoluments of directors and other members of key management of the Group and the Company during the year were as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Short-term benefits	**1,080**	3,338	**1,080**	3,338
Post-employment benefits	**8**	15	**8**	15
	1,088	3,353	**1,088**	3,353

Further details of directors' emoluments are included in note 14 to the financial statements.

The emoluments of directors and key executives are determined by the remuneration committee having regard to the performance of individuals and market trends.

39. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's and the Company's interest rate risk relates primarily to the bank deposits and variable-rate bank borrowings.

The Group and the Company currently do not have an interest rate hedging policy to hedge against its exposures. However, the management closely monitors interest rate exposures and will consider entering into interest rate swap transactions to hedge significant interest rate risk should the risk arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For bank balances and variable-rate bank borrowings, the analysis is prepared assuming the amount of assets and liabilities outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

In respect of bank deposits and variable-rate bank borrowings, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's and the Company's loss for the year ended 31 March 2009 would decrease/increase by approximately HK$109,000 and HK$96,800 (2008: The Group's and the Company's loss would decrease/increase by HK$359,000 and HK$431,000) respectively. This is mainly attributable to the Group's and the Company's exposure to interest rates on its bank deposits and variable-rate bank borrowings.

Foreign currency risk

Certain subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. In order to mitigate the foreign currency risk, foreign currency forward contracts are entered into in respect of highly probable foreign currency forecast sales or purchases in accordance with the Group's risk management policies.

Certain trade receivables and payables and borrowings of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The impact on the Group's loss and total equity is not expected to be material in response to possible changes in the foreign exchange rates of other currencies to which the Group is exposed.

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group does not have a significant concentration of credit risk. In addition, certain customers are required to pay customers' deposits and receivable balances are monitored on an ongoing basis and therefore the Group's exposure to bad debts is not significant.

39. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

Credit risk (cont'd)

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, prepayments, deposits and other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 26 to the financial statements.

Liquidity risk

For the management of the liquidity risk, the Group and the Company monitor and maintain a sufficient level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. Management reviews and monitors its working capital requirements regularly.

The following table details the remaining contractual maturities at the balance sheet date of the Group and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

Group

			2009			
	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	**62**	**–**	**–**	**–**	**–**	**62**
Other payables and accruals	**5,743**	**–**	**–**	**–**	**–**	**5,743**
Convertible notes	**–**	**–**	**–**	**–**	**788,130**	**788,130**
	5,805	**–**	**–**	**–**	**788,130**	**793,935**

			2008			
	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trust receipt loans	–	1,320	13,839	–	–	15,159
Trade payables	272	–	–	–	–	272
Other payables and accruals	2,513	–	–	–	–	2,513
	2,785	1,320	13,839	–	–	17,944

39. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Company

	2009				
	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amount due to a subsidiary	960	–	–	–	960
Other payables and accruals	322	–	–	–	322
Convertible notes	–	–	–	788,130	788,130
	1,282	–	–	788,130	789,412

	2008			
	On demand	Less than 3 months	3 to 12 months	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Other payables and accruals	729	–	–	729

Price risk

The Group and the Company are exposed to equity and debt securities price risk on the financial assets at fair value through profit or loss, available-for-sale financial assets and the derivatives embedded in convertible notes. The Group's and the Company's equity and debt securities price risk are mainly concentrated on equity and debt. The management manages the exposure to price risk by maintaining a portfolio of investments with different profiles in Hong Kong and overseas.

The derivatives options embedded in convertible notes held by the Group is required to be recognised at fair value at each balance sheet date. Changes in fair value are recognised in the consolidated income statement as long as the convertible notes are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in share price of the convertible notes issuer.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and debt securities price risks at the reporting date.

If the prices of the respective listed equity and debt instruments had been 5% higher/lower:

- loss of the Group and the Company decrease/increase approximately by HK$2,498,000 (2008: HK$1,972,000) respectively as a result of the changes in fair value of financial assets at fair value through profit or loss; and

- investment revaluation reserve of the Group and the Company would increase/decrease by HK$Nil (2008: HK$1,256,000) respectively as a result of the changes in fair value of available-for-sale financial assets.

39. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

Price risk (cont'd)

The Group's and the Company's sensitivity to available-for-sale financial assets and financial assets at fair value through profit or loss has not changed significantly from prior year.

The sensitivity analysis on derivatives options embedded in convertible notes set out as below have been determined based on the exposure to the change of share price of the convertible notes issuers at the reporting date only.

If the share prices of those convertible notes issuers had been 5% higher/lower and all other variables were held constant, the Group's profit for the year would increase/decrease by HK$1,380,000 (2008: HK$ Nil), as a result of changes in fair value of the derivatives option embedded in the convertible notes.

In management's opinion, the sensitivity analyses are unrepresentative of the inherent market risk as the pricing model used in determining the fair value of the derivatives embedded in the convertible notes involves, multiple variables and certain variables are interdependent.

Fair value

The fair values of time deposits, cash and bank balances, deposit paid for acquisition of a subsidiary, trade receivables, prepayments, deposits, temporary payments and other receivables, customers' deposits, trade payables, other payables and accruals are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The carrying amounts of trust receipt loans approximate to their fair values. The fair value of available-for-sale financial assets and financial assets at fair value through profit or loss is based on the quoted market bid prices available on the relevant Stock Exchange.

The fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing model based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model.

The directors consider that the carrying amounts of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Unlisted securities included in available-for-sale financial assets are stated at fair value after the carrying amounts are determined to be impaired.

As set out in note 20, the Company had balances with subsidiaries. It is not practical to estimate the fair values of the amounts due to the related party nature of these instruments.

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2009 and 31 March 2008.

40. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, less time deposits, cash and bank balances, and excludes discontinued operations. Capital includes equity attributable to equity holders of the Company. The gearing ratio as at the balance sheet dates was as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Convertible notes	**756,278**	–
Trust receipt loans	**–**	15,159
Total interest-bearing bank and other borrowings	**756,278**	15,159
Less: time deposits, cash and bank balances	**27,709**	92,651
Net debt	**728,569**	(77,492)
Total equity	**717,433**	461,939
Gearing ratio	**1.02**	Nil

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at balance sheet date are as follows:

Group
2009

	Financial assets at fair value through profit or loss	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets				
Prepayments, deposits, temporary payments and other receivables	**–**	**5,386**	**–**	**5,386**
Trade receivables	**–**	**3**	**–**	**3**
Financial assets at fair value through profit or loss	**49,959**	**–**	**–**	**49,959**
Time deposits, cash and bank balances	**–**	**27,709**	**–**	**27,709**
Derivatives embedded in convertible notes	**14,080**	**–**	**–**	**14,080**
	64,039	**33,098**	**–**	**97,137**

41. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Trade payables	**62**
Customers' deposits	**2,161**
Other payable and accruals	**5,743**
Convertible notes	**770,358**
	778,324

Group
2008

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	32,927	32,927
Deposit paid for acquisition of a subsidiary	–	227,400	–	227,400
Prepayments, deposits and other receivables	–	2,695	–	2,695
Trade receivables	–	1,457	–	1,457
Financial assets at fair value through profit or loss	39,466	–	–	39,466
Time deposits, cash and bank balances	–	92,651	–	92,651
	39,466	324,203	32,927	396,596

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Trust receipt loans	15,159
Trade payables	272
Customers' deposits	2,938
Other payable and accruals	2,513
	20,882

41. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Company

2009

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Financial assets			
Amounts due from subsidiaries	–	27,040	27,040
Prepayments, deposits and other receivables	–	333	333
Financial assets at fair value through profit or loss	49,959	–	49,959
Time deposits, cash and bank balances	–	20,102	20,102
Derivatives embedded in convertible notes	14,080	–	14,080
	64,039	47,475	111,514

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Amount due to s subsidiary	960
Other payables and accruals	322
Convertible notes	770,358
	771,640

41. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Company
2008

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	25,157	25,157
Prepayments, deposits and other receivables	–	467	–	467
Financial assets at fair value through profit or loss	39,466	–	–	39,466
Time deposits, cash and bank balances	–	88,627	–	88,627
	39,466	89,094	25,157	153,717

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Other payable and accruals	729

42. ACQUISITION OF SUBSIDIARIES

(a) Oriental Harvest Group

Pursuant to an acquisition agreement dated 21 December 2008, the Company and a wholly owned subsidiary of the Company, Perfect Fair Limited undertook to acquire 80% interest in Shanxi Jiuquan Mining Company Limited through acquiring Oriental Harvest Development Limited ("Oriental Harvest Group") at a consideration of HK$1,137 million which was settled by cash of HK$300 million and the Company's issue of HK$837 million convertible notes.

Subsequent to the balance sheet date, the Company entered into deeds of settlement with the holders of the convertible notes that the Company issued to the old convertible notes holders the new convertible notes in the aggregate principal amount of HK$744,930,000. The total consideration in calculating the goodwill was adjusted to reflect the ultimate settlement of the acquisition.

42. ACQUISITION OF SUBSIDIARIES (CONT'D)

(a) Oriental Harvest Group (cont'd)

Details of net assets acquired and liabilities assumed attributable to the Group as at the acquisition date were as follows:

	Pre-acquisition carrying amount *HK$'000*	Fair value adjustments *HK$'000*	Fair values on acquisition *HK$'000*
Property plant and equipment	321	–	321
Exploration and evaluation assets	7,923	1,756,470	1,764,393
Cash and bank balances	5,467	–	5,467
Other current assets	203	–	203
Current liabilities	(265)	–	(265)
Deferred tax liabilities	–	(439,118)	(439,118)
Minority interests	(1,646)	(263,470)	(265,116)
Net identifiable assets	12,003	1,053,882	1,065,885
Share of net identifiable assets attributable to Oriental Harvest Group			1,065,885
Discount on acquisition			(17,823)
Total consideration			1,048,062
Consideration satisfied by issue of convertible notes			(744,930)
			303,132

Net cash outflow in respect of acquisition of subsidiaries

Consideration satisfied by cash	(300,000)
Direct costs relating to the acquisition	(3,132)
Cash and bank balances acquired	5,467
	(297,665)

From the date of acquisition to 31 March 2009, Oriental Harvest Group contributed net loss totaling approximately HK$2,552,000 to the Group.

42. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) Paris Fur

Pursuant to a sale and purchase agreement made during the year, the Company acquired 100% equity interest of Paris Fur for a consideration of EUR440,000 (equivalent to approximately HK$5,014,000). Paris Fur is engaged in retail shop of fur garment in Paris, France.

Details of net assets acquired and liabilities assumed attributable to the Group as at the acquisition date were as follows:

	Pre-acquisition carrying amount *HK$'000*	Fair value adjustments *HK$'000*	Fair values on acquisition *HK$'000*
Other current assets	133	–	133
Current liabilities	(310)	–	(310)
Net identifiable liabilities	(177)	–	(177)
Share of net identifiable liabilities attributable to Paris Fur			(177)
Goodwill on acquisition			5,191
Total consideration			5,014
Consideration satisfied by cash			(5,014)
			Nil
Net cash outflow in respect of acquisition of a subsidiary			
Consideration satisfied by cash			(5,014)

From the date of acquisition to 31 March 2009, Paris Fur contributed net loss of approximately HK$1,096,000 to the Group.

43. POST BALANCE SHEET EVENTS

(a) Subsequent to the balance sheet date, every twenty-five issued shares of HK$0.02 each in the share capital of the Company (the "Shares") was consolidated into one share of HK$0.5 (the "Consolidated Share") in April 2009. The paid-up capital of each Consolidated Share was reduced from HK$0.5 to HK$0.01 by cancelling HK$0.49 so as to create a reorganized share of HK$0.01 each (the "Reorganised Share"). Each of the authorised but unissued Shares of HK$0.02 was sub-dividend into two Reorganised Shares of HK$0.01 each.

(b) Pursuant to deeds of settlement dated 24 June 2009 (see note 32), the Company issued new convertible notes in the aggregate principal amount of HK$744,930,000 with a term of 3 years. The notes bear no interest which are due in 2011. The holders of the convertible notes have the right to convert into ordinary share of the Company at an initial conversion price of HK$0.6 per share subject to adjustment. The Company shall have the right to redeem the whole or part of the outstanding convertible notes.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 6 July 2009.

Financial Summary

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	**173,611**	215,806	359,576	208,281	184,271
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	**83,197**	(44,282)	70,866	55,860	44,001
Finance costs	**(144,129)**	(4,212)	(7,346)	(2,782)	(396)
Share of loss of an associate	**–**	(2)	(10)	(48)	–
(LOSS)/PROFIT BEFORE TAX	**(60,932)**	(48,496)	63,510	53,030	43,605
Tax	**(6,112)**	8,627	170	(6,604)	(3,774)
(LOSS)/PROFIT FOR THE YEAR	**(67,044)**	(39,869)	63,680	46,426	39,831
Attributable to:					
Equity holders of the Company	**(66,679)**	(39,869)	63,680	46,426	39,831
Minority Interests	**(365)**	–	–	–	–
	(67,044)	(39,869)	63,680	46,426	39,831

ASSETS AND LIABILITIES

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
PROPERTY, PLANT AND EQUIPMENT	**3,478**	2,612	6,812	6,723	7,108
INVESTMENT PROPERTIES	**–**	60,250	30,380	27,100	20,480
PREPAID LAND LEASE PAYMENTS	**–**	–	881	904	927
INTEREST IN AN ASSOCIATE	**–**	18	20	30	–
AVAILABLE-FOR-SALE FINANCIAL ASSETS/OTHER INVESTMENTS	**7,800**	32,927	251,642	194,035	112,724
EXPLORATION AND EVALUATION ASSETS	**1,799,008**	–	–	–	–
GOODWILL	**3,891**	–	–	–	–
DEFERRED TAX ASSETS	**–**	9,251	–	–	–
CURRENT ASSETS	**115,823**	385,030	157,343	200,117	207,441
TOTAL ASSETS	**1,930,000**	490,088	447,078	428,909	348,680
CURRENT LIABILITIES	**8,556**	20,882	116,764	146,206	91,471
NON-CURRENT LIABILITIES	**1,204,011**	7,267	2,963	2,354	1,481
TOTAL LIABILITIES	**1,212,567**	28,149	119,727	148,560	92,952
NET ASSETS	**717,433**	461,939	327,351	280,349	255,728