



**RISING DEVELOPMENT HOLDINGS LIMITED**

**麗盛集團控股有限公司**

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

Interim Report **2009**



## 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

P. C. Woo & Co.  
*Solicitors & Notaries*  
12th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

### PRINCIPAL BANKERS

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### STOCK CODE

1004

### WEBSITE

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

## UNAUDITED INTERIM RESULTS

The Board of Directors (the "Directors") of Rising Development Holdings Limited (the "Company") is pleased to present the unaudited condensed interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009 together with the comparative figures for the corresponding period in 2008. These condensed interim consolidated financial statements have not been audited but have been reviewed by the Company's Audit Committee.

### CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

		(Unaudited) Six months ended 30 September	
		2009 HK\$'000	2008 HK\$'000
<b>TURNOVER</b>	3	<b>87,506</b>	63,311
Cost of sales		<b>(86,386)</b>	(58,810)
Gross profit		<b>1,120</b>	4,501
Other income and net gains/(losses)			
– Net gains/(losses) from investments	4	<b>45,945</b>	(44,887)
– Others	4	<b>67,924</b>	277,304
Loss on disposal of available-for-sale financial assets		–	(2,003)
Impairment loss on exploration and evaluation assets		<b>(9,451)</b>	(248,308)
Impairment loss on goodwill		<b>(650)</b>	–
Selling and distribution expenses		<b>(1,109)</b>	(2,275)
Operating and administrative expenses		<b>(9,545)</b>	(8,323)
Loss on disposal of investment property		–	(6,354)
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b>		<b>94,234</b>	(30,345)
Finance costs	5	<b>(28,179)</b>	(27,943)
Share of loss of an associate		–	(29)
<b>PROFIT/(LOSS) BEFORE TAX</b>	6	<b>66,055</b>	(58,317)
Tax	7	<b>2,359</b>	(39)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>68,414</b>	(58,356)
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>70,036</b>	(8,537)
Minority interests		<b>(1,622)</b>	(49,819)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>68,414</b>	(58,356)
PROPOSED INTERIM DIVIDEND	8	–	–
<b>EARNINGS/(LOSS) PER SHARE</b>	9		(restated)
Basic		<b>HK48.15 cents</b>	HK(5.87) cents
Diluted		<b>HK48.15 cents</b>	HK(5.87) cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	(Unaudited)	
	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>68,414</b>	(58,356)
Other comprehensive (loss)/income:		
Exchange differences arising on translation of foreign operations	<b>(140)</b>	295
Deferred tax on disposal of investment properties	–	4,127
Realised on disposal of available-for-sale financial assets in the asset revaluation reserve	–	1,291
Other comprehensive (loss)/income for the period	<b>(140)</b>	5,713
Total comprehensive income/(loss) for the period	<b>68,274</b>	(52,643)
Attributable to:		
Equity holders of the Company	<b>69,896</b>	(10,463)
Minority interests	<b>(1,622)</b>	(42,180)
	<b>68,274</b>	(52,643)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2009 AND 31 MARCH 2009

		(Unaudited) 30 September 2009 HK\$'000	(Audited) 31 March 2009 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,110	3,478
Available-for-sale financial assets	11	7,800	7,800
Exploration and evaluation assets		1,789,566	1,799,008
Goodwill		3,241	3,891
		<b>1,803,717</b>	1,814,177
<b>CURRENT ASSETS</b>			
Inventories		27,275	29,934
Prepayments, deposits and other receivables		6,232	5,386
Trade receivables	12	2,039	3
Financial assets at fair value through profit or loss	13	102,860	49,959
Tax recoverable		2,832	2,832
Time deposits, cash and bank balances		12,224	27,709
		<b>153,462</b>	115,823
<b>CURRENT LIABILITIES</b>			
Trade payables	14	2,087	62
Customers' deposits		1,622	2,161
Other payables and accruals		5,228	5,743
Tax payable		590	590
		<b>9,527</b>	8,556
<b>NET CURRENT ASSETS</b>		<b>143,935</b>	107,267
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,947,652</b>	1,921,444
<b>NON-CURRENT LIABILITIES</b>			
Convertible notes		420,554	756,278
Deferred tax liabilities		445,370	447,733
		<b>865,924</b>	1,204,011
<b>NET ASSETS</b>		<b>1,081,728</b>	717,433
<b>CAPITAL AND RESERVES</b>			
Share capital	15	1,455	72,726
Reserves		811,942	374,754
Equity attributable to equity holders of the Company		813,397	447,480
Minority interests		268,331	269,953
<b>TOTAL EQUITY</b>		<b>1,081,728</b>	717,433

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)  
Six months ended 30 September 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	Total HK\$'000	Minority Interests HK\$'000	Equity Total HK\$'000
At 1 April 2009	72,726	188,467	5,830	25,807	-	21,112	-	12	133,526	447,480	269,953	717,433
Exchange reserve	-	-	-	-	-	(140)	-	-	-	(140)	-	(140)
Profit for the period	-	-	-	-	-	-	-	-	70,036	70,036	(1,622)	68,414
Total comprehensive income/(loss)	-	-	-	-	-	(140)	-	-	70,036	69,896	(1,622)	68,274
Capital Reduction	(71,271)	-	71,271	-	-	-	-	-	-	-	-	-
Recognition of equity component of convertible notes	-	-	-	296,021	-	-	-	-	-	296,021	-	296,021
At 30 September 2009	1,455	188,467	77,101	321,828	-	20,972	-	12	203,562	813,397	268,331	1,081,728

Six months ended 30 September 2008

	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	Total HK\$'000	Minority Interests HK\$'000	Equity Total HK\$'000
At 1 April 2008	72,726	188,467	5,830	-	20,882	118	(1,291)	12	175,195	461,939	-	461,939
Transfer realized on disposal of investment properties	-	-	-	-	(25,009)	-	-	-	25,009	-	-	-
Realized on disposal of available-for-sale financial assets	-	-	-	-	-	-	1,291	-	-	1,291	-	1,291
Exchange reserve	-	-	-	-	-	(7,344)	-	-	-	(7,344)	7,639	295
Deferred tax on disposal of investment properties	-	-	-	-	4,127	-	-	-	-	4,127	-	4,127
Loss for the period	-	-	-	-	-	-	-	-	(8,537)	(8,537)	(49,819)	(58,356)
Total comprehensive income/(loss)	-	-	-	-	(20,882)	(7,344)	1,291	-	16,472	(10,463)	(42,180)	(52,643)
Recognition of equity component of convertible notes	-	-	-	153,784	-	-	-	-	-	153,784	-	153,784
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	352,940	352,940
At 30 September 2008	72,726	188,467	5,830	153,784	-	(7,226)	-	12	191,667	605,260	310,760	916,020

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	(Unaudited)	
	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
Net cash outflow from operating activities	<b>(9,545)</b>	(19,835)
Net cash outflow from investing activities	<b>(5,940)</b>	(43,971)
Net cash outflow from financing activities	–	(8)
Net decrease in cash and cash equivalents	<b>(15,485)</b>	(63,814)
Cash and cash equivalents at beginning of period	<b>27,709</b>	92,651
Cash and cash equivalents at end of period	<b>12,224</b>	28,837
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>12,224</b>	28,837



# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 March 2009 (the "2009 Annual Report").

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended 31 March 2009.

The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group's 2009 Annual Report, except for the impact of the adoption of the Standards and Interpretation described below.

**HKAS 1 (Revised) Presentation of Financial Statements** (effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The Group has elected to present a separate income statement and a statement of comprehensive income.

**HKFRS 8 Operating Segments** (effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure standard that has resulted in a re-designation of the Group's reportable segments and disclosure of information about business segments, but has no impact on the results or financial positions of the Group.



The following amendments and interpretations issued by the HKICPA which are or have become effective and did not have any significant impact on the accounting policies of the Group.

HKFRSs (Amendments) HKFRS 1 and HKAS 27 Amendments	Improvements to HKFRSs Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures-Improving Disclosures about Financial Instruments
HKAS 23 (Revised) HKAS 32 and HKAS 1 Amendments	Borrowing Costs Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 13 HK(IFRIC)-Int 15 HK(IFRIC)-Int 16	Customer Loyalty Programmes Agreements for the Construction of Real Estate Hedges of a Net Investment in a Foreign Operation

### 3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. HKFRS 8 replaces the requirement under HKAS 14 to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of HKFRS 8 did not have any effect on the Group’s results of operations or financial position.

The Group determines that in accordance with HKFRS 8, there are six business reportable segments which are Trading in securities, Investments, Manufacture and sales of fur garments, Trading of fur skins, Mine and Others.

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

**(a) Business segments:**

2009	(Unaudited) 6 months ended 30 September 2009							Consolidated HK\$'000
	Trading in securities HK\$'000	Investments HK\$'000	Manufacture and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Mine HK\$'000	Others HK\$'000	Elimination HK\$'000	
Segment revenue:								
Sales to external customers	82,224	-	461	4,821	-	-	-	87,506
Intersegment sales	-	-	-	2,014	-	-	(2,014)	-
Income from investments	45,321	624	-	-	-	-	-	45,945
Other revenue	-	-	33	-	-	660	(660)	33
<b>Total revenue</b>	<b>127,545</b>	<b>624</b>	<b>494</b>	<b>6,835</b>	<b>-</b>	<b>660</b>	<b>(2,674)</b>	<b>133,484</b>
Segment results	46,355	(676)	(5,099)	(155)	(10,481)	(425)		29,519
Interest income								8
Change in fair value of derivative components embedded in convertible notes								67,883
Unallocated expenses								(3,176)
Profit from operating activities								94,234
Finance costs								(28,179)
Profit before tax								66,055
Tax								2,359
Profit for the period								68,414

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

**(b) Geographical segments:**

(Unaudited)					
6 months ended 30 September 2009					
2009	Hong Kong and Mainland China HK\$'000	Japan HK\$'000	North America HK\$'000	Others HK\$'000	Consolidated HK\$'000
Segment revenue:					
Sales to external customers	87,322	67	-	117	87,506
Segment results	31,560	(746)	-	(1,295)	29,519

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

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

	6 months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Other income and net gains/(losses):		
Interest income from investments in available-for-sale financial assets	<b>624</b>	414
Dividend income from financial assets at fair value through profit or loss	<b>578</b>	20
Unrealised gain/(loss) on investments in financial assets at fair value through profit or loss	<b>44,743</b>	(45,321)
	<b>45,945</b>	(44,887)
Others:		
Gross rental income	–	36
Bank interest income	<b>8</b>	168
Exchange gain	<b>9</b>	25
Others	<b>24</b>	29
Change in fair value of derivative components embedded in convertible notes	<b>67,883</b>	–
Excess over the cost of a business combination recognized in income statement	–	277,046
	<b>67,924</b>	277,304
	<b>113,869</b>	232,417

## 5. FINANCE COSTS

	6 months ended 30 September	
	2009	2008
	HK\$'000	HK\$'000
Effective interest on convertible notes wholly repayable within five years	28,179	27,366
Interest on trust receipt loans	–	577
	<b>28,179</b>	<b>27,943</b>

## 6. PROFIT/(LOSS) BEFORE TAX

This is stated after charging the following:

	6 months ended 30 September	
	2009	2008
	HK\$'000	HK\$'000
Charging		
Cost of inventories sold	5,196	58,810
Cost of equity securities sold	81,190	–
Total cost of sales	<b>86,386</b>	<b>58,810</b>
Depreciation	460	443
Operating lease rentals on lands and buildings	1,653	996
Staff costs (including directors' remuneration)	<b>4,901</b>	<b>3,935</b>

## 7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

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

	6 months ended 30 September	
	2009	2008
	HK\$'000	HK\$'000
Hong Kong profits tax	–	39
Deferred tax	(2,359)	–
	<b>(2,359)</b>	<b>39</b>

## 8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2009 (2008: Nil).

## 9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amount for the period is based on the Group's profit attributable to equity holders of the Company of HK\$70,036,000 (2008: loss of HK\$8,537,000). The basic earnings/(loss) per share is based on the weighted average of 145,453,600 (2008: 145,453,600 (restated)) ordinary shares in issue during the period.

Basic loss per share amount for the six months ended 30 September 2008 is adjusted and restated for the Company's share consolidation occurring in April 2009, details of which are set out in note 15. This share consolidation does not affect the amount of capital used to produce the profit or loss for the period.

Diluted earnings/(loss) per share amounts for the six months ended 30 September 2009 and 2008 are the same as the basic earnings/(loss) per share, as the convertible notes outstanding during these periods had an anti-dilutive effect on the basic earnings/(loss) per share for these periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2009, the Group acquired items of property, plant and equipment with cost of HK\$27,000 (six months ended 30 September 2008: HK\$900,000) and disposed items of property, plant and equipment of nil (six months ended 30 September 2008: nil).

## 11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>(Unaudited)</b> <b>30 September</b> <b>2009</b> <b>HK\$'000</b>	(Audited) 31 March 2009 HK\$'000
At Cost:		
Equity securities unlisted outside Hong Kong	<b>7,800</b>	7,800

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.

## 12. 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 ageing analysis of trade receivables at the balance sheet date based on the invoice date is as follows:

	<b>(Unaudited)</b> <b>30 September 2009</b> <i>HK\$'000</i>		<b>(Audited)</b> <b>31 March 2009</b> <i>HK\$'000</i>	
		<b>%</b>		<b>%</b>
Current to 30 days	<b>2,023</b>	<b>99</b>	1	33
31 days to 60 days	<b>11</b>	<b>0.6</b>	–	–
Over 60 days	<b>5</b>	<b>0.4</b>	2	67
	<b>2,039</b>	<b>100</b>	3	100

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

	<b>(Unaudited)</b> <b>30 September</b> <b>2009</b> <i>HK\$'000</i>	<b>(Audited)</b> <b>31 March</b> <b>2009</b> <i>HK\$'000</i>
At fair value:		
Equity securities listed in Hong Kong	<b>102,860</b>	49,959

## 14. TRADE PAYABLES

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

	<b>(Unaudited)</b> <b>30 September 2009</b> <i>HK\$'000</i>		<b>(Audited)</b> <b>31 March 2009</b> <i>HK\$'000</i>	
		<b>%</b>		<b>%</b>
Current to 30 days	<b>2,087</b>	<b>100</b>	59	95
31 days to 60 days	–	–	2	3
Over 60 days	–	–	1	2
	<b>2,087</b>	<b>100</b>	62	100

## 15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised		
Ordinary shares		
At 1 April 2009 of HK\$0.02 each	15,000,000,000	300,000
Share sub-division ( <i>Note 1</i> )	15,000,000,000	–
	<hr/>	<hr/>
At 30 September 2009 of HK\$0.01 each	30,000,000,000	300,000
	<hr/>	<hr/>
Issued and fully paid		
At 1 April 2009 of HK\$0.02 each	3,636,340,000	72,726
Capital reorganisation ( <i>Note 1</i> )	(3,490,886,400)	(71,271)
	<hr/>	<hr/>
At 30 September 2009 of HK\$0.01 each ( <i>Note 2</i> )	145,453,600	1,455
	<hr/>	<hr/>

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

### *Note 1:*

Pursuant to a resolution passed at the extraordinary general meeting held on 3 April 2009, the unissued share of HK\$0.02 each was sub-divided into two ordinary shares of HK\$0.01 each. The issued share capital of the Company was consolidated by which every twenty-five existing share of HK\$0.02 each was consolidated into one ordinary share of HK\$0.50 each (the "Consolidated Share"). The Consolidated Share was reduced through a cancellation of the paid up capital of the Company to the extent of HK\$0.49 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Shares will be reduced from HK\$0.50 to HK\$0.01 (the "Capital Reorganisation"). The Capital Reorganisation was effective on 6 April 2009.

### *Note 2:*

During October and November 2009, convertible notes with principal amount of HK\$145,893,000 and HK\$598,572,000 were converted into 243,155,000 and 997,620,000 new ordinary shares of HK\$0.60 each at HK\$0.01 per share respectively. The number of issued ordinary shares after these two conversions was total 1,386,228,600 shares.



## 16. BANKING FACILITIES/CONTINGENT LIABILITIES

At 30 September 2009 and 31 March 2009, the Group did not have any significant contingent liabilities.

At 30 September 2009 and 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.

At 30 September 2009 and 31 March 2009, the Group had no bank borrowing.

## 17. SUBSEQUENT EVENTS

During October and November 2009, convertible notes with principal amount of HK\$145,893,000 and HK\$598,572,000 were converted into 243,155,000 and 997,620,000 new ordinary shares of HK\$0.60 each at HK\$0.01 per share respectively. The number of issued ordinary shares after these two conversions was total 1,386,228,600 shares.



## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

During the first six months, the Group's turnover was HK\$87,506,000 (2008: HK\$63,311,000), an increase of 38% compared to the corresponding period last year. The increase in turnover was mainly due to a significant increase in turnover in the trading of securities. The net profit attributable to equity holders of the Company was HK\$70,036,000 as compared to a net loss of HK\$8,537,000 last corresponding period, resulting in a basic earnings per share of HK\$48.15 cents for the current period (2008: a basic loss per share of HK\$5.87 cents (restated)).

### OPERATION REVIEW

The major sources of revenue of the Group for the first half-year were trading in securities and trading of fur skin.

#### Investment Business

##### *Trading in Securities*

The increase in the Group's total turnover for the first half of the year was mainly due to the increase in the turnover in trading in securities as a result of better investment atmosphere originated from loosen monetary supplies and low interest rate implemented globally. During the period, the turnover of trading in securities was HK\$82,224,000 compared to that of nil turnover of the corresponding period last year, profit during the period was HK\$46,355,000, compared with a loss of HK\$46,791,000 for the same period last year.

##### *Investments*

The Group's turnover in investment during the period was nil and the same for the corresponding period last year. Income from available-for-sale financial assets for the first half year was HK\$624,000, representing an increase in income of 51.09% compared to an income of HK\$413,000 in the corresponding period last year, the Group recorded a loss of HK\$676,000 during the period which was mainly due to operating expense, representing a decrease in loss of 78.09% compared with a loss of HK\$3,086,000 in the corresponding period last year.

#### Mining Business

The mining business of the Group had not started contributing revenue during the period under review. However, a loss of HK\$10,481,000 was recorded in this sector, the loss was mainly due to impairment losses on exploration and evaluation assets during the period, compared to a profit of HK\$27,731,000 in the corresponding period last year.

## **Fur Business**

### *Fur Skin Trading*

The turnover of the trading of fur skins for the first half year was HK\$4,821,000 representing a drop from HK\$61,027,000 of the corresponding period last year. A loss of HK\$155,000 was recorded, compared with a profit of HK\$1,927,000 in the corresponding period last year. The decrease in turnover was mainly due to much slower demand in fur skin as a result of global financial crisis.

### *Manufacture and Sales of Fur Garments*

The turnover for manufacture and sales of fur garments for the first half year was HK\$461,000, a decrease of 79.8% compared to HK\$2,284,000 in the corresponding period last year. A loss of HK\$5,099,000 was recorded, compared with a loss of HK\$1,711,000 in the corresponding period last year. The decrease in turnover and loss was mainly due to weak demand and also low season for fur garments, and more expenses were utilized to build channels and outlets for stronger sales in the seasonal period.

## **PROSPECTS**

### **Investment Business**

Though there appear mixed economic sentiments and signals for the global economic growth, equity and debt market during the period has been picking up faster than expected, both low interest rate and loosen monetary policy are expected to be continuous for quite a future period, under such circumstance, the Group believes there are rooms and opportunities for more investment activities to be carried out in the coming year and of course all these investments will be conducted in a cautious manner.

### **Mining Business**

The mineral and resources price has been slowly picking up despite the fact that gold price has sharply increased recently, 2010 is expected to be a year full of challenge and fluctuation. The Group has completed most of the technical works that requires for extraction of vanadium for the mine in Shanxi Province, the Group prepares to commence the extraction work step by step, and its pace of extraction will depend mostly on the profitability that links with the vanadium market price, sustaining the strategy of the Group's aims to keep the mine reserve during the low price period and sell while vanadium is at high price.

## **Fur Business**

### *Fur Skin Trading*

As the credit crisis ripples around the globe since September 2008, Hong Kong banks also tightened their business lending stance further, the Group had decided to temporarily scale down its brokerage business starting from March 2009 due to the lack of credit lines provided which was a critical source of liquidity in this business. The economic downturn is broader and deeper, pelt prices are down more than 30% from a year ago. In addition, the Russian fur business which grew rapidly as oil wealth rose, is being hit hard by tight credit. While the international fur market declined by 40 percent last year, the fur market in China maintained a strong performance, the trading volume even experienced a 30 percent growth year-on-year. We foresee next year will be a good opportunity for the Group to continue its fur trade business in China.

### *Manufacture and Sales of Fur Garments*

The world economy is in a sort of recovery mode right now from the financial turmoil, one of the world's largest fur consuming markets, Russia, is slowly recovering, which could take up to two years to return to pre-financial crisis levels. And its pace of economic recovery is vital to the global fur market. However, the most important factor which cannot be guided by economic conditions is a cold winter season. China, another of the world's largest fur consuming market is not only benefiting from the extremely cold and early winter, but also harvests from a strong growing consumer spending trend.

China is a major fur manufacturer and exporter in the world, and also the biggest fur market in potential, the Group will continue penetrating its brand "Frede Derick" into the China retail markets, the design of our fur garments will cover styles from classic to casual in order to meet the different needs of various consumers in China. At the same time, the Group's retail shop in Paris will continue developing its brand "Lecothia", the design will continue of focus on high fashion and classic style to cater for the demand of the shoppers in that area.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally derives cash for operation from internal cash flow and facilities from banks in Hong Kong. As at 30 September 2009, the Group had cash and bank balances of approximately HK\$12,224,000 (31 March 2009: HK\$27,709,000). As at 30 September 2009, the Group's interest bearing bank and other borrowings (including convertibles notes) amounted to approximately HK\$420,554,000 (31 March 2009: HK\$756,278,000). As at 30 September 2009, the shareholders' funds amounted to approximately HK\$1,081,728,000 (31 March 2009: HK\$717,433,000). Accordingly, the gearing ratio measured as bank borrowings, net of cash and bank balances, to shareholders' funds was 0.37 (31 March 2009: 1.02).

## 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.

On 18 May 2009, the Company entered into a deed 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.

During October and November 2009, convertible notes with principal amount of HK\$145,893,000 and HK\$598,572,000 were converted into 243,155,000 and 997,620,000 new ordinary shares of HK\$0.60 each at HK\$0.01 per share respectively. The number of issued ordinary shares after these two conversions was total 1,386,228,600 shares.

## 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 30 September 2009, the Group employed 33 employees in Hong Kong, Macau and Mainland China. The Group's remuneration policies are based primarily on the prevailing market wages and the performance of individual employee. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

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

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

### (a) Long positions in ordinary shares of HK\$0.01 each of the Company

Name of Director	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Lai Leong	Interest held by controlled corporation ( <i>Note</i> )	821,532,600	564.81%

*Note:* Out of the 821,532,600 shares, 76,602,600 shares beneficially owned by Oriental Day International Limited, on September 2009, 620,775,000 shares and 124,155,000 shares were transfer of convertible note to Oriental Day International Limited by Mr. Zou Quanbo and Mr. Wang Hong respectively.

Oriental Day International Limited is 100% beneficially owned by Mr. Lai Leong.

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

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

No share options were granted to, or exercised by, the directors and chief executive during the six months ended 30 September 2009. There was no outstanding option granted to the directors and chief executive at the beginning and at the six months ended 30 September 2009.

Save as disclosed above, as at 30 September 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 six months ended 30 September 2009.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

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

## **SHARE OPTION SCHEME**

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

## **DIRECTORS' INTERESTS IN CONTRACTS**

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

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

As at 30 September 2009, according to the register of interest required to be kept by the Company pursuant to Section 336 of the SFO, the Company has been notified that the following parties, other than the director of the Company disclosed above, had interests of 5% or more of the issued share capital of the Company:

### (1) Long position in the ordinary shares of HK\$0.01 each of the Company

Name of substantial shareholder	Capacity	Number of shares interested	Percentage of the Company's issued share capital
Oriental Day International Limited	Beneficial owner	821,532,600	564.81%

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

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

Name of substantial shareholder	Capacity	Number of shares interested	Percentage of the underlying shares over the Company's issued share capital
Chen Jianjun	Beneficial owner	496,620,000 (Note)	341.43%

*Note:* These represented the shares to be issued by the Company pursuant to conversion of the convertible notes issued by the Company. Accordingly to the subscription agreement (as defined in the Company's circular dated 27 May 2009), the number of these underlying shares held by Chen Jianjun 496,620,000 shares as the conversion price of HK\$0.60 per share.

Save as disclosed above, as at 30 September 2009, no person, other than the director of the Company whose interest has been set out in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" above, had registered an interest and a short position in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO.



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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2009.

## CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

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

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

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **REMUNERATION COMMITTEE**

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

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

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

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim consolidated financial statements for the six months ended 30 September 2009.

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

The audit committee comprises three independent non-executive directors of the Company.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2009 (six months ended 30 September 2008: Nil). No dividend was paid during the period under review.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement and interim report are published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.hkrising.com](http://www.hkrising.com). Printed copies in both languages are posted to shareholders.

## BOARD OF DIRECTORS

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

ON BEHALF OF THE BOARD

**Lai Leong**  
*Chairman*

Hong Kong, 28 December 2009

