



RISING DEVELOPMENT HOLDINGS LIMITED
麗盛集團控股有限公司

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

2010
Interim Report

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Lee Yuk Lun (*Chairman & Chief Executive Officer*)
Mr. Kong Shan, David
Mr. Lam Kwan Sing

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 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

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 2010 together with the comparative figures for the corresponding period in 2009. 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 2010

		(Unaudited)	
		Six months ended	
		30 September	
	Note	2010 HK\$'000	2009 HK\$'000
TURNOVER	3	87,051	87,506
Cost of sales		(91,728)	(86,386)
Gross (losses)/profit		(4,677)	1,120
Other income and net (losses)/gains			
– Net (losses)/gains from investments	4	(13,437)	45,945
– Others	4	(21,850)	67,924
Impairment loss on exploration and evaluation assets		(34,959)	(9,451)
Impairment loss on goodwill		(650)	(650)
Selling and distribution expenses		(1,505)	(1,109)
Operating and administrative expenses		(9,636)	(9,545)
(LOSS)/PROFIT FROM OPERATING ACTIVITIES		(86,714)	94,234
Finance costs	5	(1,106)	(28,179)
(LOSS)/PROFIT BEFORE TAX	6	(87,820)	66,055
Tax	7	8,740	2,359
(LOSS)/PROFIT FOR THE PERIOD		(79,080)	68,414
ATTRIBUTABLE TO:			
Equity holders of the Company		(73,645)	70,036
Non-controlling interests		(5,435)	(1,622)
(LOSS)/PROFIT FOR THE PERIOD		(79,080)	68,414
PROPOSED INTERIM DIVIDEND	8	–	–
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	9		
Basic		HK(5.31) cents	HK48.15 cents
Diluted		HK(5.31) cents	HK48.15 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

	(Unaudited)	
	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
(LOSS)/PROFIT FOR THE PERIOD	(79,080)	68,414
Other comprehensive income/(loss):		
Exchange differences arising on translation of foreign operations	22,794	(140)
Other comprehensive income/(loss) for the period	22,794	(140)
Total comprehensive (loss)/income for the period	(56,286)	68,274
Attributable to:		
Equity holders of the Company	(55,355)	69,896
Non-controlling interests	(931)	(1,622)
	(56,286)	68,274

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2010 AND 31 MARCH 2010

		(Unaudited) 30 September 2010 HK\$'000	(Audited) 31 March 2010 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,637	2,862
Available-for-sale financial assets	11	7,800	7,800
Exploration and evaluation assets	12	1,547,148	1,549,893
Goodwill		1,941	2,591
Convertible notes		–	6,147
		1,559,526	1,569,293
CURRENT ASSETS			
Inventories		7,645	5,071
Trade receivables	13	1,060	5,679
Prepayments, deposits, temporary payments and other receivables		4,087	4,813
Financial assets at fair value through profit or loss	14	48,438	80,745
Tax recoverable		2,835	2,835
Time deposits, cash and bank balances		21,296	13,137
		85,361	112,280
CURRENT LIABILITIES			
Trade payables	15	3,039	300
Customers' deposits		1,493	1,580
Other payables and accruals		3,772	4,226
Tax payable		590	590
		8,894	6,696
NET CURRENT ASSETS		76,467	105,584
TOTAL ASSETS LESS CURRENT LIABILITIES		1,635,993	1,674,877
NON-CURRENT LIABILITIES			
Convertible Notes		16,859	–
Deferred tax liabilities		385,900	385,357
		402,759	385,357
NET ASSETS		1,233,234	1,289,520
CAPITAL AND RESERVES			
Share capital	16	13,862	13,862
Reserves		988,188	1,043,543
Equity attributable to equity holders of the Company		1,002,050	1,057,405
Non-controlling interests		231,184	232,115
TOTAL EQUITY		1,233,234	1,289,520

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)									
	Six months ended 30 September, 2010									
	Share capital	Share premium account	Contributed surplus	Convertible notes equity reserve	Exchange fluctuation reserve	Statutory reserve fund	Retained profits/ (accumulated losses)	Sub-total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2010	13,862	920,524	77,102	25,992	29,288	12	(9,375)	1,057,405	232,115	1,289,520
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	(73,645)	(73,645)	(5,435)	(79,080)
Other comprehensive income										
Exchange differences arising on translation for foreign operations	-	-	-	-	18,290	-	-	18,290	4,504	22,794
Total comprehensive income/(loss)	-	-	-	-	18,290	-	(73,645)	(55,355)	(931)	(56,286)
Transactions with owners										
Capital reorganization										
- Capital reduction	-	-	-	-	-	-	-	-	-	-
Issue of convertible notes	-	-	-	-	-	-	-	-	-	-
At 30 September 2010	13,862	920,524	77,102	25,992	47,578	12	(83,020)	1,002,050	231,184	1,233,234

	(Unaudited)									
	Six months ended 30 September, 2009									
	Share capital	Share premium account	Contributed surplus	Convertible notes equity reserve	Exchange fluctuation reserve	Statutory reserve fund	Retained profits/ (accumulated losses)	Sub-total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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
Comprehensive income										
Profit/(loss) for the period	-	-	-	-	-	-	70,036	70,036	(1,622)	68,414
Other comprehensive income										
Exchange differences arising on translation for foreign operations	-	-	-	-	(140)	-	-	(140)	-	(140)
Total comprehensive income/(loss)	-	-	-	-	(140)	-	70,036	69,896	(1,622)	68,274
Transactions with owners										
Capital reorganization										
- Capital Reduction	(71,271)	-	71,271	-	-	-	-	-	-	-
Issue 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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

	(Unaudited)	
	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Net cash from/(used in) operating activities	8,197	(9,545)
Net cash used in investing activities	(38)	(5,940)
Net cash outflow from financing activities	–	–
Net increase/(decrease) in cash and cash equivalents	8,159	(15,485)
Cash and cash equivalents at beginning of period	13,137	27,709
Cash and cash equivalents at end of period	21,296	12,224
Analysis of balances of cash and cash equivalents		
Cash and bank balances	21,296	12,224



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 2010.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the Group's annual financial statements for the year ended 31 March 2010.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") Issued by the HKICPA.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs 2008
HKFRSs (Amendments) HKAS 27 (Revised)	Improvements to HKFRSs 2009 Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Right Issue
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
Hong Kong (International Financial Reporting Interpretations Committee) ("HK(IFRIC)")-Interpretation ("Int") 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As the Group has elected to measure the non-controlling interest at their share of the identifiable net assets for transactions occurred during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the unaudited condensed consolidated financial statements of the Group for the current and prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no material effect on the unaudited condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 9	Financial Instruments ⁴
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ²
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 January 2011.

³ Effective for annual periods beginning on or after 1 July 2010.

⁴ Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognized financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments the (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investment and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

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.

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, Trading 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) Operating segments information:

(Unaudited)
6 months ended 30 September 2010

	Trading in securities HK\$'000	Investments HK\$'000	Trading and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Mine HK\$'000	Others HK\$'000	Consolidated HK\$'000
Segment revenue:							
Sales to external customers	73,529	-	2,436	11,086	-	-	87,051
Intersegment sales	-	-	1,746	-	-	-	1,746
Reportable segment revenue	73,529	-	4,182	11,086	-	-	88,797
Elimination of inter-segment sales							(1,746)
Consolidated revenue							87,051
Segment results	(19,984)	(1,101)	(4,118)	148	(35,918)	(835)	(61,808)
Reconciliation:							
Interest income							2
Change in fair value of derivative components embedded in convertible notes							(21,900)
Unallocated corporate expenses							(3,008)
Loss from operating activities							(86,714)
Finance costs							(1,106)
Loss before tax							(87,820)
Tax							8,740
Loss for the period							(79,080)

	(Unaudited)						
	6 months ended 30 September 2009						
	Trading in securities	Investments	Trading and sales of fur garments	Trading of fur skins	Mine	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:							
Sales to external customers	82,224	-	461	4,821	-	-	87,506
Intersegment sales	-	-	-	2,014	-	-	2,014
Reportable segment revenue	82,224	-	461	6,835	-	-	89,520
Elimination of inter-segment sales							(2,014)
Consolidated revenue							87,506
Segment results	46,355	(676)	(5,099)	(155)	(10,481)	(425)	29,519
Reconciliation:							
Interest income							8
Change in fair value of derivative components embedded in convertible notes							67,883
Unallocated corporate 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

(b) The segment assets and liabilities at the end of the reporting period are as follows:

	(Unaudited) As at 30 September 2010						
	Trading in securities HK\$'000	Investments HK\$'000	Trading and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Mine HK\$'000	Others HK\$'000	Consolidated HK\$'000
Reportable segment assets	48,438	1,964	13,409	19,531	1,548,080	56,490	1,687,912
Elimination of inter-segment receivables							(74,956)
							1,612,956
Unallocated assets:							
Available-for-sale financial assets							7,800
Cash and cash equivalents							21,296
Tax recoverable							2,835
Total assets per consolidated statement of financial position							<u>1,644,887</u>
Reportable segment liabilities	-	(7,061)	(32,737)	(29,509)	(6,750)	(7,203)	(83,260)
Elimination of inter-segment payables							74,956
							(8,304)
Unallocated liabilities:							
Deferred tax liabilities							(385,900)
Convertible notes							(16,859)
Tax payable							(590)
Total liabilities per consolidated statement of financial position							<u>(411,653)</u>
Additions to non-current segment assets during the period	-	-	-	-	540	-	540

	(Audited)						
	As at 31 March 2010						
	Trading in securities HK\$'000	Investments HK\$'000	Trading and sales of fur garments HK\$'000	Trading of fur skins HK\$'000	Mine HK\$'000	Others HK\$'000	Consolidated HK\$'000
Reportable segment assets	80,745	1,662	16,341	20,992	1,550,557	55,909	1,726,206
Elimination of inter-segment receivables							(74,552)
							1,651,654
Unallocated assets:							
Available-for-sale financial assets							7,800
Cash and cash equivalents							13,137
Tax recoverable							2,835
Convertible notes							6,147
Total assets per consolidated statement of financial position							1,681,573
Reportable segment liabilities	-	(7,122)	(33,679)	(27,052)	(5,203)	(7,602)	(80,658)
Elimination of inter-segment payables							74,552
							(6,106)
Unallocated liabilities:							
Deferred tax liabilities							(385,357)
Tax payable							(590)
Total liabilities per consolidated statement of financial position							(392,053)
Additions to non-current segment assets during the period	-	-	320	-	330	-	650

(c) **Geographical information:**

(i) Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong and mainland China. Revenue by geographical location is determined on the basis of the locations of stock exchanges for sales of listed securities and the services provided, as well as the destination of the goods delivered.

The following table provides an analysis of the Group's revenue by geographical location:

	(Unaudited) 6 months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Hong Kong	75,821	82,501
Mainland China	11,095	4,821
Other countries	135	184
Total revenue	87,051	87,506

4. OTHER INCOME AND NET (LOSSES)/GAINS

	(Unaudited) 6 months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Other income and net (losses)/gains:		
Net (loss)/gain from investments:		
Interest income from investments in available-for-sale financial assets	-	624
Dividend income from financial assets at fair value through profit or loss	675	578
Unrealised (loss)/gain on investments in financial assets at fair value through profit or loss	(14,112)	44,743
	(13,437)	45,945
Others:		
Bank interest income	2	8
Exchange gain	38	9
Others	10	24
Fair value change on derivative components embedded in convertible notes	(21,900)	67,883
	(21,850)	67,924
	(35,287)	113,869

5. FINANCE COSTS

	(Unaudited) 6 months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Imputed interest expenses on convertible notes	1,106	28,179

6. (LOSS)/PROFIT BEFORE TAX

This is stated after charging the following:

	(Unaudited) 6 months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Charging		
Cost of inventories sold	11,784	5,196
Cost of equity securities sold	79,944	81,190
Total cost of sales	91,728	86,386
Depreciation	465	460
Operating lease rentals on lands and buildings	1,413	1,653
Staff costs (including directors' remuneration)	4,688	4,901

7. 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 periods ended 30 September 2010 and 30 September 2009. 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.

	(Unaudited) 6 months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Tax represents income tax credit as follows:		
Deferred tax	8,740	2,359

8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2010 (2009: Nil).

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share amount for the period is based on the Group's loss attributable to equity holders of the Company of HK\$73,645,000 (2009: profit of HK\$70,036,000). The basic (loss)/earnings per share is based on the weighted average of 1,386,228,600 (2009:145,453,600) ordinary shares in issue during the period.

Diluted (loss)/earnings per share amounts for the six months ended 30 September 2010 and 2009 are the same as the basic (loss)/earnings per share, as the convertible notes outstanding during these periods had an anti-dilutive effect on the basic (loss)/earnings per share for these periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2010, the Group acquired items of property, plant and equipment with cost of HK\$18,000 (year ended 31 March 2010: HK\$324,000) and disposed items of property, plant and equipment of HK\$11,000 (year ended 31 March 2010: HK\$1,228,000).

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	(Unaudited) 30 September 2010 HK\$'000	(Audited) 31 March 2010 HK\$'000
At Cost:		
Equity securities unlisted outside Hong Kong	7,800	7,800

At the end of reporting period, 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. EXPLORATION AND EVALUATION ASSETS

	Exploration rights <i>HK\$'000</i>	Group Evaluation expenditure <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2009 (Audited)	1,790,930	8,078	1,799,008
Exchange adjustment	13,114	59	13,173
Additions during the year	–	326	326
Impairment loss	(262,614)	–	(262,614)
Balance at 31 March 2010 (Audited)	1,541,430	8,463	1,549,893
Exchange adjustment	31,725	174	31,899
Additions during the period	–	315	315
Impairment loss	(34,959)	–	(34,959)
Balance at 30 September 2010 (Unaudited)	1,538,196	8,952	1,547,148

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 30 September 2010, 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 the report of this valuer, the management considers that the exploration and evaluation assets should be impaired as the carrying amount of exploration and evaluation assets exceeds its estimated recoverable amount at 30 September 2010. Accordingly an impairment loss of HK\$34,959,000 was recognized in consolidated income statement for the six months ended 30 September 2010.

As at 31 March 2010, 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 the report of this valuer, the management considers that the exploration and evaluation assets should be impaired as the carrying amount of exploration and evaluation assets exceeds its estimated recoverable amount at 31 March 2010. Accordingly an impairment loss of HK\$262,614,000 was recognized in consolidated income statement for the year ended 31 March 2010.

13. 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 end of reporting period based on the invoice date is as follows:

	(Unaudited) 30 September 2010		(Audited) 31 March 2010	
	HK\$'000	%	HK\$'000	%
Current to 30 days	344	32	4,548	80
31 days to 60 days	–	–	–	–
Over 60 days	716	68	1,131	20
	1,060	100	5,679	100

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2010	(Audited) 31 March 2010
	HK\$'000	HK\$'000
At fair value:		
Equity securities listed in Hong Kong	48,438	80,745

15. TRADE PAYABLES

An ageing analysis of trade payables at the end of reporting period is as follow:

	(Unaudited) 30 September 2010		(Audited) 31 March 2010	
	HK\$'000	%	HK\$'000	%
Current to 30 days	2,996	98.6	226	75
31 days to 60 days	–	–	–	–
Over 60 days	43	1.4	74	25
	3,039	100	300	100

16. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised		
Ordinary shares of HK\$0.01 each		
At 1 April 2010 and 30 September 2010	30,000,000,000	300,000
Issued and fully paid		
At 1 April 2010 and 30 September 2010	1,386,228,600	13,862

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

17. BANKING FACILITIES/CONTINGENT LIABILITIES

At 30 September 2010 and 31 March 2010, the Group did not have any significant contingent liabilities.

At 30 September 2010 and 31 March 2010, the Group had no bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the first six months, the Group's turnover was HK\$87,051,000 (2009: HK\$87,506,000), a slight decrease of 0.52% compared to the corresponding period last year. The net loss attributable to equity shareholders of the company was HK\$73,645,000 as compared to a net profit of HK\$70,036,000 for the last corresponding period, resulting in a basic loss of HK5.31 cents per share for the current period (2009: a basic profit of HK48.15 cents per share).

OPERATION REVIEW

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

Investment business

Trading in Securities

The decrease in the Group's total turnover for the first half of the year was mainly due to the decrease in the turnover in trading in securities. During the period, the turnover in trading in securities was HK\$73,529,000 compared to that of HK\$82,224,000 of the corresponding period last year. Loss during the period was HK\$19,984,000 compared to a profit of HK\$46,355,000 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. Loss from investment was HK\$1,101,000 compared to that of HK\$676,000 of the corresponding period last year, representing an increase in loss by 62.87%, the increase in loss was mainly due to the reduction in interest income from investment in available-for-sale financial assets that was received annually during the past two years.

Mining Business

The mining business of the Group had not started contributing revenue during the period under review. However, a loss of HK\$35,918,000 was recorded in this sector, compared to a loss of HK\$10,481,000 in the corresponding period last year, representing an increase in loss by 242.70%. The loss was mainly due to an impairment losses incurred on exploration and evaluation assets during the period.

Fur Business

Fur Skin Trading

The turnover in trading of fur skins for the first half year was HK\$11,086,000 representing an increase by 129.95% compared to that of HK\$4,821,000 in the corresponding period last year. A profit of HK\$148,000 was recorded during the period while for the same period last year there was a loss of HK\$155,000. The increase in turnover and profit were mainly due to trading carried out at the market high.

Trading and Sales of Fur Garments

The turnover of sales of fur garments for the first half year was HK\$2,436,000 an increase of 428.42% compared to HK\$461,000 in the corresponding period last year. During the period, a loss of HK\$4,118,000 was recorded, a decrease by 19.24% compared to that of loss of HK\$5,099,000 in the corresponding period last year. The increase in turnover was mainly due to stronger domestic sales of fur and fashion in both winter and summer time. The right positioning strategy has started to build more and more loyal customers which effectively increased the Group's turnover. The loss was mainly due to promotional sales of inventories and increased operational expenses.

PROSPECTS

Investment Business

Quantitative easing policy and low interest rates dominate investment sentiment as global economic growth is still sluggish, high and volatile equity market keep us alert of future investment opportunities in a short run, the Group will keep on carrying out investment activities in a cautious manner.

Vanadium Mining Business

Vanadium price is still low in the market despite precious metal such as gold and silver are both in high side, the Group had prepared itself to look for low cost techniques and refining methods in order to reduce the cost and at the same time increase profit margin. In the coming year the Group will aim for the commencement of initial extraction, and refining work to be carried out at a later stage.

Fur Business

Fur Skin Trading

Fur industry has fared well since late 2009, the huge decreases in overseas sales including Russia, U.S. and other traditional markets can be offset by increases in China domestic sales. China fur industry expects another happy year ahead due to the earlier arrival of winter and the strong economic growth in China. Pelt prices have reached 2008 high which is spurred by sales increases of end products, and is expected to go even higher at the end of the year. The Group will continue to develop its fur skin trading business in a cautious manner in view of the volatile fur market.

Trading and Sales of Fur Garments

World Luxury Association data shows that in 2007 China's luxury goods market size reached 80 billion yuan, accounting for 18% of global market share. In recent years, many of the world luxury goods companies are aware of the huge potential of the Chinese market. In addition to Beijing, Shanghai and other major cities, many luxury goods companies are also devoting great efforts to open stores in second and third tier cities. These initiatives not only increase the exposure of domestic consumers to luxury brands and products, but also stimulate the development of luxury consumer market. The Group will continue to strengthen its brand "Frede Derick" in China through cooperating with its strategic partners.

The Group's retail shop in Paris will continue to develop its brand "Lecothia", as Paris is one of the major tourist destinations of the world. In order to meet the consumer demand the Group has cooperated with a number of other high fashion enterprises to develop a variety of products with not only fur but also with other popular fabrics. With France's economy on a recovery path (economic growth of 2.5 percent is expected for 2011), the Group expects to generate a robust turnover from its retail business.

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 30 September 2010, the Group had cash and bank balances of approximately HK\$21,296,000 (31 March 2010: HK\$13,137,000). As at 30 September 2010, the Group's interest bearing bank and other borrowings (including convertibles notes) amounted to approximately HK\$16,859,000 (31 March 2010: HK\$Nil). As at 30 September 2010, the shareholders' funds amounted to approximately HK\$1,233,234,000 (31 March 2010: HK\$1,289,520,000). Accordingly, the gearing ratio was Nil (31 March 2010: Nil).

CAPITAL STRUCTURE

- 1) During the year ended 31 March 2009, the Company issued convertible notes (the "11 April 2008 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 11 April 2008 convertible notes bear interest at 1% per annum with a maturity date on 10 April 2011. The holders of the 11 April 2008 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.

During the year 31 March 2010, the Company entered into a deed of settlement dated 24 June 2009 with the holders of the 11 April 2008 convertible notes that the Company issued 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 new convertible notes were issued on 24 June 2009. The notes bear no interest with a maturity date on 23 June 2012. The conversion price of the new convertible notes is HK\$0.6 per share.

During the year ended 31 March 2010, total principal of HK\$744,465,000 were converted into 1,240,775,000 new ordinary shares of the Company of HK\$0.01 each. Outstanding principal amounts of the convertible notes as at 31 March 2010 were HK\$465,000.

During the six months ended 30 September 2010, the outstanding principal amounts of the convertible notes remained unchanged and the balances of such convertible notes at 30 September 2010 were HK\$465,000.

- 2) 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). The conversion price of the convertible notes was subsequently adjusted to HK\$1.478 per share due to the capital reorganization. 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 as stated in (1) and (2) above were split into liability, derivative and equity components upon initial recognition by recognising the liability components and conversion option 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 reporting date. The equity component is recognized in the convertible notes equity reserve. The fair values of the conversion option derivative components of the convertible notes were determined as of the date of issue and 30 September 2010 and 31 March 2010 by an independent firm of professionally qualified valuers, BMI Appraisals Limited.

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 reporting dates was as follows:

	(Unaudited) 30 September 2010 HK\$'000	(Audited) 31 March 2010 HK\$'000
Total borrowings		
Convertible notes	16,859	–
Less: time deposits, cash and bank balance	21,296	13,137
Net debt	(4,437)	(13,137)
Total equity	1,233,234	1,289,520
Gearing ratio	Nil	Nil

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

Details in the changes of the capital structure of the Company during the six months ended 30 September 2010 are set out in note 16 to the condensed 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 30 September 2010, the Group employed 31 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 30 September 2010.

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

As at 30 September 2010, 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 (Note 1)	Interest held by controlled corporation (Note 2)	821,532,600 (Note 3)	59.26%

Notes:

1. Mr. Lai Leong resigned as an executive director, Chairman and Chief Executive Officer of the Company with effect from 15 March 2010.
2. These shares are owned by Oriental Day International Limited, which was 100% beneficially 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.
3. Out of 821,532,600 shares, 820,757,600 shares have been issued and are beneficially owned by Oriental Day International Limited which represented approximately 59.21% of the issued share capital of the Company. In October 2009 and November 2009 a total of 744,930,000 shares were issued to Oriental Day International Limited pursuant to the conversion of the convertible notes transferred to Oriental Day International Limited by Mr. Zou Quanbo and Mr. Wang Hong respectively.

Up to 30 September 2010, a total of 775,000 shares are underlying shares held by Oriental Day International Limited pursuant to the conversion of the convertible notes held by Oriental Day International Limited.

(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 2010. There was no outstanding option granted to the directors and chief executive at the beginning and at the six months ended 30 September 2010.

Save as disclosed above, as at 30 September 2010, 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 2010.

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 2010, 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:

(a) 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
Lai Leong	Corporate interests	821,532,600 (Note 1)	59.26%
Oriental Day International Limited	Beneficial owner	821,532,600 (Note 2)	59.26%
Chen Jianjun	Beneficial owner	96,620,000	6.97%

Notes:

1. These shares owned by Oriental Day International Limited, which was 100% beneficially owned by Mr. Lai Leong. 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".
2. Out of 821,532,600 shares, 820,757,600 shares have been issued and are beneficially owned by Oriental Day International Limited which represented approximately 59.21% of the issued share capital of the Company. In October 2009 and November 2009 a total of 744,930,000 shares were issued to Oriental Day International Limited pursuant to the conversion of the convertible notes transferred to Oriental Day International Limited by Mr. Zou Quanbo and Mr. Wang Hong respectively.

Up to 30 September 2010, a total of 775,000 shares are underlying shares held by Oriental Day International Limited pursuant to the conversion of the convertible notes held by Oriental Day International Limited.

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 2010.

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.

Dr. Lee Yuk Lun was appointed as an Executive Director on 31 August 2007 and was elected Chairman on 15 March 2010. 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) Mr. Lam Kwan Sing has entered a service contract with the Company on 1 August 2010 for a fixed term of 2 years commencing from 1 August 2010.

Save as disclosed above, 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.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rule, the changes in information of the Directors subsequent to the date of the 2009/10 Annual Report are set out below:

Mr. Lam Kwan Sing was appointed as executive Director with effect from 1 August 2010.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 2010.

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 2010 (six months ended 30 September 2009: 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 and the Company's website at 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 Dr. Lee Yuk Lun, Mr. Kong Shan, David and Mr. Lam Kwan Sing; three independent non-executive Directors, namely, Mr. Fok Ho Yin, Thomas, Mr. Tsui Ching Hung and Mr. Tso Hon Sai, Bosco.

ON BEHALF OF THE BOARD

Dr. Lee Yuk Lun

Chairman

Hong Kong, 19 November 2010

