



**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  
**2012**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Dr. Lee Yuk Lun, *JP*  
(Chairman & Chief Executive Officer)

Mr. Kong Shan, David

Mr. Lam Kwan Sing

Mr. Wong Nga Leung

#### Independent Non-Executive Directors

Mr. Fok Ho Yin, Thomas

Mr. Hon Ming Sang

(Appointed on 3 August 2012)

Mr. Tsui Ching Hung

### AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas (Chairman)

Mr. Hon Ming Sang

(Appointed on 3 August 2012)

Mr. Tsui Ching Hung

### REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas (Chairman)

Mr. Hon Ming Sang

(Appointed on 3 August 2012)

Mr. Tsui Ching Hung

### NOMINATION COMMITTEE

Dr. Lee Yuk Lun, *JP* (Chairman)

Mr. Fok Ho Yin, Thomas

Mr. Hon Ming Sang

(Appointed on 3 August 2012)

Mr. Tsui Ching Hung

### AUTHORISED REPRESENTATIVES

Dr. Lee Yuk Lun, *JP*

Mr. Chiang Chi Kin, Stephen

### 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

Rooms 2004-5, 20th Floor

World Trade Centre

280 Gloucester Road

Causeway Bay

Hong Kong

### PRINCIPAL BANKERS

HSBC

DBS Bank (Hong Kong) Limited

Bank of China (Hong Kong) Limited

UBS AG

Wing Hang Bank, Limited

### BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Securities Services (Bermuda) Limited

6 Front Street

Hamilton HM 11

Bermuda

### 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 2012 together with the comparative figures for the corresponding period in 2011. 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 2012

	Note	(Unaudited) Six months ended 30 September 2012 HK\$'000	2011 HK\$'000
<b>TURNOVER</b>	3	<b>44,379</b>	56,912
Cost of sales		<b>(43,014)</b>	(53,104)
Gross profit		<b>1,365</b>	3,808
Other income and net losses			
– Net losses from equity securities	4	<b>(11,880)</b>	(15,308)
– Others	4	<b>(31,358)</b>	(8,023)
Impairment loss on exploration and evaluation assets	12	<b>(338,198)</b>	(225,330)
Impairment loss on goodwill		–	(650)
Selling and distribution expenses		<b>(2,416)</b>	(2,535)
Operating and administrative expenses		<b>(10,593)</b>	(10,582)
<b>LOSS FROM OPERATIONS</b>		<b>(393,080)</b>	(258,620)
Finance costs	5	<b>(6,663)</b>	(1,280)
<b>LOSS BEFORE TAX</b>	6	<b>(399,743)</b>	(259,900)
TAXATION	7	<b>84,550</b>	56,333
<b>LOSS FOR THE PERIOD</b>		<b>(315,193)</b>	(203,567)
<b>ATTRIBUTABLE TO:</b>			
Equity shareholders of the Company		<b>(264,263)</b>	(169,535)
Non-controlling interests		<b>(50,930)</b>	(34,032)
<b>LOSS FOR THE PERIOD</b>		<b>(315,193)</b>	(203,567)
PROPOSED INTERIM DIVIDEND	8	–	–
<b>LOSS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>	9		
Basic		<b>HK(19.06) cents</b>	HK(12.23) cents
Diluted		<b>HK(19.06) cents</b>	HK(12.23) cents

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LOSS FOR THE PERIOD</b>	<b>(315,193)</b>	(203,567)
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	<b>1,137</b>	30,350
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,137</b>	30,350
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(314,056)</b>	(173,217)
Total comprehensive loss attributable to:		
Equity shareholders of the Company	<b>(263,254)</b>	(145,226)
Non-controlling interests	<b>(50,802)</b>	(27,991)
	<b>(314,056)</b>	(173,217)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 SEPTEMBER 2012 AND 31 MARCH 2012

	Note	(Unaudited) 30 September 2012 HK\$'000	(Audited) 31 March 2012 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,077	1,718
Available-for-sale financial assets	11	7,800	7,800
Exploration and evaluation assets	12	992,350	1,329,686
		<b>1,002,227</b>	1,339,204
<b>CURRENT ASSETS</b>			
Inventories		3,020	2,790
Trade receivables	13	1,332	1,897
Prepayments, deposits, temporary payments and other receivables		5,959	5,827
Financial assets at fair value through profit or loss	14	50,681	62,695
Tax recoverable		2,831	2,831
Time deposits, cash and bank balances		21,295	32,942
		<b>85,118</b>	108,982
<b>CURRENT LIABILITIES</b>			
Trade payables	15	43	43
Customers' deposits		1,542	1,647
Other payables and accruals		9,031	6,535
Convertible notes		–	141
Tax payable		590	590
		<b>11,206</b>	8,956
<b>NET CURRENT ASSETS</b>		<b>73,912</b>	100,026
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,076,139</b>	1,439,230
<b>NON-CURRENT LIABILITIES</b>			
Convertible notes		72,952	37,651
Deferred tax liabilities		245,317	329,653
		<b>318,269</b>	367,304
<b>NET ASSETS</b>		<b>757,870</b>	1,071,926
<b>CAPITAL AND RESERVES</b>			
Share capital	16	13,862	13,862
Reserves		596,819	860,073
Equity attributable to equity shareholders of the Company		<b>610,681</b>	873,935
Non-controlling interests		147,189	197,991
<b>TOTAL EQUITY</b>		<b>757,870</b>	1,071,926

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)										
	Six months ended 30 September 2012										
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Convertible				Accumulated losses HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total Equity HK\$'000
				notes equity reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve fund HK\$'000					
Balance at 1 April 2012 (audited)	13,862	920,524	77,102	41,919	102,635	12	(282,119)	873,935	197,991	1,071,926	
Loss for the period	-	-	-	-	-	-	(264,263)	(264,263)	(50,930)	(315,193)	
<b>Other comprehensive income for the period</b>											
Exchange differences arising on translation for foreign operations	-	-	-	-	1,009	-	-	1,009	128	1,137	
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	1,009	-	(264,263)	(263,254)	(50,802)	(314,056)	
<b>Transactions with owners</b>											
Redemption of convertible notes	-	-	-	(185)	-	-	185	-	-	-	
<b>Total transactions with owners</b>	-	-	-	(185)	-	-	185	-	-	-	
Balance at 30 September 2012 (unaudited)	13,862	920,524	77,102	41,734	103,644	12	(546,197)	610,681	147,189	757,870	

	(Unaudited)									
	Six months ended 30 September 2011									
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Convertible			Retained profits/ losses HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total Equity HK\$'000
				notes equity reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve fund HK\$'000				
Balance at 1 April 2011 (audited)	13,862	920,524	77,102	25,992	66,309	12	(123,456)	980,345	233,402	1,213,747
Loss for the period	-	-	-	-	-	-	(169,535)	(169,535)	(34,032)	(203,567)
<b>Other comprehensive income for the period</b>										
Exchange differences arising on translation of foreign operations	-	-	-	-	24,309	-	-	24,309	6,041	30,350
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	24,309	-	(169,535)	(145,226)	(27,991)	(173,217)
Balance at 30 September 2011 (unaudited)	13,862	920,524	77,102	25,992	90,618	12	(292,991)	835,119	205,411	1,040,530

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Net cash flows used in operating activities	<b>(10,647)</b>	(12,671)
Net cash flows (used in)/from investing activities	<b>(535)</b>	377
Net cash flows used in financing activities	<b>(465)</b>	–
Net decrease in cash and cash equivalents	<b>(11,647)</b>	(12,294)
Cash and cash equivalents at beginning of period	<b>32,942</b>	18,920
Cash and cash equivalents at end of period	<b>21,295</b>	6,626
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>21,295</b>	6,626

## 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 Standard ("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 2012.

### 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.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") that affect the Group and are adopted for the first time for the current period's financial statements.

HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	<i>Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

The adoption of the revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. There have been no significant changes in the accounting policies applied in these interim condensed financial statements.



The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> <sup>2</sup>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> <sup>2</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>4</sup>
HKFRS 10	<i>Consolidated Financial Statements</i> <sup>2</sup>
HKFRS 11	<i>Joint Arrangements</i> <sup>2</sup>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> <sup>2</sup>
HKFRS 13	<i>Fair Value Measurement</i> <sup>2</sup>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> <sup>1</sup>
HKAS 19 (2011)	<i>Employee Benefits</i> <sup>2</sup>
HKAS 27 (2011)	<i>Separate Financial Statements</i> <sup>2</sup>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> <sup>2</sup>
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> <sup>2</sup>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> <sup>3</sup>
Annual Improvements	Amendments to a number of HKFRSs contained in <i>Annual Improvements 2009-2011 Cycle issued in June 2012</i> <sup>2</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Amendments to HKFRS 10 <i>Consolidated Financial Statements</i> , HKFRS 11 <i>Joint Arrangements</i> and HKFRS 12 <i>Disclosure of Interests in Other Entities – Transition Guidance</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

### 3. SEGMENT INFORMATION

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

#### (a) Operating segments information:

	(Unaudited)						Consolidated HK\$'000
	Six months ended 30 September 2012						
	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	
<b>Segment revenue:</b>							
Sales to external customers	41,762	-	2,617	-	-	-	44,379
Inter-segment sales	-	-	111	-	-	-	111
<b>Reportable segment revenue</b>	<b>41,762</b>	<b>-</b>	<b>2,728</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,490</b>
Elimination of inter-segment sales							(111)
<b>Consolidated revenue</b>							<b>44,379</b>
<b>Segment results</b>	<b>(11,880)</b>	<b>(927)</b>	<b>(3,578)</b>	<b>(405)</b>	<b>(339,202)</b>	<b>(690)</b>	<b>(356,682)</b>
Reconciliation:							
Interest income							11
Change in fair value of derivative components embedded in convertible notes							(31,103)
Net realized loss on derivative components of convertible notes							(323)
Unallocated corporate expenses							(4,983)
Loss from operating activities							(393,080)
Finance costs							(6,663)
Loss before tax							(399,743)
Taxation							84,550
Loss for the period							(315,193)

	(Unaudited)						
	Six months ended 30 September 2011						
	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
<b>Segment revenue:</b>							
Sales to external customers	52,985	–	3,900	27	–	–	56,912
Inter-segment sales	–	–	708	277	–	–	985
<b>Reportable segment revenue</b>	<b>52,985</b>	<b>–</b>	<b>4,608</b>	<b>304</b>	<b>–</b>	<b>–</b>	<b>57,897</b>
Elimination of inter-segment sales							(985)
<b>Consolidated revenue</b>							<b>56,912</b>
<b>Segment results</b>	<b>(16,735)</b>	<b>(205)</b>	<b>(2,077)</b>	<b>171</b>	<b>(226,497)</b>	<b>(1,168)</b>	<b>(246,511)</b>
Reconciliation:							
Interest income							2
Change in fair value of derivative components embedded in convertible notes							(8,038)
Unallocated corporate expenses							(4,073)
Loss from operating activities							(258,620)
Finance costs							(1,280)
Loss before tax							(259,900)
Taxation							56,333
Loss for the period							(203,567)

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

	(Unaudited)						
	As at 30 September 2012						
	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
<b>Reportable segment assets</b>	50,681	1,689	11,598	16,775	993,291	80,484	1,154,518
Elimination of inter-segment receivables							(99,099)
							1,055,419
Unallocated assets:							
Available-for-sale financial assets							7,800
Cash and cash equivalents							21,295
Tax recoverable							2,831
<b>Total assets per consolidated statement of financial position</b>							<b>1,087,345</b>
<b>Reportable segment liabilities</b>	-	(8,043)	(36,663)	(34,368)	(13,242)	(17,399)	(109,715)
Elimination of inter-segment payables							99,099
							(10,616)
Unallocated liabilities:							
Convertible notes							(72,952)
Deferred tax liabilities							(245,317)
Tax payable							(590)
<b>Total liabilities per consolidated statement of financial position</b>							<b>(329,475)</b>
<b>Additions to non-current segment assets during the period</b>	-	-	51	-	-	667	718

	(Audited)						
	As at 31 March 2012						
	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
<b>Reportable segment assets</b>	62,695	1,548	11,051	16,447	1,330,753	63,969	1,486,463
Elimination of inter-segment receivables							(81,850)
							1,404,613
Unallocated assets:							
Available-for-sale financial assets							7,800
Cash and cash equivalents							32,942
Tax recoverable							2,831
<b>Total assets per consolidated statement of financial position</b>							<b>1,448,186</b>
<b>Reportable segment liabilities</b>	-	(5,883)	(32,194)	(23,735)	(11,825)	(16,438)	(90,075)
Elimination of inter-segment payables							81,850
							(8,225)
Unallocated liabilities:							
Convertible notes							(37,792)
Deferred tax liabilities							(329,653)
Tax payable							(590)
<b>Total liabilities per consolidated statement of financial position</b>							<b>(376,260)</b>
<b>Additions to non-current segment assets during the year</b>	-	-	210	-	962	-	1,172

**(c) Geographical information:**

Revenue from external customers

The Group's activities are conducted predominantly in Mainland China and Hong Kong. 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:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Mainland China and Hong Kong	<b>44,274</b>	56,444
Other countries	<b>105</b>	468
	<hr/>	<hr/>
Total revenue	<b>44,379</b>	56,912

**4. OTHER INCOME AND NET LOSSES**

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Other income and net losses:		
Net loss from equity securities:		
Dividend income from unlisted available-for-sale financial assets	-	1,248
Dividend income from listed financial assets at fair value through profit or loss	<b>129</b>	137
Unrealised loss on investments in listed financial assets at fair value through profit or loss	<b>(12,009)</b>	(16,693)
	<hr/>	<hr/>
	<b>(11,880)</b>	(15,308)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Others:		
Bank interest income	<b>11</b>	2
Fair value change on derivative components embedded in convertible notes	<b>(31,103)</b>	(8,038)
Net realized loss on derivative components of convertible notes	<b>(323)</b>	-
Others	<b>57</b>	13
	<hr/>	<hr/>
	<b>(31,358)</b>	(8,023)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	<b>(43,238)</b>	(23,331)

## 5. FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Imputed interest expenses on convertible notes	<b>6,663</b>	1,280

## 6. LOSS BEFORE TAX

	(Unaudited) Six months ended 30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
The Group's loss before tax is arrived at after charging:		
Cost of inventories and trading securities sold	<b>43,014</b>	53,104
Depreciation	<b>341</b>	288
Operating lease rentals on lands and buildings	<b>1,799</b>	1,535
Staff costs (including directors' remuneration)	<b>6,277</b>	5,922

## 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 2012 and 30 September 2011. 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) Six months ended 30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax represents income tax credit as follows:		
Deferred tax	<b>84,550</b>	56,333

**8. PROPOSED INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2012 (2011: Nil).

**9. LOSS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY**

The calculation of the basic loss per share amount for the period is based on the Group's loss attributable to equity holders of the Company of HK\$264,263,000 (2011: loss of HK\$169,535,000). The basic loss per share is based on the weighted average of 1,386,228,600 (2011: 1,386,228,600) ordinary shares in issue during the period.

Diluted loss per share amounts for the six months ended 30 September 2012 and 2011 are the same as the basic loss per share, as the convertible notes outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

**10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 September 2012, the Group acquired items of property, plant and equipment with cost of HK\$718,000 (year ended 31 March 2012: HK\$237,000) and disposed of items of property, plant and equipment of HK\$515,000 (year ended 31 March 2012: HK\$Nil).

**11. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<b>(Unaudited)</b> <b>30 September</b> <b>2012</b> <b>HK\$'000</b>	(Audited) 31 March 2012 HK\$'000
At Cost:		
Equity securities unlisted outside Hong Kong	<b>7,800</b>	7,800

At the end of reporting period, the above unlisted equity securities 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**

	<b>Exploration rights</b> <i>HK\$'000</i>	<b>Evaluation expenditure</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Balance at 1 April 2010 (Audited)	1,541,430	8,463	1,549,893
Exchange adjustment	61,695	339	62,034
Additions during the year	–	960	960
Impairment loss	(51,063)	–	(51,063)
Balance at 31 March 2011 and 1 April 2011 (Audited)	1,552,062	9,762	1,561,824
Exchange adjustment	60,122	378	60,500
Additions during the year	–	935	935
Impairment loss	(293,573)	–	(293,573)
Balance at 31 March 2012 and 1 April 2012 (Audited)	1,318,611	11,075	1,329,686
Exchange adjustment	855	7	862
Impairment loss	(338,198)	–	(338,198)
<b>Balance at 30 September 2012 (Unaudited)</b>	<b>981,268</b>	<b>11,082</b>	<b>992,350</b>

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 2012, 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 2012. Accordingly, an impairment loss of HK\$338,198,000 was recognized in consolidated income statement for the six months ended 30 September 2012.

**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:

	<b>(Unaudited)</b> <b>30 September</b> <b>2012</b>		<b>(Audited)</b> <b>31 March</b> <b>2012</b>	
	<b>HK\$'000</b>	<b>%</b>	<b>HK\$'000</b>	<b>%</b>
Current to 30 days	<b>109</b>	<b>8</b>	286	15
31 days to 60 days	<b>39</b>	<b>3</b>	92	5
Over 60 days	<b>1,184</b>	<b>89</b>	1,519	80
	<b>1,332</b>	<b>100</b>	1,897	100

**14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>(Unaudited)</b> <b>30 September</b> <b>2012</b> <b>HK\$'000</b>	(Audited) 31 March 2012 HK\$'000
At fair value:		
Equity securities listed in Hong Kong	<b>50,681</b>	62,695

**15. TRADE PAYABLES**

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

	<b>(Unaudited)</b> <b>30 September</b> <b>2012</b> <b>HK\$'000</b>		(Audited) 31 March 2012 <b>HK\$'000</b>	
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Current to 30 days	–	–	–	–
31 days to 60 days	–	–	–	–
Over 60 days	<b>43</b>	<b>100</b>	43	100
	<b>43</b>	<b>100</b>	43	100

**16. SHARE CAPITAL**

	<b>Number of</b> <b>shares</b>	<b>Amount</b> <b>HK\$'000</b>
Authorised		
Ordinary shares of HK\$0.01 each		
At 1 April 2012 and 30 September 2012	30,000,000,000	300,000
Issued and fully paid		
At 1 April 2012 and 30 September 2012	1,386,228,600	13,862

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 2012 and 31 March 2012, the Group did not have any significant contingent liabilities.

At 30 September 2012 and 31 March 2012, the Group had no bank borrowings.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS OF THE GROUP

During the first six months, the Group's turnover was HK\$44,379,000 (2011: HK\$56,912,000), a decrease of 22% compared to the corresponding period last year. The net loss attributable to equity shareholders of the company was HK\$264,263,000 as compared to a net loss of HK\$169,535,000 for the last corresponding period, resulting in a basic loss of HK19.06 cents per share for the current period (2011: a basic loss of HK12.23 cents per share).

#### Investment Business

##### *Trading in Securities*

During the period, the turnover from trading in equity securities was HK\$41,762,000, representing a decrease of 21.2% compared with the corresponding period last year of HK\$52,985,000. Loss during the period was HK\$11,880,000, representing a decrease in loss by 29% compared with the corresponding period last year of loss of HK\$16,735,000. The decrease in the Group's total turnover for the first half of the year was partly due to decrease in the turnover in trading in equity securities.

##### *Investments*

The Group's turnover in investments was nil during the period and was the same nil for the corresponding period last year. Loss from investments during the period was HK\$927,000 compared to that of loss of HK\$205,000 of the corresponding period last year, representing an increase in loss by 352.2%, the loss was mainly due to operating expenses.

#### Mining Business

The mining business of the Group had not started contributing revenue during the period under review, revenue was the same nil for corresponding period last year. However, a loss of HK\$339,202,000 was recorded in this sector, compared to a loss of HK\$226,497,000 in the corresponding period last year, representing an increase in loss by 49.8%. The loss was mainly due to an impairment losses incurred on exploration and evaluation assets during the period.

#### Fur Business

##### *Trading of fur skins*

The turnover in trading of fur skins for the first half year was nil, representing a decrease by 100% compared to that of HK\$27,000 in the corresponding period last year. Loss of HK\$405,000 was recorded from this sector during the period as with the corresponding period last year of a profit of HK\$171,000. The reasons of nil turnovers were due to the Company's decision to temporarily suspend the business in view of the fact that the auction prices of the raw skin were still at high level, and for the business of acting as a buying agent for customers, high auction price would mean higher risk for the Group, as a result the Group temporarily slow down this sector of business.

## ***Trading and sales of fur garments***

The turnover of trading and sales of fur garments for the first half year was HK\$2,617,000, a decrease of 32.9% compared to HK\$3,900,000 in the corresponding period last year. During the period, a loss of HK\$3,578,000 was recorded, an increase by 72.3% compared to that of loss of HK\$2,077,000 in the corresponding period last year. The decrease in sales was mainly due to lesser in sales turnover in Europe, Mainland China and Hong Kong.

## **PROSPECTS**

### **Investment Business**

The Group's investment business faces an extremely challenging environment against the background of the European sovereign that uncertainty, unlimited quantitative easing expectations and the recently termed 'fiscal cliff' of US, the generally expected slow-down in economic growth in China and, notably the possible military conflicts due to sovereign claims over offshore islands which may cause instability in the whole of the Asia Pacific region. These factors are affecting the directions of investment in the global equity and debt markets. The European sovereign-debt crisis and fiscal cliff of US have to be solved immediately by the respective administrations, otherwise creditability on sovereignty and the resulting currency risks would affect not only Europe and US but the global economy as a whole, and ripple globally affecting all major financial markets. Uncertainties and challenges in the coming financial year would affect our investment strategy. The management of the Group will remain prudent and conservative in conducting its investment activities.

### **Mining Business**

The selling price of Vanadium remains at a low level, even lower than that of the last financial reporting period. It is mainly due to the fact that most European countries have to face tighter expenditure budget, in order to resume to a more balanced government expenditure. The Chinese government, on the other hand, exercises tighter control on the selling price in properties in China which aims to reduce the risk of the property bubble forming. These factors affect the demand for Vanadium and keep on repressing the price of the commodity. The Group has to act in line with the market conditions and rationally continue to slow down its investment pace and exploring process in the Vanadium mine. In the meantime, the operating costs will be strictly controlled in respect of the mine, and the management will focus on bringing together all the ground works and stay ready and prepared for opportunities when the selling price of the commodity recovers.

## **Fur Business**

### ***Trading of fur skins***

The Group continues to temporarily suspend the auction business in fur skin trading, the reasons are that the auction prices in the international market are still at the high end and tighter importing control exercised by the Chinese Government is continuing to suppress the purchase sentiment of our clients, most of which originate from China. The Group is ready to resume this segment of business when the market shows signs of profitability.

### ***Trading and sales of Fur Garments***

Over the last year, sales of fur garments in China has inevitably slowed down along with the overall economic environment. However, the slow-down rate was within acceptable range and hopefully the economic situation would improve as it is expected that a number of new economic policies to stimulate economic growth will be put in place after the 18<sup>th</sup> Party Congress Meeting in November 2012. The Group had increased its sales distribution network in China and will continue to launch its own designers' collection labels to cater for the local and Chinese markets. We expect a growth in the sales of Fur Garments in the forthcoming period.

However fur garment sales were far from satisfactory in Europe, mainly due to poor economy and the decreased in consumer spending in Europe as a result of the European debt crisis. The Group is now in the process of reviewing the sales performance in the European market and will not rule out the possibility of ceasing its retail operations over there. Even taking this into account, the management expects a moderate growth in the whole sector of trading and sales of fur garments.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally derives cash for operation from internal cash flow from banks in Hong Kong and PRC. As at 30 September 2012, the Group had cash and bank balances of approximately HK\$21,295,000 (31 March 2012: HK\$32,942,000). As at 30 September 2012, the Group's interest bearing borrowings (including convertibles notes) amounted to approximately HK\$72,952,000 (31 March 2012: HK\$37,792,000). As at 30 September 2012, the shareholders' funds amounted to approximately HK\$757,870,000 (31 March 2012: HK\$1,071,926,000). Accordingly, the gearing ratio was 6.8% (31 March 2012: 0.4%).

## 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 to adjustment for general dilutive events.

During the year ended 31 March 2010, the Company entered into a deeds 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 (subject to adjustment). The CN holders agreed that the obligations of the Company under the 11 April 2008 convertible notes were fully discharged. In addition, the 1% interest payable amounting to HK\$8,370,000 on the 11 April 2008 convertible notes was waived. The principal amount of the 11 April 2008 convertible notes were settled in full by the new convertible notes of HK\$744,930,000 for the same holders during the year ended 31 March 2010. The effective interest rate of the liability component is 10.19% per annum.

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 2012 and 31 March 2011 were HK\$465,000 respectively. On 22 June 2012, the Company redeemed and repaid the convertible notes with the outstanding amount of HK\$465,000 in full.

- 2) On 12 October 2011, the Company issued convertible notes with a nominal value of HK\$100,000,000. The convertible notes bear interest at 5% per annum with maturity date on 11 October 2014. The holders of the convertible notes have the right to convert on any business date at any time following 12 October 2011 until the date falling 7 days before (and excluding) 11 October 2014, into ordinary share of the Company at an initial conversion price of HK\$1.00 per share (subject to adjustment). 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. The effective interest rate of the liability component is 19.54% 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 the end of each reporting period. 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 2012 and 31 March 2012 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 of the Group as at the end of the reporting periods was as follows:

	<b>(Unaudited)</b> <b>30 September</b> <b>2012</b> <b>HK\$'000</b>	(Audited) 31 March 2012 HK\$'000
Total borrowings		
Convertible notes	<b>72,952</b>	37,792
Less: time deposits, cash and bank balances	<b>21,295</b>	32,942
<b>Net debt</b>	<b>51,657</b>	4,850
<b>Total equity</b>	<b>757,870</b>	1,071,926
<b>Gearing ratio</b>	<b>6.8%</b>	0.4%

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 2012 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 2012, the Group employed around 47 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 2012.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 September 2012, 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**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of ordinary shares interested</b>	<b>Percentage of the Company's issued share capital</b>
Mr. Lai Leong (Note 1)	Interest held by controlled corporation (Note 2)	810,757,600	58.49%

*Notes:*

1. Mr. Lai Leong resigned as an executive director, Chairman and Chief Executive Officer of the Company with effect from 15 March 2010. Mr. Lai Leong remains a director of a number of the subsidiaries of the Company.
2. These shares are owned by Oriental Day International Limited, which was 100% beneficially owned by Mr. Lai Leong. Oriental Day International Limited charged 734,155,000 shares in the listed corporation as security for a loan. Please refer to the section headed "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares" for further details.

**(b) Long positions in the 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 2012. There was no outstanding option granted to the directors and chief executive at the beginning and at the six months ended 30 September 2012.

Save as disclosed above, as at 30 September 2012, 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 2012.

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

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" 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 of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## **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' SERVICE CONTRACTS**

On 1 August 2010, Mr. Lam Kwan Sing has entered a service contract with the Company for a fixed term of 2 years commencing from 1 August 2010 to 31 July 2012.

On 31 July 2012, Mr. Lam's services contract expired according to the terms of the original appointment, and on 1 August 2012, he has entered a formal letter of appointment with the Company with no fixed terms of appointment. Mr. Lam is entitled to a monthly director's fee in the sum of HK\$120,000.00 which is determined with reference to his duties, responsibilities and the prevailing market conditions. He is subject to retirement by rotation and the re-election provisions pursuant to the bye-laws of the Company.

Save as disclosed above, there is no service contract between the Company and other Director.

## **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' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2012, 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 ordinary shares interested	Percentage of the Company's issued share capital
Mr. Lai Leong	Corporate interests	810,757,600 (Note 1)	58.49%
Oriental Day International Limited	Beneficial owner	810,757,600	58.49%
Central Huijin Investment Ltd (Note 2)	Corporate interests	734,155,000 (Note 3)	52.96%
China Construction Bank Corporation (Note 2)	Corporate interests	734,155,000 (Note 3)	52.96%

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. China Construction Bank Corporation ("CC Bank") was beneficially 57.14% owned by Central Huijin Investment Ltd. ("Central Huijin"). By virtue of the SFO, Central Huijin was deemed to be interested in those shares which CC Bank was interested.
3. Oriental Day International Limited charged 734,155,000 shares in the listed corporation as security for a loan.

Save as disclosed above, as at 30 September 2012, no person, other than the directors and chief executive of the Company whose interest has been set out in the section headed "Directors' and chief executive's 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 2012.

## **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, JP 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 re-election 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

During the period, pursuant to Rule 13.51B(1) of the Listing Rule, the changes in information of the Directors are set out below:

Dr. Lee Yuk Lun, JP was appointed as a Justice of the Peace by Chief Executive of the HKSAR on 30 June 2012. Dr. Lee was also appointed as an executive Director of CNC Holdings Limited (a company listed on the growth enterprise market of the Hong Kong Stock Exchange, stock code: 8356) on 22 June 2012.

On 3 August 2012, Mr. Tso Hon Sai, Bosco retired as an independent non-executive Director of the Company at the Annual General Meeting. Upon his retirement, Mr. Tso has also ceased to be a member of each of the Audit Committee, the Remuneration Committee and Nomination Committee of the Company.

Mr. Hon Ming Sang was appointed as an independent non-executive Director, a member of each of the Audit Committee, the Remuneration Committee and Nomination Committee of the Company with effect from 3 August 2012.

On 31 July 2012, Mr. Lam Kwan Sing's services contract automatically expired and he has entered a formal letter of appointment with the Company on 1 August 2012 with no fixed terms of employment. Mr. Lam is entitled to a monthly director's fee in the sum of HK\$120,000.00 which is determined with reference to his duties, responsibilities and the prevailing market conditions. He is subject to retirement by rotation and the re-election provisions pursuant to the bye-laws of the Company.

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

## 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 2012.

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 the three independent non-executive directors, namely Mr. Fok Ho Yin, Thomas, Mr. Hon Ming Sang and Mr. Tsui Ching Hung. The chairman of the Audit Committee is Mr. Fok Ho Yin, Thomas.

## NOMINATION COMMITTEE

The Nomination Committee has reviewed and supervising the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of Directors.

The Nomination Committee comprises one executive Director, namely Dr. Lee Yuk Lun, JP, and three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Hon Ming Sang and Mr. Tsui Ching Hung. The chairman of the Nomination Committee is Dr. Lee Yuk Lun, JP.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2012 (six months ended 30 September 2011: 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 four executive Directors, namely Dr. Lee Yuk Lun, JP, Mr. Kong Shan, David, Mr. Lam Kwan Sing and Mr. Wong Nga Leung; three independent non-executive Directors, namely, Mr. Fok Ho Yin, Thomas, Mr. Hon Ming Sang and Mr. Tsui Ching Hung.

ON BEHALF OF THE BOARD

**Dr. Lee Yuk Lun, JP**

*Chairman*

Hong Kong, 23 November 2012