



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

2014

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lai Leong
(Chairman & Chief Executive Officer)

Mr. Kong Shan, David

Mr. Lam Kwan Sing

Mr. Wong Nga Leung

Mr. Hon Ming Sang

Mr. Zhou Chengrong

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas

Mr. Tsui Ching Hung

Ms. Cheung Oi Man, Amelia

COMPANY SECRETARY

Mr. Hon Ming Sang

AUTHORISED REPRESENTATIVES

Mr. Lam Kwan Sing

Mr. Hon Ming Sang

AUDIT COMMITTEE

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

Mr. Tsui Ching Hung

Ms. Cheung Oi Man, Amelia

REMUNERATION COMMITTEE

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

Mr. Tsui Ching Hung

Ms. Cheung Oi Man, Amelia

NOMINATION COMMITTEE

Mr. Lai Leong *(Chairman)*

Mr. Fok Ho Yin, Thomas

Mr. Tsui Ching Hung

Ms. Cheung Oi Man, Amelia

AUDITORS

Li, Tang, Chen & Co.

Certified Public Accountants (Practising)

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2004-5, 20th Floor

World Trade Centre

280 Gloucester Road

Causeway Bay

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

PRINCIPAL BANKER

HSBC

DBS Bank (Hong Kong) Limited

Bank of China (Hong Kong) Limited

OCBC Wing Hang Bank, Limited

Bank of Communications Co., Ltd

Industrial Bank Co., Ltd

STOCK CODE

1004

COMPANY WEBSITE

www.hkrsing.com

The board (the "Board") of directors (the "Directors") of Rising Development Holdings Limited (the "Company") announces the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2014 together with comparative figures for the corresponding period in 2013. The unaudited interim financial report has not been audited but has been reviewed by the Company audit committee (the "Audit Committee").

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

		(Unaudited) Six months ended 30 September	
	Note	2014 HK\$'000	2013 HK\$'000 (Restated)
TURNOVER	4	159,196	(13,639)
Cost of sales		(1,905)	(1,022)
Gross profit		157,291	(14,661)
Other (expenses)/income	4	(1,419)	4,596
Impairment loss on exploration and evaluation assets (made)/written back	12	(56,588)	12,671
Selling and distribution expenses		(2,094)	(2,096)
Operating and administrative expenses		(11,878)	(9,358)
PROFIT/(LOSS) FROM OPERATIONS		85,312	(8,848)
Finance costs	5	(3,953)	(8,028)
PROFIT/(LOSS) BEFORE TAX	6	81,359	(16,876)
TAXATION	7	7,358	(3,168)
PROFIT/(LOSS) FOR THE PERIOD		88,717	(20,044)
ATTRIBUTABLE TO:			
Equity shareholders of the Company		97,336	(21,759)
Non-controlling interests		(8,619)	1,715
PROFIT/(LOSS) FOR THE PERIOD		88,717	(20,044)
PROPOSED INTERIM DIVIDEND	8	–	–
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	9		
Basic		HK6.55 cents	HK(1.57) cents
Diluted		HK6.55 cents	HK(1.57) cents

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	(Unaudited) Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	88,717	(20,044)
OTHER COMPREHENSIVE INCOME:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	4,255	10,550
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	4,255	10,550
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	92,972	(9,494)
ATTRIBUTABLE TO:		
Equity shareholders of the Company	100,755	(13,599)
Non-controlling interests	(7,783)	4,105
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	92,972	(9,494)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014 AND 31 MARCH 2014

	Note	(Unaudited) 30 September 2014 HK\$'000	(Audited) 31 March 2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	826	961
Available-for-sale financial assets	11	7,800	7,800
Exploration and evaluation assets	12	916,908	967,405
		925,534	976,166
CURRENT ASSETS			
Inventories		4,656	3,733
Trade receivables	13	1,602	2,257
Prepayments, deposits and other receivables		10,579	7,478
Financial assets at fair value through profit or loss	14	194,487	54,238
Tax recoverable		–	2,831
Cash and bank balances		698,672	20,465
		909,996	91,002
CURRENT LIABILITIES			
Trade payables	15	732	530
Customers' deposits		487	1,682
Margin loan payable	16	–	10,326
Other loans	16	22,515	27,501
Other payables and accruals		4,984	4,937
Tax payable		590	590
		29,308	45,566
NET CURRENT ASSETS		880,688	45,436
TOTAL ASSETS LESS CURRENT LIABILITIES		1,806,222	1,021,602
NON-CURRENT LIABILITIES			
Convertible bonds	17	646,455	–
Deferred tax liabilities		228,229	240,995
		874,684	240,995
NET ASSETS		931,538	780,607
CAPITAL AND RESERVES			
Share capital	18	14,862	14,862
Reserves		779,426	620,712
Equity attributable to equity shareholders of the Company		794,288	635,574
Non-controlling interests		137,250	145,033
TOTAL EQUITY		931,538	780,607

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)									
	Six months ended 30 September 2014									
	Share capital	Share premium account	Contributed surplus	Convertible bonds/notes equity reserve	Exchange fluctuation reserve	Statutory reserve fund	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
Balance at 1 April 2014 (audited)	14,862	1,046,379	77,102	-	111,737	12	(614,518)	635,574	145,033	780,607
Profit for the period	-	-	-	-	-	-	97,336	97,336	(8,619)	88,717
Other comprehensive income for the period										
Exchange differences arising on translation for foreign operations	-	-	-	-	3,419	-	-	3,419	836	4,255
Total comprehensive income/(loss) for the period	-	-	-	-	3,419	-	97,336	100,755	(7,783)	92,972
Transactions with owners										
Issue of convertible bonds	-	-	-	57,959	-	-	-	57,959	-	57,959
Total transactions with owners	-	-	-	57,959	-	-	-	57,959	-	57,959
Balance at 30 September 2014 (unaudited)	14,862	1,046,379	77,102	57,959	115,156	12	(517,182)	794,288	137,250	931,538

	(Unaudited)									
	Six months ended 30 September 2013									
	Share capital	Share premium account	Contributed surplus	Convertible notes equity reserve	Exchange fluctuation reserve	Statutory reserve fund	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
Balance at 1 April 2013 (audited)	13,862	920,524	77,102	41,734	113,160	12	(496,434)	669,960	163,169	833,129
Loss for the period	-	-	-	-	-	-	(21,759)	(21,759)	1,715	(20,044)
Other comprehensive income for the period										
Exchange differences arising on translation for foreign operations	-	-	-	-	8,160	-	-	8,160	2,390	10,550
Total comprehensive income/(loss) for the period	-	-	-	-	8,160	-	(21,759)	(13,599)	4,105	(9,494)
Balance at 30 September 2013 (unaudited)	13,862	920,524	77,102	41,734	121,320	12	(518,193)	656,361	167,274	823,635

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	(Unaudited) Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
Net cash flows used in operating activities	(6,380)	(14,115)
Net cash flows (used in)/from investing activities	(102)	1,991
Net cash flows from financing activities	684,689	4,919
Net increase/(decrease) in cash and cash equivalents	678,207	(7,205)
Cash and cash equivalents at beginning of period	20,465	22,736
Cash and cash equivalents at end of period	698,672	15,531
Analysis of balances of cash and cash equivalents		
Cash and bank balances	698,672	15,531

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The unaudited 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 consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 March 2014.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated interim 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 consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014, except for the adoption of the following new Hong Kong Financial Reporting Standards ("HKFRSs") and amendments, revisions and interpretation to existing standards that affect the Group and are adopted for the first time for the current period's financial statements.

- HK(IFRIC) – Int 21, *Levies*
- Amendments to HKAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Impairment of assets: Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Financial instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting*
- Amendments to HKFRS 10, HKFRS 12, HKAS 27 (2011), *Investment entities*

The adoption of these newly effective interpretation and amendments to existing standards does not result in substantial changes to the Group's accounting policies or financial results.

The following new standards and amendments to existing standards, which are considered appropriate and relevant to the Group's operations, have been issued but are not effective for the year ending 31 March 2015 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 15	<i>Revenue from contracts with customers</i>	1 January 2017
HKFRS 9 (2014)	<i>Financial instruments</i>	1 January 2018
Amendments to HKAS 19 (2011)	<i>Employee benefits</i>	1 July 2014
Amendments to HKAS 16	<i>Property, plant and equipment</i>	1 January 2016
Amendments to HKAS 27 (2011)	<i>Separate financial statements</i>	1 January 2016
Amendments to HKAS 28	<i>Investments in associates and joint ventures</i>	1 January 2016
Amendments to HKAS 38	<i>Intangible assets</i>	1 January 2016
Amendments to HKFRS 10	<i>Consolidated financial statements</i>	1 January 2016
Amendments to HKFRS 11	<i>Joint arrangements</i>	1 January 2016

The Group is currently assessing the impact of the adoption of these new standards and amendments to existing standards to the Group in future periods. So far, it has concluded that the adoption of the above does not have material impact on the Group's financial statements.

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 2014							
	Trading in securities HK\$'000	Investments HK\$'000	Trading of fur garments HK\$'000	Trading of fur skins HK\$'000	Mine HK\$'000	Solar energy HK\$'000	Others HK\$'000	
Segment revenue:								
Sales to external customers	(1,131)	-	2,716	-	-	-	-	1,585
Investment income and net gains/(losses)	157,611	-	-	-	-	-	-	157,611
Reportable segment revenue	156,480	-	2,716	-	-	-	-	159,196
Segment results	155,806	(675)	(2,749)	1,093	(57,455)	(2,114)	(809)	93,097
Reconciliation:								
Interest income								316
Change in fair value of derivative components embedded in convertible notes								(3,059)
Unallocated corporate expenses								(5,042)
Profit from operating activities								85,312
Finance costs								(3,953)
Profit before tax								81,359
Taxation								7,358
Profit for the period								88,717

	(Unaudited)							
	Six months ended 30 September 2013							
	Trading in securities	Investments	Trading of fur garments	Trading of fur skins	Mine	Solar energy	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Sales to external customers	1	-	2,190	-	-	-	-	2,191
Investment income and net gains/(losses)	(17,702)	1,872	-	-	-	-	-	(15,830)
Reportable segment revenue	(17,701)	1,872	2,190	-	-	-	-	(13,639)
Segment results	(18,107)	2,187	(2,611)	(92)	11,743	-	(908)	(7,788)
Reconciliation:								
Interest income								1
Change in fair value of derivative components embedded in convertible notes								3,799
Unallocated corporate expenses								(4,860)
Loss from operating activities								(8,848)
Finance costs								(8,028)
Loss before tax								(16,876)
Taxation								(3,168)
Loss for the period								(20,044)

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

	(Unaudited)							Consolidated HK\$'000
	As at 30 September 2014							
	Trading in securities HK\$'000	Investments HK\$'000	Trading of fur garments HK\$'000	Trading of fur skins HK\$'000	Mine HK\$'000	Solar Energy HK\$'000	Others HK\$'000	
Reportable segment assets	194,487	13,250	15,015	15,737	917,669	127	91,386	1,247,671
Elimination of inter-segment receivables								(110,813)
								1,136,858
Unallocated assets:								
Cash and cash equivalents								698,672
Total assets per consolidated statement of financial position								1,835,530
Reportable segment Liabilities	-	(4,034)	(55,017)	(24,639)	(12,516)	(2,898)	(40,427)	(139,531)
Elimination of inter-segment payables								110,813
								(28,718)
Unallocated liabilities:								
Convertible bonds								(646,455)
Deferred tax liabilities								(228,229)
Tax payable								(590)
Total liabilities per consolidated statement of financial position								(903,992)
Additions to non-current segment assets during the period	-	-	-	-	8	25	-	33

	(Audited)							
	As at 31 March 2014							
	Trading in securities HK\$'000	Investments HK\$'000	Trading of fur garments HK\$'000	Trading of fur skins HK\$'000	Mine HK\$'000	Solar energy HK\$'000	Others HK\$'000	Consolidated HK\$'000
Reportable segment assets	54,238	9,376	12,899	17,874	968,225	–	82,303	1,144,915
Elimination of inter-segment receivables								(101,043)
								1,043,872
Unallocated assets:								
Cash and cash equivalents								20,465
Tax recoverable								2,831
Total assets per consolidated statement of financial position								1,067,168
Reportable segment Liabilities	–	(3,369)	(50,639)	(25,748)	(10,942)	(454)	(54,867)	(146,019)
Elimination of inter-segment payables								101,043
								(44,976)
Unallocated liabilities:								
Deferred tax liabilities								(240,995)
Tax payable								(590)
Total liabilities per consolidated statement of financial position								(286,561)
Additions to non-current segment assets during the period	–	–	9	–	–	–	–	9

(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:

	(Unaudited) Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000 (Restated)
Mainland China and Hong Kong	159,196	(13,639)
Total revenue	159,196	(13,639)

4. TURNOVER AND OTHER (EXPENSES)/INCOME

	(Unaudited) Six months ended 30 September	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Turnover		
Sales of fur skins and fur garment	2,716	2,190
Net realized and unrealized gains/(losses) on trading in securities	156,362	(17,824)
Dividend income from listed financial assets at fair value through profit or loss	118	123
Dividend income from unlisted available-for-sale financial assets	–	1,872
	159,196	(13,639)
Others (Expenses)/Income:		
Bank interest income	316	1
Fair value change on derivative components embedded in convertible bonds/notes	(3,059)	3,799
Compensation on trading of fur skins	1,187	–
Exchange gain	36	751
Others	101	45
	(1,419)	4,596

5. FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2014 HK\$'000	2013 <i>HK\$'000</i>
Imputed interest expenses on convertible bonds/notes <i>(note 17)</i>	3,360	7,484
Interest on margin loan	123	328
Interest on other loans	470	216
	3,953	8,028

6. PROFIT/(LOSS) BEFORE TAX

	(Unaudited) Six months ended 30 September	
	2014 HK\$'000	2013 <i>HK\$'000</i>
The Group's profit/(loss) before tax is arrived at after charging:		
Cost of inventories	1,905	1,022
Depreciation	170	261
Operating lease rentals on lands and buildings	1,930	1,342
Staff costs (including directors' remuneration)	6,763	6,373

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 2014 and 30 September 2013. 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	
	2014 HK\$'000	2013 HK\$'000
Tax represents income tax credit/(expenses) as follows:		
Provision for Hong Kong profits tax – under provision of profits tax in respect of prior years	(6,789)	–
Deferred tax	14,147	(3,168)
	7,358	(3,168)

8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2014 (2013: Nil).

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

The calculation of the basic earnings/(loss) per share amount for the period is based on the Group's profit attributable to equity holders of the Company of HK\$97,336,000 (2013: loss of HK\$21,759,000). The basic earnings/(loss) per share is based on the weighted average of 1,486,228,600 (2013: 1,386,228,600) ordinary shares in issue during the period.

Diluted earnings/(loss) per share amounts for the six months ended 30 September 2014 and 2013 are the same as the basic earnings/(loss) per share, as the convertible bonds/notes outstanding during these periods had an anti-dilutive effect on the basic earnings/(loss) per share for these periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group acquired items of property, plant and equipment with cost of HK\$33,000 (year ended 31 March 2014: HK\$9,000) and disposed of items of property, plant and equipment of HK\$Nil (year ended 31 March 2014: HK\$936,000).

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	(Unaudited) 30 September 2014 HK\$'000	(Audited) 31 March 2014 HK\$'000
At Cost:		
Equity securities unlisted outside Hong Kong	7,800	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

	Exploration rights HK\$'000	Evaluation expenditure HK\$'000	Total HK\$'000
Balance at 1 April 2012 (Audited)	1,318,611	11,075	1,329,686
Exchange adjustment	16,570	138	16,708
Impairment loss	(246,053)	–	(246,053)
Balance at 31 March 2013 and 1 April 2013 (Audited)	1,089,128	11,213	1,100,341
Exchange adjustment	1,133	12	1,145
Impairment loss	(131,281)	(2,800)	(134,081)
Balance at 31 March 2014 and 1 April 2014 (Audited)	958,980	8,425	967,405
Exchange adjustment	5,523	65	5,588
Additions during the period	–	503	503
Impairment loss	(56,588)	–	(56,588)
Balance at 30 September 2014 (Unaudited)	907,915	8,993	916,908

The exploration rights represent the carrying amount of the mining rights for mining, exploration and exploitation in a vanadium mine located in Shaanxi, PRC. The exploitation licence of the vanadium mine has been granted in 2014 for 3 years till September 2017 and is renewable on an ongoing basis.

The management has engaged an independent professional valuer, BMI Appraisals Limited (the "Appraiser"), to carry out a valuation as at 30 September 2014 on the exploration rights for the purposes of an impairment review on the exploration rights. Based on the report of this Appraiser, 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 2014. Accordingly, an impairment loss of HK\$56,588,000 was recognized in consolidated statement of profit or loss for the six months ended 30 September 2014.

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 the reporting period based on the invoice date is as follows:

	(Unaudited) 30 September 2014 <i>HK\$'000</i>	(Audited) 31 March 2014 <i>HK\$'000</i>
Current to 30 days	1,266	1
31 days to 60 days	–	1
Over 60 days	336	2,255
	1,602	2,257

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2014 <i>HK\$'000</i>	(Audited) 31 March 2014 <i>HK\$'000</i>
Equity securities listed in Hong Kong at fair value	194,487	54,238

15. TRADE PAYABLES

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

	(Unaudited) 30 September 2014 <i>HK\$'000</i>	(Audited) 31 March 2014 <i>HK\$'000</i>
Current to 30 days	689	–
31days to 60 days	–	–
Over 60 days	43	530
	732	530

16. MARGIN LOAN PAYABLE/OTHER LOANS

	(Unaudited) 30 September 2014 <i>HK\$'000</i>	(Audited) 31 March 2014 <i>HK\$'000</i>
Margin loan payable	–	10,326
Other loans	22,515	27,501
	22,515	37,827

As at 30 September 2014, the other loans are unsecured and fixed-rate loans which carry interest at the range from 10.25% to 12% (as at 31 March 2014: from 6% to 10.25%) per annum. These loans are repayable within one year from the end of the reporting period.

17. CONVERTIBLE BONDS

On 12 September 2014, the Company issued convertible bonds (the “Convertible Bonds”) to Shanghai Electric Hongkong Co. Limited (the “Shanghai Electric”), an independent third party in the principal amount of HK\$700,000,000 which are convertible into 206,489,675 new Shares at the initial conversion price of HK\$3.39 (subject to adjustment). The Convertible Bonds bear interest at 3 months HIBOR plus 5.5% per annum with maturity date on the 716th day after the date of first issue of Convertible Bonds. As disclosed in the Company’s announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the Convertible Bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at face value all or part of the outstanding Convertible Bonds during the 90 day period from the first anniversary of the date of the initial issue date of the Convertible Bonds. The effective interest rate of the liability component is 9.9% per annum.

	Liability components	Conversion option derivative components	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2014	–	–	–
Issued of Convertible Bonds, net of issuing costs	651,858	(9,818)	642,040
Imputed interest charged (<i>note 5</i>)	3,360	–	3,360
Interest paid/payable	(2,004)	–	(2,004)
Change in fair values	–	3,059	3,059
	<hr/>	<hr/>	<hr/>
At 30 September 2014	653,214	(6,759)	646,455

18. SHARE CAPITAL

	Number of shares	Amount
		<i>HK\$'000</i>
Authorised		
Ordinary shares of HK\$ 0.01 each		
At 1 April 2014 and 30 September 2014	30,000,000,000	300,000
	<hr/>	<hr/>
Issued and fully paid		
At 1 April 2014 and 30 September 2014	1,486,228,600	14,862

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

19. CHARGES ON ASSETS

At 30 September 2014 and 31 March 2014, the Group did not obtain any banking facilities and borrowings except for margin loan payable, other loans and convertible notes, details of which are set out in notes 16 and 17.

20. CONTINGENT LIABILITIES

The Company and the Group had no contingent liabilities as at 30 September 2014.

21. COMMITMENTS

- a) The Group leases certain properties under operating lease arrangements. Leases for properties are negotiated for terms of two to twenty years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	(Unaudited) Six months ended 30 September	
	2014 HK\$'000	2013 <i>HK\$'000</i>
Within one year	4,477	595
In the second to fifth years, inclusive	3,454	460
Over five years	508	586
	8,439	1,641

- b) On 20 March 2014, the Group entered into the agreements through a subsidiary, Shanghai Chaoyang Photovoltaic Company Limited with an independent third party ("the Vendor") in respect of the acquisition of 51% equity interest in Jilin Hareon Electric Development Company Limited ("JHED")

Pursuant to the agreements, the Group agreed as follows:

- l) The Group is to be responsible for assisting JHED in securing financing for 80% of the costs of engineering, procurement and construction to be incurred by JHED (the "Total Project Cost"). The remaining 20% of the Total Project Cost (after deducting the paid-up capital of JHED) will be financed by additional capital or loan contributed by the members of JHED pro rate to their equity interest in JHED. It is estimated that the Total Project Cost to be RMB360 million (approximately HK\$450 million) and the Group's estimated committed share to be RMB36,720,000 (approximately HK\$45,900,000).

- ii) After JHED's power plant is connected to the State grid, both parties agreed that, subject to the signing of the definitive contract, the Group will buy, the Vendor will sell its 49% equity interest in JHED at a price based on the pre-agreed formula, being the aggregate of the Vendor's share of (i) JHED's registered capital and shareholders loan provided and (ii) the amount by which the production capacity of the power plant (in terms of megawatt (MW) multiplied by the unit price per MW to be agreed exceeds the Total Project Cost and the related interest costs of JHED up to one month after the grid connection.

22. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

The remuneration of directors and other members of key management of the Group during the period was as follows:

	(Unaudited)	
	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Short-term employee benefits	2,820	2,520
Post-employment benefits	54	45
	2,874	2,565

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

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. The reclassifications had no impact on the Group's results for the six months ended 30 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF THE GROUP

During the first six months, the Group recorded a turnover of HK\$159,196,000 (2013: HK\$-13,639,000 (restated)). The increase in turnover was mainly due to a record of increase in net realized and unrealized gain in financial assets at fair value through profit or loss. The net profit attributed to equity shareholders of the Company for the current period amounted to HK\$97,336,000 as compared to a net loss of HK\$21,759,000, resulting in a basic earnings per share for this current period of HK\$6.55 cents (2013: basic loss per share of HK\$1.57 cents). The profit was mainly due to the substantial profit of HK\$155,806,000 recorded in financial assets at fair value through profit and loss, despite an impairment loss of HK\$56,588,000 in the mining business based on market valuation at the end of the six months period of the mining right with respect to the vanadium (V₂O₅) mine.

Investment Business

Trading in Securities

During the period, the Group's turnover from trading in securities was HK\$156,480,000 compared with the corresponding period last year of HK\$-17,701,000 (restated). A profit of HK\$155,806,000 was recorded from this sector during this period as compared to the loss of HK\$18,107,000 (restated) recorded in the corresponding period last year. The profit was mainly due to net unrealized gains in financial assets at fair value through profit and loss of HK\$157,493,000 recorded in the Group's financial statements. We aim to continue to achieve satisfactory results in the trading of securities in the remaining of this period.

Investments

The Group's income in investments was nil during the period, Loss of HK\$675,000 was recorded from this sector during the period, as compared to a profit of HK\$2,187,000 (restated) in the corresponding period last year. The loss was mainly due to lack of dividend income received from unlisted available-for-sale financial assets, which is an investment in a property project in Vietnam.

Mining Business

The mining business of the Group had not started contributing revenue during the period under review, as in the corresponding period last year. However a loss of HK\$57,455,000 was recorded in this sector, as compared to a profit of HK\$11,743,000 with the corresponding period last year. The loss was mainly due to the impairment loss of mining right and based on its fair value as at 30 September 2014 primarily due to the delay in production date from the beginning of 2016 to the beginning of 2017 as the market price of V₂O₅ is still in a dropping trend. The valuation was conducted by an independent valuer, BMI Appraisals Limited (BMI) which amounted to RMB722,000,000, equivalent to HK\$907,915,000 with V₂O₅ at around RMB69,000/metric tonne as at 30 September 2014 as compared to its carrying amount of RMB767,000,000, equivalent to HK\$958,980,000 with V₂O₅ at around RMB70,000/metric tonne as at 31 March 2014.

The Company acquired the 80% Vanadium Deposit of Xunyangba County, Ningshan Town, Shaanxi Province in April 2008. The current mining licence covers an area of approximately 2.2 square-kilometers. The Company's acquisition took place prior to current requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Stock exchange of Hong Kong Limited (the "Listing Rules") coming into effect and was based on a geological model prepared by the Institute of Mineral Resources Chinese Academy of Geological Sciences (中國地質科學院礦產資源研究所) in accordance with the Chinese Mineral resource/reserves Classification (固體礦產資源/儲量分類GB/T17766-1999) which identified approximately 300,761 metric tonnes of Vanadium Pentoxide (V₂O₅) reserve. As disclosed in the shareholders circular dated 26 February 2008 of the Company (the "circular"), the first stage of mining operation of the Vanadium Mine with refinery and daily production capacity of 500 metric tonnes ores was originally scheduled to commence production in early 2009.

With the decline of V₂O₅ selling price post acquisition as a result of economic crisis since 2008 (from the peak in August 2008 of around RMB275,000/metric tonne to its lowest of around RMB65,000/metric tonne around April 2013), development of the Vanadium Mine become uneconomical. V₂O₅ selling price presently is still at low side at about RMB69,000/metric tonne as at 30 September 2014 (as at 31 March 2014: RMB70,000/metric tonne). In early 2013, the Company has engaged an independent mining engineering expert (the "Engineer") to carry out a technical and economic review of the Group's vanadium mine. The Engineer confirmed that the project was uneconomical and affirmed the view of the Company's management that the Company should postpone the development of the vanadium project until the V₂O₅ market recovers. Therefore, the Group had continued its earlier decision to slow down the project to wait for the recovery of the V₂O₅ selling price and stabilization of V₂O₅ selling price at a level which renders the development and production commercially viable, as stated in the Group's interim and annual reports since 2009. Consequently, the Company has only incurred minimal expenses in the development of the Vanadium Mine, focusing mainly on the preparation works for new construction, extraction and production. No exploration, development or production activity had been carried out during the period, as a result no expenses have been incurred for new construction and production works.

The reserves of the Vanadium Mine (of average grade at 1.13%) according to the Chinese Mineral Resource/Reserves

Classification as included in the Circular was as follows:

Category	Ore Quantity (tonne)	Grade (% V₂O₅)	Contained V₂O₅ (tonne)
332	6,545,401	1.15	75,083
333	14,209,599	1.13	160,669
334	5,916,518	1.10	65,009
Total	26,671,518	1.13	300,761

The reserves of the Vanadium Mine as at 30 September 2014 remains unchanged since the acquisition (being 300,761 metric tonne of V₂O₅) given that no material extraction was done due to the delay in the development of the mine for reasons explained above.

In addition to the amount of vanadium mining reserves, the time to production of the Group's vanadium mine and the changes of the V₂O₅ market price are the key factors that affects the valuation of the mining rights of the Group.

Based on the latest development plan of the Group, commencement of the first stage of production is to take place in beginning 2017 instead of beginning of 2016 as disclosed in annual report 31 March 2014 as the V₂O₅ price is in a dropping trend. This will allow management approximately 12 to 15 months to observe and monitor any improvement in and the stability of V₂O₅ selling prices and a further approximately 9 to 12 months for the construction of access roads and to order production facilities. The development plan (which remains unchanged from that adopted in 2009 except as to the timing of commencement of production) targets the production of 500 metric tonne/day in the first year of production, 1,000 metric tonne/day in the second and third year of production, 2,000 metric tonne/day in the fourth and fifth year of production and 3,500 metric tonne/day from the six year of production and thereafter, at a production cost ranging from around RMB55,000/metric tonne to RMB62,000/metric tonne for the first ten years of production.

Actual operation and development plans will remain dependent on, and subject to revision, based on management's analysis of the market price of V₂O₅ and its stability, the rate and period of return of the projects and the risks of investment in and development of the mine.

As at 30 September 2014, the fair value of the mining right classified as part of the “exploration and evaluation assets” in the Group’s audited consolidated balance sheet as at that date was determined by excess earnings method under the income approach. It decreased by RMB56,588,000 when compared with its fair value as at 31 March 2014 using the same excess earnings method for valuation. Such decrease was mainly due to a decrease in the V₂O₅ market price to around RMB69,000/metric tonne (as at 31 March 2014: about RMB70,000/metric tonne) and as a result of decrease of V₂O₅ market price the planned production time of the vanadium mine has been deferred by one year to the beginning of 2017 (as at 31 March 2014: beginning of 2016) as the V₂O₅ is still in a dropping stage. For valuation purposes, BMI, projected the V₂O₅ selling price in the valuation report as at 30 September 2014 to increase by around 3% annually, which is more or less in line with the estimated annual inflation rate in China and the rate of price increase used in the valuation of the mining rights as at 31 March 2014. The discount rates applied by BMI in its valuations as at 30 September 2014 was 13.67% (as at March 2014: 14.18%), with a company specific risk premium remaining at 3% (31 March 2014: 3%) due to the continued delay in commencement of production, while there has been no significant change to the assumed cost of debt and discount applied by BMI, as the China Above 5 Years Best Lending Rate and the 10-year Chinese Government Bond yield used as reference for this purpose have remained largely similar as at 30 September 2014 and 31 March 2014.

Solar Energy

This is a good potential business for the Group taking advantage of the PRC policy to combat pollution by using clean energy. The turnover in this sector is nil at present, Loss of HK\$2,114,000 was recorded mainly as a result of allocation of administration expenses during the period for its normal expenses.

As mentioned in the annual report of the Company for the year ended 31 March 2014, the Group has been identifying and exploring suitable projects and/or investments with good potential for acquisition. The Company has been actively looking for potential investment in the solar sector and will focus on the strategic development of the solar power generation business and devote more resources in that business in the coming future. For instance, the Group has entered into certain memoranda of understanding, framework agreement, cooperate agreement, equity transfer agreement and acquisition agreement in relation to proposed acquisition or acquisitions of the companies which are engaged in the solar energy business, as disclosed in the announcement of the Company dated 28 January 2014, 13 February 2014, 12 March 2014, 20 March 2014, 15 July 2014, 22 August 2014, 12 September 2014, 25 September 2014, 8 October 2014 and 4 November 2014. The Group continues to identify and explore suitable projects/investments in solar energy industry.

The Company has successfully issued to the subscriber, Shanghai Electric Hongkong Co. Ltd, Convertible Bonds in the principal amount of HK\$700,000,000 on 12 September 2014, to secure funding for the Group's investment in this sector. Convertible Bondholder is a wholly-owned subsidiary of Shanghai Electric Group Company Limited, a joint stock limited company duly incorporated in the PRC with limited liability, the H shares of which, are listed on the Stock Exchange under stock code 02727 and the A shares of which are listed on the Shanghai Exchange under stock code 601727.

Fur Business

Trading of fur skins

During the period, the turnover in trading of fur skin was nil, as was the same for last year. Profit of HK\$1,093,000 was recorded during the period compared to a loss of HK\$92,000 the same period last year. The profit was due mainly due to a compensation fund recorded as income from a skin trading customer. We hope this business will resume in the coming period as there appears to be a drop in auction prices as the industry is facing weaker global demand especially in China and Russia. We expect that stocking risks and trading risks will remain relatively high since we believe the drop in international auction price is just at the beginning stage.

As predicted high auction prices sustained during 2012, 2013 have resulted in a downward spiral trend since the 3rd quarter of 2013. Previously when the prices were at all time high, the trading risks were very high for us if we kept a large stock. As prices have dropped by more than 30% from their all time high, we are in the process of reviewing the overall financial situation and will be considering the prospect of resuming trading when conditions are more favourable. We have to consider many factors including fluctuation in prices and payment periods from our clients in order to ensure that our funding needs are met throughout the year.

Trading of fur garments

During the period, a turnover in trading and sales of fur garment of HK\$2,716,000 was recorded compared to the same period of last year of HK\$2,190,000 representing a 24% increase in sales of trading of fur garments. Losses of HK\$2,749,000 was recorded compared to the loss of HK\$2,611,000 same period last year, representing a slight increase of loss by 5.3%. The loss was mostly due to administrative expenses allocated to this sector of business. We hope this business will further improve as we expand our sales network and marketing efforts. Due to the weak economy, major markets, such as the PRC, Russia and Hong Kong have already started facing adverse market conditions. Under such circumstances, we will exercise an even tighter control on our expenses as 2015 will be a tougher year than 2014.

PROSPECTS

Investment Business

China's gross domestic product expanded 7.3 percent year-on-year, slumping to a five-year low. The slowdown was driven by lower property investment, dwindling credit growth and weakening industrial production, also the local consumption as a result of the anti-corruption campaign launched for years affected consumptions, government expenditures and credit lending in short run. Hong Kong's Occupy Central pro-democracy movement that has broken out even in Kowloon Area, harms the relationship with Hong Kong and Central Government of PRC as a whole that affects the trust from both sides over the short term.

Despite our better than expected return in the business of trading in securities during the period, the Group is preparing to exercise more caution and monitor in this sector closely while aiming to achieve better performance in this sector.

Mining Business

As the US dollar is getting stronger and stronger as a result of better performance in the economy mainly improvement in employment rate in US, at the same time easing money policy implemented both by Europe and Japan as their economies continue to be well, China has also reported weaker GDP growth. Demand for metal has dropped significantly, not only for gold and silver, but also for iron and steel and their supplementary product Vanadium.

Market price of V_2O_5 was around RMB69,000/MT as at 30 September 2014, despite its rebound by about 6.1% from its recent lowest at around RMB65,000/MT in April 2013 (30 September 2013: RMB77,000/metric tonne). The development work at our site was purposely slowed down as mentioned before as a result of low V_2O_5 market price and the Group will continue to exercise control over costs and expenses given that the Vanadium Mine is not yet in production pending substained recovery of the market for V_2O_5 .

Solar Energy

The Group has been identifying and exploring suitable projects and/or investments with good potential for acquisition. As China Government has selected solar as one of the key ways to promote clean energy over the next decade, the Company has been actively looking at potential investments in solar sector and will focus on the strategic development of the solar power generation business and devote more resources in that business in the coming future. The Board of the Company considers solar investment to be a good potential investment for the Group and will provide revenue streams to the Group and will benefit the Group and its shareholders as whole in the future. As a result during the period:

- (a) On 28 January 2014, the Company has announced a non-legal binding agreement, memorandum of understanding (The “MOU”) was entered into between Surplus Basic Limited (the “Potential Purchaser”), an indirect wholly-owned subsidiary of the Company, and Linkage Group Limited (the “Potential Vendor”), in relation to the proposed acquisition (the “Proposed Acquisition”), directly or indirectly, of the entire equity interest in Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司 (the “Target Company”). The memorandum of understanding does not create any legally binding commitment between parties to proceed with the proposed acquisition and is subject to the parties entering into definitive agreements for the proposed acquisition. The Target Company is principally engaged in the operation of two solar power stations with an aggregate annual production capacity of 100MW in Jinchang, Gansu Province, both of which have already connected to the grid.

Subsequently on 27 May 2014, Surplus Basic Limited, previous the “Potential Purchaser” and now (the “Purchaser”), an indirect wholly-owned subsidiary of the Company, and Linkage Group Limited, previously the “Potential Vendor” and now the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sales Shares and the Sale Loan, at aggregate consideration of HK\$620,000,000. The consideration will be satisfied as to HK\$310,000,000 in cash and as to HK\$310,000,000 by the allotment and issue of the Consideration Shares. The issue price or conversion price per Share will not be more than HK\$0.92.

- (b) On 13 February 2014, the Company has announced a memorandum of understanding was entered into between Surplus Basic Limited (the “Potential Purchaser”), an indirect wholly-owned subsidiary of the Company, and Accurate Win Limited (the “Potential Vendor”), in relation to the proposed acquisition (the “Proposed Acquisition”), directly or indirectly, of the entire equity interest in Jinchang Guo Yuan Power Limited 金昌國源電力有限公司 (the “Target Company”).

The memorandum of understanding does not create any legally binding commitment between parties to proceed with the proposed acquisition and is subject to the parties entering into definitive agreements for the proposed acquisition. The Target Company is principally engaged in the operation of solar power station with an annual production capacity of 100MW which have already connected to the grid in Jinchang, Gansu Province.

Subsequently, on 31 October 2014, Surplus Basic Ltd (the “Potential Purchaser”), now the Purchaser, an indirect wholly-owned subsidiary of the Company, and Accurate Win Limited (the “Potential Vendor”), now the Vendor entered into the Acquisition Agreement, purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares and the Sale Loan, at an aggregate consideration of HK\$500,000,000 which is to be reduced on a dollar to dollar basis by (i) the amount of which the Target Consolidated Liability exceeds RMB650 million; and (ii) the amount of which the aggregate consolidated Borrowing of the Target Group as at Completion exceeds RMB600 million (without, for the purposes of this adjustment, any double counting on the effect of the excess amount of the Borrowing on the Target Consolidated Liability). The Consideration will be satisfied as to HK\$100,000,000 by the allotment and issue of the Consideration Shares and as to the balance payable in cash or by issue of the Loan Note by the Purchaser to the Vendor at the discretion of the Purchaser.

Upon Completion, the Target and Jinchang Guoyuag, an indirect wholly-owned subsidiary of the Target, will become wholly-owned subsidiaries of the Company. Jinchang Guoyuan is principally engaged in the development and operation of the Jinchuan Projects. The Jinchuan projects are located at Gansu Province, the PRC which consist of two solar power stations (developed and approved in two phases) and have an aggregated capacity of 100MW, The construction of the Jinchuan Projects has been completed and the solar power stations have already been connected to the grid and commenced operations.

- (c) On 12 March 2014, the Company has announced the signing of a framework agreement, between the Company's wholly-subsiary, Shanghai Chaoyang Photovoltaic (上海超陽光伏電力有限公司) and Hareon Solar Technology Co Ltd (海潤光伏科技股份有限公司), under the framework agreement, they have to cooperate in the development, construction and financing of solar power plants having aggregate production capacity of not less than 800MW and the distribution of their output. And further on 20 March 2014, the Group has announced the signing of a cooperation agreement and an equity transfer agreement in respect of Jilin Hareon, currently a wholly-owned subsidiary of Shanghai listed Hareon Solar, by which Chaoyang Photovoltaic (a wholly-owned subsidiary of the Company) agreed to purchased 51% equity interest in Jilin Hareon for a cash consideration (approximately HK\$637,500) and to provide up to RMB36,720,000 (approximately HK\$45,900,000) by further capital injection or shareholders loan to Jilin Hareon. Jilin Hareon was established on 22 November 2013 and is the project company established by Hareon Solar for the development of the 40MW photovoltaic power generation project in Taonan, Jilin, the PRC. It has a registered capital of RMB1,000,000. The cooperation agreement and equity transfer agreement do not constitute a notifiable transaction of the Company under the Listing Rule. Subsequently, the said 51% equity interest transfer was completed on 27 March 2014.
- (d) On 22 August 2014, the Company, as issuer of the convertible bond and Shanghai Electric Hongkong Ltd as Subscriber entered into the Subscription Agreement in respect of the issue and subscription for the Convertible Bonds in the principal amount of HK\$700,000,000.

Upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$3.39 per Conversion Shares (subject to adjustments), a total of 206,489,675 Conversion Shares will be issued, representing approximately 13.89% of the existing issued share capital of the Company and approximately 12.2% of the issued share capital of the Company enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued pursuant to the General Mandate.

The estimated net proceeds from the issue of the Convertible Bonds (after deduct all related expenses) of approximately HK\$697 million will be applied in and towards future acquisitions or investments by the Group in the solar energy business.

On 12 September 2014 Convertible Bonds in the principal amount of HK\$700,000,000 have been issued to the Subscriber pursuant to the terms of the Subscription Agreement.

As disclosed in the Company's announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the Convertible Bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at face value all or part of the outstanding Convertible Bonds during the 90 day period from the first anniversary of the date of the initial issue date of the Convertible Bonds.

- (e) On 25 September 2014, the Company is in discussions in respect of a possible acquisition of a company holding a 100MW solar power plant in Gansu Province that has recently been connected to the power grid. The potential vendor, an independent third party, is offering to sell on the basis that such power plant would be valued at RMB980 million subjected to further negotiations regarding how the carried by the target company is to be addressed. If these discussions culminate in a transaction, the Company aims to settle the purchase price in cash instead of by issuing any equity or equity link securities.

The Company plans to seek more investment opportunities in the area of Solar Energy in 2015.

Fur Business

Trading of fur skins

As predicted high auction prices sustained during 2012, 2013 have resulted on a downward spiral trend since the 3rd quarter of 2013. Previously when the prices were an all time high, the trading risks were very high for us if we kept a large stock. As prices have dropped more than 30% from their all time high, we are in the process of reviewing the overall financial situation and will be considering the prospect of resuming trading when conditions are more favourable. We have to consider many factors including fluctuation in prices and payment periods from our clients in order to ensure that our funding requirements are met throughout the year.

Trading and sales of fur garments

We have successfully and progressively established our marketing channels in some of the cities in the north-eastern, north-western and southern part of China for the wholesale and retail trading and sales of fur garments. These marketing channels include permanent shops and seasonal outlets have enabled us to expand our marketing plans flexibly at minimal costs. Our strategy of using temporary outlets to test new markets during the peak seasons and selling high margin fashion goods and accessories during low seasons reduces fixed structural costs and rental deposits, thus helping us to control our operating expenses.

During the period, sales in the trading and sales of fur garments was a bit lower than our projected target, this was due to the effects of tighter control in government expenditures that hampered our traditional retail business especially in the fur garments business and the luxury market in PRC including Hong Kong.

In order to weather through another year of adverse economic conditions in the forthcoming year, we have to keep a tighter control on expenses and try to reduce our existing fur skin stock by converting them into fur products and other manufactured goods according to demand and at the same time avoid over stocking as a further drop in international auction prices is a possibility due to weaker global demand.

As regards our wholesale business in Hong Kong, we will keep with our strategy of expanding into the wholesale market by using different co-operative programs with various fashion chains and brands through OEM, OBM and/or our own designs. In the long run, we will continue to our strategy of building our own designer's collection label of LECOTHIA and FREDERICK. The lining up of more retail businesses with various fashion chains hopefully will bring more business opportunities and generate a steady income for the Group. This year we have successfully established our brands in high end departments like Harvey Nichols, Lane Crawford, On Pedder, Sogo and The Stairs. In the forthcoming year we will continue to put in more resources into developing the retail business in the area of trading and sales of fur garment.

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 2014, the Group had time deposits, cash and bank balances of approximately HK\$698,672,000 (31 March 2014: HK\$20,465,000). As at 30 September 2014, the Group's interest bearing borrowings (including other loans payable and convertibles notes) amounted to approximately HK\$668,970,000 (31 March 2014: HK\$37,827,000). As at 30 September 2014, the shareholders' funds amounted to approximately HK\$931,538,000 (31 March 2014: HK\$780,607,000). Accordingly, the gearing ratio was Nil (31 March 2014: 2.2%).

CAPITAL STRUCTURE

On 12 September 2014, the Company issued Convertible Bonds to Shanghai Electric, an independent third party, in the principal amount of HK\$700,000,000 which are convertible into 206,489,675 new Shares at the initial conversion price of HK\$3.39 (subject to adjustment). The Convertible Bonds bear interest at 3 months HIBOR plus 5.5% per annum with maturity date on the 716th day after the date of first issue of Convertible Bonds. As disclosed in the Company's announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the Convertible Bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at face value all or part of the outstanding Convertible Bonds during the 90 day period from the first anniversary of the date of the initial issue date of the Convertible Bonds. The effective interest rate of the liability component is 9.9% per annum.

The above Convertible Bonds 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 bonds were determined as of the date of issue and 30 September 2014 by an independent firm of professionally qualified valuers, Eidea Professional Services Company 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:

	(Unaudited) 30 September 2014 <i>HK\$'000</i>	(Audited) 31 March 2014 <i>HK\$'000</i>
Borrowings		
Margin loan payable	–	10,326
Other loans	22,515	27,501
Convertible bonds	646,455	–
Total borrowings	668,970	37,827
Less: time deposits, cash and bank balances	(698,672)	(20,465)
Net debt	(29,702)	17,362
Total equity	931,538	780,607
Gearing ratio	Nil	2.2%

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 2014 are set out in note 18 to the unaudited consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE

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

EMPLOYEES

As at 30 September 2014, the Group employed around 48 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 2014.

OTHER INFORMATION

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

As at 30 September 2014, 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 of controlled corporation (Note 2)	500,757,600	33.69%

Notes:

1. Mr. Lai Leong has been appointed as an Executive Director, Chairman and Chief Executive Officer of the Company and a member and the chairman of the Nomination Committee with effect from 6 August 2013. Mr. Lai Leong also a director of a number of the subsidiaries of the Company and he is also a director and beneficial owner of Oriental Day International Limited, the controlling shareholder of the Company. Mr. Lai Leong was as an Executive Director, Chairman and Chief Executive Officer of the Company from 31 August 2007 to 15 March 2010.
2. These 500,757,600 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.

(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 2014. There was no outstanding option granted to the directors and chief executive at the beginning and at the six months ended 30 September 2014.

Save as disclosed above, as at 30 September 2014, 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 2014.

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 (the "New Scheme") 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 Scheme. The New Scheme was remain in force for 10 years from 11 August 2004, the date of the Stock Exchange's granting of the listing of and permission to deal in the shares to be issued pursuant to the exercise of options under the New Scheme and the New Scheme was expired on 10 August 2014.

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 2014, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that other than the interests of the Directors and the chief executives, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

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

Name	Nature of interest	Number of shares of the Company held	Approximate percentage of shareholding in the Company	Notes
Lai Leong	Interest of controlled corporation	500,757,600	33.69%	1
Oriental Day International Limited	Beneficial owner	500,757,600	33.69%	2
Linkage Group Limited	Beneficial owner	336,956,522	18.50%	3
Xu David Hua	Interest of controlled corporation	336,956,522	18.50%	4
Cao Zhiying	Beneficial owner	240,000,000	16.15%	
Shanghai Electric (Group) Corporation	Interest of controlled corporation	206,489,675	13.89%	5
Shanghai Electric Group Company Limited	Interest of controlled corporation	206,489,675	13.89%	5
Shanghai Electric Hongkong Co. Limited	Beneficial owner	206,489,675	13.89%	5
Freeman Financial Corporation Limited	Beneficial owner	93,230,240	6.27%	6

Notes:

- Mr. Lai Leong has been appointed as an Executive Director, Chairman and Chief Executive Officer of the Company and a member and the chairman of the Nomination Committee with effect from 6 August 2013. Mr. Lai Leong also a director of a number of the subsidiaries of the Company and he is also a director and beneficial owner of Oriental Day International Limited, the controlling shareholder of the Company. Mr. Lai Leong was as an Executive Director, Chairman and Chief Executive Officer of the Company from 31 August 2007 to 15 March 2010.

2. These 500,757,600 shares are owned by Oriental Day International Limited, which was 100% beneficially owned by Mr. Lai Leong. Please refer to the section headed "Directors' and chief executive's interest and short position in shares, underlying shares and debentures" for further details.
3. These represented the shares to be issued by the Company pursuant to consideration shares under the acquisition agreement is subject to the specific mandate to be sought from the shareholders at the special general meeting. Accordingly to the acquisition agreement (as define in the Company's announcement dated 15 July 2014), the number of these underlying shares held by Linkage Group Limited 336,956,522 shares as the consideration price HK\$0.92 per share.
4. These 336,956,522 shares are owned by Linkage Group Limited, which was 100% beneficially owned by Mr. Xu Davie Hua.
5. These 206,489,675 shares are owned by Shanghai Electric Group Co. Limited (stock code: 2727), the issuance of the convertible bonds (the "Convertible Bonds") of the Company to Shanghai Electric Hongkong Co. Limited ("Shanghai Electric"), an Independent Third Party, in the principal amount of HK\$700,000,000 which are convertible into 206,489,675 new Shares at the initial conversion price of HK\$3.39 (subject to adjustments). As at the date of this report, no part of the Convertible Bonds has been converted. As disclosed in the Company's announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the Convertible Bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at face value all or part of the outstanding Convertible Bonds during the 90 day period from the first anniversary of the date of the initial issue date of the Convertible Bonds.
6. Freeman Financial Corporation Limited (stock code: 279) is a listed company in the Hong Kong Stock Exchange.

(b) Aggregate short position in the shares and underlying shares of the Company

As at 30 September 2014, the Company had not been notified of any short positions being held by any substantial shareholders in the shares or underlying shares of the Company.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 September 2014.

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 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the six months ended 30 September 2014.

CORPORATE GOVERNANCE PRACTICES

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

The Company 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 of Hong Kong Limited (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 of the Board and Chief Executive Officer should be separate and should not be performed by the same individual.

On 6 August 2013, Mr. Lai Leong was appointed as an Executive Director and was elected Chairman of the Board. Upon his appointment as the Chairman of the Board, he also takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman of the Board 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) Code provision A.4.1 of the Code on CGP requires the non-executive directors should be appointed for a specific term and subject to re-election. During the six months ended 30 September 2014, the terms of appointment of the three independent non-executive Directors expired and thereafter they are not appointed for a specific term, but they are subject to the 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 (the "Bye-Laws").

- (3) Code Provision A.4.2 of the Code on CGP requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2 of the Code on CGP, the aforementioned provision in the Bye-laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is significant for stability and growth of the Group.
- (4) Shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by shareholders.

The Code Provision E.1.2 of the Code on CGP stipulates that the Chairman of a listed issuer should attend the issuer's annual general meeting. Mr. Lai Leong, the Chairman of the Board, was unable to attend the Company's 2014 AGM as he had another important business engagement. Despite his absence, he had arranged for Mr. Lam Kwan Sing, the Company's executive director who is well versed in all the business activities and operations of the Group, to attend and chair the meeting and communicate with the shareholders. All the other members also attended the 2014 AGM to give shareholders an opportunity of having a direct dialogue with the Board members.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code on CGP during the six months ended 30 September 2014.

OTHERS

As announced on 12 November 2014, the Company proposed that each of the existing issued and unissued share of par value of HK\$0.01 each in the share capital of the Company be subdivided into four subdivided shares of par value of HK\$0.0025 each.

Please refer to our announcement dated 12 November 2014 for further details.

CHANGE IN 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:

On 23 September 2014, Mr. Zhou Chengrong ("Mr. Zhou") has been appointed as an Executive Director of the Company.

Mr. Zhou has no service contract between the Company with no fixed terms of employment and he is entitled to receive a monthly director's remuneration in the sum of HK\$60,000 which is determined with reference to his duties and responsibilities, the prevailing market conditions and the recommendation from the remuneration committee. Mr. Zhou is not appointed for a specific term but, in accordance with the articles of association of the Company, he shall hold office of Executive Director subject to retirement by rotation and re-election at the annual general meeting 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.

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. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia. 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 2014.

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. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia. 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 Mr. Lai Leong, and three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia. The chairman of the Nomination Committee is Mr. Lai Leong.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2014 (six months ended 30 September 2013: 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 six executive Directors, namely Mr. Lai Leong, Mr. Kong Shan, David, Mr. Lam Kwan Sing, Mr. Wong Nga Leung, Mr. Hon Ming Sang and Mr. Zhou Chengrong; three independent non-executive Directors, namely, Mr. Fok Ho Yin, Thomas, Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia.

By Order of the Board
Rising Development Holdings Limited
Lai Leong
Chairman

Hong Kong, 17 November 2014