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

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

ANNUAL REPORT **2012**

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Lee Yuk Lun *(Chairman & Chief Executive Officer)*
Mr. Kong Shan, David
Mr. Lam Kwan Sing
Mr. Wong Nga Leung (appointed on 26 October 2011)

Independent Non-Executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Tso Hon Sai, Bosco
Mr. Tsui Ching Hung

AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Tso Hon Sai, Bosco
Mr. Tsui Ching Hung

REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Tso Hon Sai, Bosco
Mr. Tsui Ching Hung

NOMINATION COMMITTEE

(Established on 14 March 2012)

Dr. Lee Yuk Lun *(Chairman)*
Mr. Fok Ho Yin, Thomas
Mr. Tso Hon Sai, Bosco
Mr. Tsui Ching Hung

AUTHORISED REPRESENTATIVES

Dr. Lee Yuk Lun
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 Communications Company 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

On behalf of the board of directors (the "Board") of Rising Development Holdings Limited (the "Company"), I present the annual report and audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2012.

RESULTS OF THE GROUP

During the year under review, the Group recorded a turnover of HK$105,026,000 (2011: HK$109,443,000), representing a decrease of 4.04% as compared to that of last year. The decrease in turnover was mainly due to the drop in the business of trading of fur skins. The net loss attribute to equity shareholders of the Company for the current year amounted to HK$184,470,000 as compared to a net loss of HK$114,081,000 last year, resulting in a basic loss per share this year of HK13.31 cents (2011: basic loss per share of HK8.23 cents). The loss was mainly due to the impairment loss of the mining business which requires current market valuation to be made each year on the mining right with respect to the vanadium mine. The valuation was conducted by an independent valuer, which amount to RMB1,069,000,000 (equivalent to HK$1,318,611,000) as at 31 March 2012 as compared to its carrying value of RMB1,307,000,000 (equivalent to HK$1,552,062,000) as at 31 March 2011, resulting in a loss after tax of HK$176,144,000 for the year attributable to the equity shareholders of the Company.

INVESTMENT BUSINESS

Trading in securities

During the year, turnover from trading in securities was HK$96,374,000, representing an increase of 12.63% compared with the corresponding period last year of HK$85,565,000. Profit of HK$5,909,000 was recorded from this sector during the year as compared with the corresponding period last year of a loss of HK$24,042,000.

FUR BUSINESS

Trading of fur skins

Due to the high auction price which translate into higher risks both for the Group's own stocking and it's trading customers, coupled with sluggish demand for raw furs in major international markets including China during the year of 2011, this year's skin trading turnover was HK$47,000, representing a decrease of 99.70% compared with the corresponding period last year of HK$15,807,000. Profit of HK$98,000, a decreased of 85.90% was recorded from this sector during the year as compared with the corresponding period last year of profit HK$695,000.

Trading and sales of fur garment

The turnover of sales of fur garment during the year was HK$8,605,000, representing an increase of 6.62% compared with the corresponding period last year of HK$8,071,000. A loss of HK$7,349,000 was recorded from sales of fur garment, representing a decrease of 16.45% during the year as compared with the corresponding period last year of loss HK$8,796,000.

MINING BUSINESS

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

FINAL DIVIDEND

As more challenges and uncertainties are expected in various fields and economic sectors in the forthcoming financial year 2012, and also the Group has not recorded a profit during the year, the Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: Nil).

Chairman's Statement

ACKNOWLEDGEMENT

The management is taking measures to cope with the difficult economic environments that the Group has to face in 2012, I take this opportunity to express my sincere gratitude to all our shareholders, investors, bankers, business associates and customers for their support to the Group and to all our directors, senior management and staff for the contributions in 2011 and looking forward to the same being extended to the Group in 2012.

Dr. Lee Yuk Lun
Chairman

Hong Kong, 22 June 2012

EXECUTIVE DIRECTORS

Dr. Lee Yuk Lun, aged 49, is the Chief Executive Officer and the Chairman of the Board and of the Nomination Committee of the Company. He has joined the Group since 31 August 2007. Dr. Lee has been engaged in the finance industry for about 17 years and, in particular, in the area of mergers and acquisitions. He also possesses more than 13 years of experience in project investments in Mainland China. Dr. Lee is a Committee member of the Chinese People's Political Consultative Conference (CPPCC) Beijing Committee (中國人民政治協商會議北京市委員會政協委員), a member of the Committee of Shunyi District, CPPCC Beijing Committee (中國人民政治協商會議北京市順義區委員會政協委員) and a director of Beijing Chinese Overseas Friendship Association (北京海外聯誼會理事) and a Director of Tung Wah Group of Hospitals (東華三院) 2009/2013, a part-time member of the Central Policy Unit of the Government of HKSAR, a Co-Chairman of Walks for Millions Organising Committee (New Territories Walk) 2011/2013, the Founding Chairman of Wanchai and Central & Western District Industries & Commerce Association and the Founding Chairman of Phoenix Charitable Foundation. Dr. Lee is also the Chairman of Pico Zeman Asset Management Limited.

Mr. Kong Shan, David, aged 58, is an executive director of the Company. He joined the Group on 31 August 2007 and is responsible for the business development of the Group. Mr. Kong graduated from Shenzhen University in Mainland China with a diploma in Business Administration. He has more than 23 years of experience in property development and investment and corporate management in Mainland China.

Mr. Lam Kwan Sing, aged 42, is an executive director of the Company. He joined the Group on 1 August 2010. Mr. Lam graduated from the City University of Hong Kong with a degree in Bachelor of Arts in Accountancy. He has more than 15 years of experience in the commercial and corporate finance field. Mr. Lam is currently a director of China National Resources, Inc., a company listed on NASDAQ since 2003, which is principally engaged in the acquisition and exploitation of mining rights, including the exploitation, mineral extraction, processing and sale of iron, zinc and other nonferrous metals extracted or produced at mines primarily located in Anhui province in the PRC; and the acquisition, exploration, construction, development and operation of coal mines located in Guizhou Province in the PRC. Mr. Lam is also an executive director of Enterprise Development Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 1808). Mr. Lam was an executive director of Shanghai Industrial Urban Development Group Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code:563) from May 2008 to July 2010.

Mr. Wong Nga Leung, aged 34, is an executive director of the Company. He joined the Group on 26 October 2011. Mr. Wong graduated from the University of New South Wales, Sydney with a Master of Commerce and Bachelor of Commerce. Mr. Wong has extensive experience in the private equity, commercial and corporate finance field. He also is a Chartered Financial Analyst. Before joining our Company, Mr. Wong worked in various international investment banks.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fok Ho Yin, Thomas, aged 41, is an independent non-executive director, the chairman of both the Audit Committee and Remuneration Committee and a member of the Nomination Committee of the Company. He joined the Group on 31 August 2007. Mr. Fok had worked in the Listing Division of the Hong Kong Stock Exchange and has over 16 years of experience in the field of corporate finance and, in particular, in equity financing and financial restructuring. Mr. Fok is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. He is also a Chartered Financial Analyst. Mr. Fok is currently also an executive director and Chief Financial Officer of Jian ePayment Systems Limited (a company listed on the growth enterprise market of the Hong Kong Stock Exchange, stock code: 8165), and an independent non-executive director of Greenfield Chemical Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 582).

Directors and Senior Management Biographies

Mr. Tso Hon Sai, Bosco, aged 47, is an independent non-executive director, a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He joined the Group on 31 August 2007. Mr. Tso is currently a partner of Messrs Tso Au Yim & Yeung, Solicitors and he has been a Hong Kong practicing solicitor since 1990. He received his bachelor of laws degree from King's College, London. Mr. Tso is currently also an independent non-executive director of Goldin Financial Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 530) and China Public Healthcare (Holding) Limited (a company listed on the growth enterprise market of the Hong Kong Stock Exchange, stock code: 8116).

Mr. Tsui Ching Hung, aged 58, is an independent non-executive director, a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He joined the Group on 31 August 2007. Mr. Tsui holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from University of Aston and University of Warwick in the United Kingdom respectively. He has extensive experience in senior management positions of several multinational corporations in Hong Kong. Mr. Tsui is currently also an executive director of CST Mining Group Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 985) and an non-executive director of G-Resources Group Limited (a company listed on the main board of Hong Kong Stock Exchange, stock code: 1051).

SENIOR MANAGEMENT

Mr. Chiang Chi Kin, Stephen, aged 42, joined the Company as the Deputy General Manager and Company Secretary in September 2007. He is also a director of a number of the subsidiaries of the Company. Mr. Chiang graduated from the University of Wolverhampton with a bachelor's degree in laws, and qualified as a solicitor of the High Court of Hong Kong in 1998. He has over 14 years of experience in corporate and commercial law, and is responsible primarily for the general management and the legal and company secretarial matters of the Group. Mr. Chiang is also an independent non-executive director of Greenfield Chemical Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 582).

Mr. Choi Sing Kay, age 54, joined the Company as the Accounting Manager in June 2008. Mr. Choi graduated from the Chinese University of Hong Kong with a bachelor's degree in Social Science. He had worked in an international bank for about 10 years with China banking experience. Mr. Choi had received formal banking training in London. He also had over 11 years experience in finance and accounting in listed companies in Hong Kong. He is responsible for the financial & accounting matters of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover by Business Segments

Ratio analysis by business segments for the Group's turnover for the year ended 31 March 2012 is as follows:

- Trading in securities: approximately HK$96,374,000, 91.7% of turnover (2011: HK$85,565,000, 78%)
- Fur skin trading: approximately HK$47,000, 0.1% of turnover (2011: HK$15,807,000, 14%)
- Trading and sale of fur garments: approximately HK$8,605,000, 8.2% of turnover (2011: HK$8,071,000, 8%)

Turnover by Geographical Region

Ratio analysis by geographical region for the Group's turnover for the year ended 31 March 2012 is as follows:

- Hong Kong: approximately HK$104,519,000, 99.5% of turnover (2011: HK$92,720,000, 85%)
- Mainland China: approximately HK$ Nil, 0% of turnover (2011: HK$15,816,000, 14%)
- Other regions: approximately HK$507,000, 0.5% of turnover (2011: HK$907,000, 1%)

PROSPECT

Investment Business

Sovereignty risks, banks risks, and currency risks in Europe, slower than expected economic recoveries in the United States, and uncertainty in economic growth in China are major concerns of the investment market in 2012. All these negative elements will cause the investment environment to become more volatile and risky. Lower interest rates and possibility of Quantitative Easing policy phase three (QE3) to be implemented in the US, and hopefully more loosen monetary policies in China would be some sort of positive sentimental for the equity market. The Group would continue to exercise due care and remain cautious with its investment business.

Fur Business

Trading of fur skins

Trading of fur skin is expected to maintain at a low level in 2012 for the Group as China, the largest fur skin market both in retail and manufacturing, face slower economic growth in the forthcoming period. The Group would monitor development in the sector and may allocate lesser resources in this sector in case the volume of trading of fur skin continue to shrink.

Trading and sales of fur garment

Fur garment sales in Europe are not as good as expected last year in our Paris retail shop, Retail markets in France and Europe is expected to experience negative growth in 2012 due to the on-going and unresolved economic and bank crisis in Europe. Last year, sales in this sector recorded a slightly growth, due to better sales in China and Hong Kong. We expect that there will still be a growth in this sector in 2012, from China and Hong Kong markets. The Group will continue to develop other markets as a way of expanding retail sales. In order to do so, more resources have been allocated in developing our own design and adding more fashion element to our own brands.

Mining Business

Last year the Group has successfully commenced the initial extraction of vanadium ore. Drilling work has, as planned, reached the mining zone and the vanadium rocks have been extracted. However vanadium price is still low in both the local and international markets, with its selling price presently even lower than that of 2011. The Group would therefore plan to slow down its production schedule in 2012, strategically avoiding selling the vanadium reserve at low price. More works would be carried out in the area of planning and preparation of infrastructures works in 2012.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow from banks in Hong Kong and PRC. As at 31 March 2012, the Group had cash and bank balances of approximately HK$32,942,000 (2011: HK$18,920,000). As at 31 March 2012, the Group's interest bearing borrowings (including convertibles notes) amounted to approximately HK$37,792,000 (2011: HK$33,584,000). Shareholders' funds amounted to approximately HK$1,071,926,000 (2011: HK$1,213,747,000). Accordingly, the gearing ratio (as calculated in note 36 to the financial statements) was 0.4% (2011: 1.2%).

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 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$0.60 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. Subsequent to the end of the reporting period, the Company redeemed and repaid the outstanding amount HK$465,000 of convertible notes in full on 22 June 2012.

(2) On 15 October 2008, the Company issued convertible notes with a nominal value of HK$43,200,000. The notes bear no interest with maturity date on 14 October 2011. The holders of the convertible notes have the right to convert on or after 15 October 2008 up to and including 7 October 2011, into ordinary share of the Company at an initial conversion price of HK$0.06 per share (subject to adjustment). The conversion price of the convertible notes was subsequently adjusted to HK$1.478 per share due to the capital reorganisation. The Company shall have the right at any time from the date of issue of the convertible notes and inclusive of the maturity date to redeem the whole or part of the outstanding convertible notes. The effective interest rate of the liability component is 6.19% per annum. On 14 October 2011, the Company redeemed and repaid the outstanding amount HK$43,200,000 convertible notes in full.

(3) 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), (2) and (3) 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 recognised 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 31 March 2012 and 31 March 2011 by an independent firm of professionally qualified valuers, BMI Appraisals Limited.

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

	2012	2011
	HK$'000	*HK$'000*
Euro	**95**	386
United States dollars	**820**	4,202
Danish Krone	**28**	43
Renminbi	**214**	780

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:

	2012	2011
	HK$'000	*HK$'000*
Total borrowings		
Convertible notes	**37,792**	33,584
Less: time deposits, cash and bank balances	**32,942**	18,920
Net debt	**4,850**	14,664
Total equity	**1,071,926**	1,213,747
Gearing ratio	**0.4%**	1.2%

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

Details of capital structure of the Group held as at 31 March 2012 are set out in notes 29, 31 and 36 to the financial statements.

CHARGES ON ASSETS

At 31 March 2012 and 31 March 2011, the Group did not obtain any banking facilities and borrowings except for convertible notes, details of which are set out in note 29 to the financial statements.

At 31 March 2012, the Group did not have any charges on its assets (At 31 March 2011:Nil).

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

There were no acquisition and disposal of subsidiaries and associates during the year ended 31 March 2012.

Details of significant investments in subsidiaries held by the Group as at 31 March 2012 are set out in note 18 to the financial statements.

FOREIGN EXCHANGE EXPOSURE

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

EMPLOYEES

As at 31 March 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 Company and the Group had no contingent liabilities as at 31 March 2012.

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 "Code on Corporate Governance Practices" (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange will be revised and renamed as the "Corporate Governance Code and Corporate Governance Report" with effect from 1 April 2012. As this Corporate Governance Report covers the year ended 31 March 2012, all the corporate governance principles and code provisions mentioned herein refer to those stated in the CG Code, not the revised Corporate Governance Code.

The Board considers that during the year ended 31 March 2012, the Company has applied the principles and complied with the code provisions set out in the CG Code, except for the code provisions A.2.1, A.4.1, A.4.2 and E.1.2. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

Leadership, control and management of the Company are vested in the Board. The Board oversees the Group's business, strategic decision and performances to further the healthy growth and effective functioning of the Company with a view to enhancing value to investors. All the directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

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

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

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

A2. Board Composition

The Composition of the Board as at 31 March 2012 is as follows:

Executive directors:

Dr. Lee Yuk Lun *(Note)*	*(Chairman of the Board and of the Nomination Committee and Chief Executive Officer)*
Mr. Kong Shan, David	
Mr. Lam Kwan Sing	
Mr. Wong Nga Leung	(appointed on 26 October 2011)

Independent non-executive directors:

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

Note: The Board approved the setting up of its Nomination Committee on 14 March 2012.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company.

There is service contract between the Company and Mr. Lam Kwan Sing as disclosed in the announcement dated 3 August 2010 and 4 August 2010 of the Company. He has entered into a service contract with the Company on 1 August 2010 for a fixed term of 2 years commencing from 1 August 2010. He will be subject to retirement by rotation and the re-election at least once every three years by shareholders at the annual general meeting. Save as disclosed above, there is no service contract between the Company and other Directors.

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

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

The biographical details of the directors of the Company are set out under "Directors and Senior Management Biographies" on pages 5 to 6 of this annual report. None of the members of the Board is related to one another.

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

A3. Chairman and Chief Executive Officer

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

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

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

A4. Appointment, Re-election of Directors

The code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. During the year ended 31 March 2012, all the independent non-executive directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Company's bye-laws (the "Bye-laws"). Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

The code provision A.4.2 of the CG Code 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 CG Code, 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.

At the forthcoming annual general meeting of the Company (the "2012 AGM"), Mr. Kong Shan, David, Mr. Wong Nga Leung and Mr. Tso Hon Sai, Bosco shall retire by rotation. Mr. Tso Hon Sai, Bosco will not offer himself for re-election and will therefore retire at the 2012 AGM whereas the other two retiring directors, i.e. Mr. Kong Shan, David and Mr. Wong Nga Leung, being eligible, will offer themselves for re-election at the 2012 AGM. The Board recommended the re-appointment of the said two retiring directors standing for re-election at the 2012 AGM. The Company's circular, sent together with this annual report, contains detailed information of Mr. Kong Shan, David and Mr. Wong Nga Leung pursuant to the requirements of the Listing Rules.

During the year, the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. To comply with the new code provision of the revised Corporate Governance Code which requires a listed issuer to establish a nomination committee by 1 April 2012, the Board approved the setting up of its Nomination Committee on 14 March 2012.

The Company has adopted "Directors' Nomination Procedures" as a written guideline in providing formal, considered and transparent procedures to the Board for evaluating and selecting candidates for directorships. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary. Besides, the procedures and process of appointment, re-election and removal of directors are laid down in the Bye-laws. In accordance with the Bye-laws, any new director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting of the Company held after his/her appointment.

During the year ended 31 March 2012, the Board, through its meetings held on 24 June 2011 (with the presence of all directors) and 26 October 2011 (with the presence of all directors), performed the following work regarding matters relating to the Board composition:

(i) review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; recommendation of the re-election of the retiring directors standing for re-election at the 2011 annual general meeting of the Company; and assessment of the independence of all the Company's independent non-executive directors; and

(ii) acceptance of the appointment of Mr. Wong Nga Leung as an executive director of the Company.

A5. Induction and Continuing Development for Directors

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

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

A6. Board Meetings

A6.1 Board Practices and Conduct of Meetings

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

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

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting to provide them with materials relating to the transactions to be discussed in the meeting in order to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

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

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

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

A6.2 Directors' Attendance Records

During the year ended 31 March 2012, the Board has held a total of 5 Board meetings for the main purposes of reviewing and considering the financial and operating performance, business development and prospects of the Group.

The attendance records of each director at these 5 Board meetings are set out below:

Name of Director	**Attendance/ Number of Board Meetings**
Executive directors	
Dr. Lee Yuk Lun	5/5
Mr. Kong Shan, David	5/5
Mr. Lam Kwan Sing	5/5
Mr. Wong Nga Leung *(Note)*	3/3
Independent non-executive directors	
Mr. Fok Ho Yin, Thomas	5/5
Mr. Tso Hon Sai, Bosco	5/5
Mr. Tsui Ching Hung	5/5

Note: Mr. Wong Nga Leung appointed with effect from 26 October 2011. Subsequent to his appointment, there were a total of 3 Board meetings held during the year ended 31 March 2012.

A6.3 Model Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") contained in Appendix 10 to the Listing Rules as its code of conduct regarding directors' dealing in the Company's securities. Specific enquiry has been made of all the Company's directors who have confirmed that they have complied with the required standard set out in the Model Code in respect of the year ended 31 March 2012.

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

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

B. BOARD COMMITTEE

The Board has established three Board committees, namely, the Remuneration Committee, the Audit Committee and Nomination Committee, for overseeing particular aspects of the affairs of the Group. During the year, the Nomination Committee was established in 14 March 2012. All Board committees have been established with defined written terms of reference, which are posted on the Company's website "www.hkrising.com" and are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

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

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. The duties and work done by the foregoing three Board committees for the year ended 31 March 2012 are detailed below.

B1. Remuneration Committee

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

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

During the year ended 31 March 2012, the Remuneration Committee has met once with all the committee members present at the meeting. The members in that meeting have reviewed and discussed the remuneration packages of the directors and senior management of the Group.

The attendance records of the foregoing once Remuneration Committee meeting are set our below:

Name of Remuneration Committee Member	Attendance/ Number of Board Meetings
Mr. Fok Ho Yin, Thomas *(Chairman)*	1/1
Mr. Tso Hon Sai, Bosco	1/1
Mr. Tsui Ching Hung	1/1

Details of the remuneration of each director of the Company for the year ended 31 March 2012 are set out in note 14 to the financial statements contained in this annual report.

B2. Audit Committee

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

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

During the year ended 31 March 2012, the Audit Committee has met twice with all the committee members present at the meeting and performed the following major works:

– Review and discussion of the annual financial statements, results announcement and report for the year ended 31 March 2011, the related accounting principles and practices adopted by the Group and internal controls related matters; and recommendation of the re-appointment of the external auditor; and

– Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 September 2011, the related accounting principles and practices adopted by the Group.

The external auditor attended all the above meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matter.

The attendance records of the foregoing twice Audit Committee meetings are set out below:

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

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

B3. Nomination Committee

The Company established a Nomination Committee on 14 March 2012 with written terms of reference as disclosed on the Company's website. The Nomination Committee comprises one executive Director, namely Dr. Lee Yuk Lun, and three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Tso Hon Sai, Bosco and Mr. Tsui Ching Hung. The chairman of the Nomination Committee is Dr. Lee Yuk Lun.

The Nomination Committee has been established mainly for reviewing 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 did not hold any meeting during the year under review.

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

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2012.

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

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

D. INTERNAL CONTROLS

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

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 March 2012. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

E. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities on the Company's financial statements for the year ended 31 March 2012 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to Li, Tang, Chen & Co., the Company's auditor, in respect of audit services and non-audit services for the year ended 31 March 2012 are analyzed below:

Type of services provided by the external auditor	**Fees paid/payable** *HK$'000*
Audit services – audit fee for the year ended 31 March 2012	435
Non-audit services	120
Total	555

F. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

The Group maintains a website at www.hkrising.com as a communication platform with shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong or via email (info@hkrising.com) for any inquiries. Inquiries are dealt with in an informative and timely manner.

Shareholders' meeting provided an opportunity for communication between the Board and the shareholders. Board members and appropriate senior management of the Group are available at the meeting to answer any questions raised by shareholders.

Code provision E.1.2 of the CG Code stipulates that the Chairman should attend the annual general meeting. Dr. Lee Yuk Lun, the Chairman of the Board, was unable to attend the Company's 2011 annual general meeting as he had another important business engagement. Despite his absence, he had arranged for Mr. Kong Shan, David, the executive director of the Company, to take the chair of the meeting and communicate with the shareholders. Mr. Lam Kwan Sing and Mr. Fok Ho Yin, Thomas also attended the 2011 annual general meeting to give shareholders an opportunity of having a direct dialogue with the Board members.

G. SHAREHOLDERS' RIGHTS

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

All resolutions put forward at shareholders' meeting of listed issuers shall be voted by poll pursuant to the Listing Rules. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.hkrising.com) after each shareholders' meeting.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding. The Group is principally engaged in investment holding and trading in securities, the trading and sales of fur garments, the trading of fur skins and business of mining natural resources. Details of the principal activities of subsidiaries are set out in note 18 to the financial statements.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to profit/(loss) from operating activities by principal activity and geographical area of operations for the year ended 31 March 2012 is set out in note 7 to the financial statements.

FINANCIAL STATEMENTS

The Group's loss for the year ended 31 March 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 27 to 93.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2012.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group are set out in note 17 to the financial statements.

CONVERTIBLE NOTES

Details of the convertible notes are set out in note 29 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 31 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the financial statements.

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

DISTRIBUTABLE RESERVES

At 31 March 2012, the Company's reserves available for cash distribution and/or distribution in specie amounted to approximately HK$268,143,000 as computed in accordance with the Companies Act of Bermuda. In addition, under the laws of Bermuda, the Company's share premium account, with a balance of approximately HK$920,524,000 as at 31 March 2012, may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers in aggregate accounted for 48.60% of the total sales of fur skins and fur garments for the year and sales to the largest customer included therein amounted to 37.52%.

Purchases from the Group's five largest suppliers in aggregate accounted for 97.82% of the total purchases of fur skins and fur garments for the year and purchases from the largest supplier included therein amounted to 48.05%.

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

DIRECTORS

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

Executive Directors

Dr. Lee Yuk Lun	*(Chairman & Chief Executive Officer)*
Mr. Kong Shan, David	
Mr. Lam Kwan Sing	
Mr. Wong Nga Leung	*(appointed on 26 October 2011)*

Independent Non-Executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Tso Hon Sai, Bosco
Mr. Tsui Ching Hung

In accordance with clause 111 of the Company's Bye-laws, Mr. Kong Shan, David, Mr. Wong Nga Leung and Mr. Tso Hon Sai, Bosco shall retire by rotation at the Company's forthcoming annual general meeting and they are eligible for re-election by the shareholders at the said general meeting. It is noted that Mr. Kong Shan, David and Mr. Wong Nga Leung will offer themselves for re-election whereas Mr. Tso Hon Sai, Bosco will not offer himself for re-election and he will therefore retire at the said general meeting.

DIRECTORS' SERVICE CONTRACTS

As at 31 March 2012, 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 which is disclosed in the announcements dated 3 August 2010 and 4 August 2010 of the Company. He will be subject to retirement by rotation and the re-election at least once every three years by shareholders at the annual general meeting. Save as disclosed above, there is no service contract between the Company and other Directors.

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

EMOLUMENT POLICY FOR DIRECTORS

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

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

EVENTS AFTER THE REPORTING PERIOD

On 22 June 2012, the Company redeemed and repaid the convertible notes with the outstanding principal amounts of HK$465,000 in full.

Details of the convertible notes are set out on note 29(1) to the financial statements.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 31 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and in the share option scheme disclosures in note 31 to the financial statements, at no time during the year or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

MANAGEMENT CONTRACTS

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

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

At 31 March 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 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 the ordinary shares of HK$0.01 each of the Company

Name of Director	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Lai Leong *(Note 1)*	Interest held by Controlled Corporation *(Note 2)*	811,532,600 *(Note 3)*	58.54%

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 remains a director of a number of the subsidiaries of the Company.

2. These shares 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.

3. Out of 811,532,600, 810,757,600 shares have been issued and are beneficially owned by Oriental Day International Limited which represented approximately 58.49% of the issued share capital of the Company. Up to 31 March 2012, a total of 775,000 shares are underlying shares held by Oriental Day International Limited pursuant to the conversion of the convertible notes held by Oriental Day International Limited.

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

Details of the Company's share option scheme are set out in note 31 to the financial statements.

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

Save as disclosed above, as at 31 March 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 year ended 31 March 2012.

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

As at 31 March 2012, according to the register of interest in shares and short positions required to be kept by the Company under section 336 of the SFO, the Company has been notified that the following shareholders were interest in 5% or more of the share capital of the Company:

(a) Long position in the ordinary 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	811,532,600 *(Note 1)*	58.54%
Oriental Day International Limited	Beneficial owner	811,532,600 *(Note 2)*	58.54%
Central Huijin Investment Ltd. *(Note 3)*	Corporate interests	734,155,000 *(Note 4)*	52.96%
China Construction Bank Corporation *(Note 3)*	Corporate interests	734,155,000 *(Note 4)*	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. Out of 811,532,600, 810,757,600 shares have been issued and are beneficially owned by Oriental Day International Limited which represented approximately 58.49% of the issued share capital of the Company. Up to 31 March 2012, a total of 775,000 shares are underlying shares held by Oriental Day International Limited pursuant to the conversion of the convertible notes held by Oriental Day International Limited.

3. China Construction Bank Corporation ("CC Bank") was beneficially 57.10% 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.

4. Oriental Day International Limited charged 734,155,000 shares in the listed corporation as security for a loan.

Report of the Directors

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

CONNECTED TRANSACTIONS

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

AUDIT COMMITTEE

The Audit Committee, comprising the three independent non-executive directors of the Company, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Company's audited financial statements for the year ended 31 March 2012.

CONFIRMATION OF INDEPENDENCE

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 94 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

Messrs. Li, Tang, Chen & Co. retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Li, Tang, Chen & Co. as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

ANNUAL REPORT

This Annual Report is printed in English and Chinese and is available on the Stock Exchange's website at http://www.hkexnews.hk under the "Listed Company Information" and our Company's website at http://www.hkrising.com. Printed copies in both languages are posted to shareholders.

ANNUAL GENERAL MEETING

The 2012 annual general meeting of the Company will be held on 3 August 2012. Details of the annual general meeting are set out in the notice of the annual general meeting which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of the annual general meeting and the proxy form are also available on the Stock Exchange's website and the Company's website.

On behalf of the Board

Dr. Lee Yuk Lun
Chairman

Hong Kong, 22 June 2012

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

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

We have audited the consolidated financial statements of Rising Development Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 27 to 93, which comprise the consolidated and Company statements of financial position as at 31 March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

22 June 2012

Consolidated Income Statement

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
TURNOVER	8	**105,026**	109,443
Cost of sales		**(98,553)**	(113,045)
Gross profit/(loss)		**6,473**	(3,602)
Other income and net gains/(losses)	8		
– Net gain/(loss) from equity securities		**8,184**	(13,283)
– Others		**14,535**	(36,772)
Impairment loss on exploration and evaluation assets	20	**(293,573)**	(51,063)
Impairment loss on goodwill	21	**–**	(1,300)
Goodwill written off	21	**(1,291)**	–
Selling and distribution expenses		**(4,529)**	(2,922)
Operating and administrative expenses		**(25,784)**	(23,400)
LOSS FROM OPERATIONS		**(295,985)**	(132,342)
Finance costs	9	**(6,372)**	(2,478)
LOSS BEFORE TAX	10	**(302,357)**	(134,820)
TAXATION	11	**73,393**	12,676
LOSS FOR THE YEAR		**(228,964)**	(122,144)
ATTRIBUTABLE TO:			
Equity shareholders of the Company	12	**(184,470)**	(114,081)
Non-controlling interests		**(44,494)**	(8,063)
LOSS FOR THE YEAR		**(228,964)**	(122,144)
LOSS PER SHARE	16		
Basic		**HK(13.31) cents**	HK (8.23) cents
Diluted		**HK(13.62) cents**	HK (8.23) cents

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	2012 *HK$'000*	2011 *HK$'000*
LOSS FOR THE YEAR	**(228,964)**	(122,144)
OTHER COMPREHENSIVE INCOME		
Exchange differences arising on translation of foreign operations	**45,409**	46,371
OTHER COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX)	**45,409**	46,371
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(183,555)**	(75,773)
ATTRIBUTABLE TO:		
Equity shareholders of the Company	**(148,144)**	(77,060)
Non-controlling interests	**(35,411)**	1,287
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(183,555)**	(75,773)

Consolidated Statement of Financial Position

As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**1,718**	2,618
Available-for-sale financial assets	19	**7,800**	7,800
Exploration and evaluation assets	20	**1,329,686**	1,561,824
Goodwill	21	**–**	1,291
Convertible notes	29	**–**	398
		1,339,204	1,573,931
CURRENT ASSETS			
Inventories	22	**2,790**	2,005
Trade receivables	23	**1,897**	1,633
Prepayments, deposits, temporary payments and other receivables	24	**5,827**	4,282
Financial assets at fair value through profit or loss	25	**62,695**	38,033
Tax recoverable	11	**2,831**	2,831
Time deposits, cash and bank balances	26	**32,942**	18,920
		108,982	67,704
CURRENT LIABILITIES			
Trade payables	27	**43**	43
Customers' deposits		**1,647**	1,613
Other payables and accruals	28	**6,535**	3,956
Convertible notes	29	**141**	33,584
Tax payable		**590**	676
		8,956	39,872
NET CURRENT ASSETS		**100,026**	27,832
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,439,230**	1,601,763
NON-CURRENT LIABILITIES			
Convertible notes	29	**37,651**	–
Deferred tax liabilities	30	**329,653**	388,016
		367,304	388,016
NET ASSETS		**1,071,926**	1,213,747

Consolidated Statement of Financial Position

As at 31 March 2012

	Note	**2012** **HK$'000**	2011 HK$'000
CAPITAL AND RESERVES			
Share capital	31	**13,862**	13,862
Reserves	32	**860,073**	966,483
Equity attributable to equity shareholders of the Company		**873,935**	980,345
Non-controlling interests		**197,991**	233,402
TOTAL EQUITY		**1,071,926**	1,213,747

Dr. Lee Yuk Lun
Director

Mr. Lam Kwan Sing
Director

Statement of Financial Position

As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*17*	**1**	2
Interests in subsidiaries	*18*	**1,191,140**	1,193,600
Convertible notes	*29*	**–**	398
		1,191,141	1,194,000
CURRENT ASSETS			
Amounts due from subsidiaries	*18*	**2,040**	2,040
Prepayments, deposits and other receivables	*24*	**1,547**	1,641
Financial assets at fair value through profit or loss	*25*	**62,695**	38,033
Tax recoverable	*11*	**2,831**	2,832
Time deposits, cash and bank balances	*26*	**28,606**	602
		97,719	45,148
CURRENT LIABILITIES			
Amount due to a subsidiary	*18*	**3,840**	2,880
Other payables and accruals	*28*	**2,780**	700
Convertible notes	*29*	**141**	33,584
		6,761	37,164
NET CURRENT ASSETS		**90,958**	7,984
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,282,099**	1,201,984
NON-CURRENT LIABILITIES			
Convertible notes	*29*	**37,651**	–
NET ASSETS		**1,244,448**	1,201,984
CAPITAL AND RESERVES			
Share capital	*31*	**13,862**	13,862
Reserves	*32(b)*	**1,230,586**	1,188,122
TOTAL EQUITY		**1,244,448**	1,201,984

Dr. Lee Yuk Lun
Director

Mr. Lam Kwan Sing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to equity shareholders of the Company									
	Share capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Exchange fluctuation reserve HK$'000	Statutory reserve fund HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 31 March 2010 and 1 April 2010	13,862	920,524	77,102	25,992	29,288	12	(9,375)	1,057,405	232,115	1,289,520
Loss for the year	–	–	–	–	–	–	(114,081)	(114,081)	(8,063)	(122,144)
Other comprehensive income for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	37,021	–	–	37,021	9,350	46,371
Total comprehensive income/(loss) for the year	–	–	–	–	37,021	–	(114,081)	(77,060)	1,287	(75,773)
Balance at 31 March 2011	13,862	920,524	77,102	25,992	66,309	12	(123,456)	980,345	233,402	1,213,747

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium account	Contributed surplus	Convertible notes equity reserve	Exchange fluctuation reserve	Statutory reserve fund	Accumulated losses	Sub-total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 31 March 2011 and 1 April 2011	13,862	920,524	77,102	25,992	66,309	12	(123,456)	980,345	233,402	1,213,747
Loss for the year	–	–	–	–	–	–	(184,470)	(184,470)	(44,494)	(228,964)
Other comprehensive income for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	36,326	–	–	36,326	9,083	45,409
Total comprehensive income/(loss) for the year	–	–	–	–	36,326	–	(184,470)	(148,144)	(35,411)	(183,555)
Transactions with owners										
Issue of convertible notes	–	–	–	41,734	–	–	–	41,734	–	41,734
Redemption of convertible notes	–	–	–	(25,807)	–	–	25,807	–	–	–
Total transactions with owners	–	–	–	15,927	–	–	25,807	41,734	–	41,734
Balance at 31 March 2012	13,862	920,524	77,102	41,919	102,635	12	(282,119)	873,935	197,991	1,071,926

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(302,357)**	(134,820)
Adjustments for:			
Interest expenses		**6,372**	2,478
Dividend income from unlisted available-for-sale financial assets		**(2,028)**	(2,400)
Dividend income from listed financial assets at fair value through profit or loss		**(168)**	(705)
Bank interest income		**(5)**	(4)
Other interest income		**(1)**	(1)
Depreciation		**1,135**	1,023
Goodwill written off		**1,291**	–
Impairment loss on exploration and evaluation assets	20	**293,573**	51,063
Impairment loss on goodwill		**–**	1,300
Loss on disposal of property, plant and equipment		**–**	4
Unrealised (gain)/loss on investments in financial assets at fair value through profit or loss		**(5,988)**	16,388
Change in fair values of derivative components embedded in convertible notes		**(24,104)**	36,855
Net realised loss on derivative components of convertible notes		**9,615**	–
Foreign exchange gain		**(242)**	(377)
Operating loss before working capital changes		**(22,907)**	(29,196)
(Increase)/decrease in inventories		**(802)**	3,112
(Increase)/decrease in trade receivables		**(264)**	4,046
(Increase)/decrease in prepayments, deposits, temporary payments and other receivables		**(1,465)**	562
(Increase)/decrease in financial assets at fair value through profit or loss		**(18,674)**	26,324
Decrease in trade payables		**–**	(257)
Increase in customers' deposits		**34**	33
Increase/(decrease) in other payables and accruals		**356**	(258)
Cash (used in)/generated from operating activities		**(43,722)**	4,366
Hong Kong profits tax paid		**(86)**	–
Net cash (used in)/generated from operating activities		**(43,808)**	4,366
INVESTING ACTIVITIES			
Dividend received from unlisted available-for-sale financial assets		**2,028**	2,400
Dividend received from listed financial assets at fair value through profit or loss		**168**	705
Bank interest received		**5**	4
Other interest received		**1**	1
Purchases of property, plant and equipment	17a	**(237)**	(733)
Additions to exploration and evaluation assets	20	**(935)**	(960)
Net cash generated from investing activities		**1,030**	1,417

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
FINANCING ACTIVITIES		
Proceeds from issue of convertible notes	**100,000**	–
Redemption of convertible notes	**(43,200)**	–
Net cash generated from financing activities	**56,800**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	**14,022**	5,783
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**18,920**	13,137
CASH AND CASH EQUIVALENTS AT END OF YEAR	**32,942**	18,920
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Time deposits	**15,001**	58
Cash and bank balances	**17,941**	18,862
	32,942	18,920

Notes to Financial Statements

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair value.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealized gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 6.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 24 (Revised), *Related Party Disclosures*
- Improvements to HKFRSs (2010)
- HK(IFRIC) 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to HK(IFRIC) 14, *Prepayments of a Minimum Funding Requirement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 4).

The amendments to HK(IFRIC) 14 have had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group. HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

- HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in note 34 to the financial statements.

- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, Financial instruments: Disclosures. The disclosures about the Group's financial instruments in note 35 have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2012

The following new and revised standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	*Presentation of Financial Statements*	1 July 2012
HKAS 12 (Amendment)	*Deferred Tax: Recovery of Underlying Assets*	1 January 2012
HKAS 19 (Amendment)	*Employee Benefits*	1 January 2013
HKAS 27 (revised 2011)	*Separate Financial Statements*	1 January 2013
HKAS 28 (revised 2011)	*Associates and Joint Ventures*	1 January 2013
HKAS 32 (Amendment)	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
HKFRS 7 and HKFRS 9 (Amendment)	*Mandatory Effective Date and Transition Disclosures*	1 January 2015
HKFRS 9	*Financial Instruments*	1 January 2015
HKFRS 10	*Consolidated Financial Statements*	1 January 2013
HKFRS 11	*Joint Arrangements*	1 January 2013
HKFRS 12	*Disclosures of Interests in Other Entities*	1 January 2013
HKFRS 13	*Fair Value Measurements*	1 January 2013

The Group is in the process of making an assessment on the impact of these new standards, amendments and interpretations and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

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

Subsidiaries and non-controlling interests (cont'd)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in the consolidated income statement. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, the Company's interests in subsidiaries are stated at cost less any impairment losses.

Goodwill

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

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

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

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

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

Excess over the cost of business combinations

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowings costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

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

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

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Exploration and evaluation assets

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

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

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

Inventories

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

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

Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationship as defined by HKAS 39. Derivatives, including separated embedded derivative, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39. Gains or losses on investments held for trading are recognised in profit or loss.

Loans and receivables

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

Available-for-sale financial assets

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

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

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

Impairment on assets carried at amortised cost

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

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

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

Impairment on available-for-sale financial assets

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

Derecognition of financial assets

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

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

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

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

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

Interest-bearing loans and borrowings

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

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

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

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Convertible notes

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

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

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

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

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

Derecognition of financial liabilities

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

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

Derivative financial instruments

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

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

Impairment of assets other than exploration and evaluation assets

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

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

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

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

Impairment of exploration and evaluation assets

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

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

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

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

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

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

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

Income tax

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

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

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

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

Income tax (cont'd)

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

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

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

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

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    – the same taxable entity; or

    – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

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

Cash and cash equivalents

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

Trade and other payables

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

Provisions and contingent liabilities

i) Contingent liabilities acquired in business combinations

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

ii) Other provisions and contingent liabilities

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

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

Financial guarantee contracts

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

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

Revenue recognition

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

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

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

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

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

Employee benefits

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

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

iii) Equity share-based payment transactions

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

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

iv) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

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

Dividends

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

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

Leases

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

Foreign currencies

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

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and, their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the exchange fluctuation reserve (attributable to minority interests as appropriate). On disposal of a foreign entity, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

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

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

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

i) has control or joint control over the Group;

ii) has significant influence over the Group; or

iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii) Both entities are joint ventures of the same third party.

iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

vi) The entity is controlled or jointly controlled by a person identified in (a).

vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

6. SUMMARY ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

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

Income taxes

(1) The Group recognises liabilities for anticipated tax issues for which the ultimate tax determination may be uncertain based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current and deferred tax provisions in the financial period in which such determination is made.

(2) As at 31 March 2012, the Group had estimated unused tax losses of approximately HK$181,951,000 (2011: HK$167,329,000) available for offset against future profits. No deferred tax asset has been recognised on the tax losses of approximately HK$181,951,000 (2011: HK$167,329,000) due to unpredictability of future profits streams. The reliability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more or less than expected, a material reversal or recognition of deferred tax assets may arise.

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

Allowances for inventories

The management of the Group makes allowance for obsolete and slow-moving inventories that are identified as no longer salable. The management estimates the net realisable value of its inventories based primarily on the latest invoice prices and current market conditions. The Group carries out review of inventories on a product-by-product basis at each of the end of the reporting period and makes allowance for obsolete and slow-moving items.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of trading and selling products of similar nature. Management reassesses the estimation on each of the end of the reporting period.

Impairment assessment for receivables

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

Impairment of exploration and evaluation assets

In determining whether the Group's exploration and evaluation assets are impaired, management has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether the Group is able to obtain the right to exploit in the specific mining site; (2) whether carrying amount of exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale. In any such case, the Group shall perform an impairment test in accordance with the accounting policy as disclosed in the note 5. At 31 March 2012, an impairment loss of HK$293,573,000 (2011: HK$51,063,000) has been recognised for exploration and evaluation assets. The aggregate carrying value of exploration and evaluation assets was HK$1,329,686,000 (2011: HK$1,561,824,000).

Impairment of goodwill

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

Valuation of convertible notes

As described in note 29 to the financial statements, the convertible notes included an embedded derivative that was measured at fair value through profit or loss. The Group engaged an independent firm of professionally qualified valuers to assist in determining the fair value of the underlying embedded derivative. The fair value of the embedded derivate of the convertible notes was determined using the binomial model. The significant inputs into the model were share price at grant date, risk-free interest rate, conversion price, expected volatility of the underlying shares and term of maturity. When the actual results of the inputs differ from management's estimate, it will have an impact on the fair value gain or loss and the fair value of the derivative component of the convertible notes.

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments which is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker for the purpose of allocating resources to segments and assessing their performance.

The chief operating decision-maker has been identified as the Chief Executive Officer of the Group (the "CODM") that makes strategic decisions. The CODM organizes the business units based on their products and services, and has reportable operating segments as follows:

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

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

c) Trading and sales of fur garments.

d) Trading of fur skins.

e) Mine exploration.

f) Others comprise the Group's management services business, which provide management services to Group companies.

The CODM monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs as well as corporate expenses are excluded from such measurement.

Segment assets consist primarily of property, plant and equipment, exploration and evaluation assets, intangible assets, inventories and trade and other receivables. Unallocated assets comprise current income tax recoverable, available-for-sale financial assets, convertible notes and cash and cash equivalents.

Segment liabilities consist primarily of trade and other payables and other non-current liabilities. Unallocated liabilities comprise deferred tax liabilities, current income tax liabilities, borrowings and convertible notes.

Capital expenditure comprises additions to property, plant and equipment.

Inter-segment transactions are on arm's length basis in a manner similar to transactions with third parties.

7. SEGMENT INFORMATION (CONT'D)

a) Operating segment information

For the year ended 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
Segment revenue:							
Sales to external customers	96,374	–	8,605	47	–	–	105,026
Inter-segment sales	–	–	1,207	277	–	–	1,484
Reportable segment revenue	96,374	–	9,812	324	–	–	106,510
Elimination of inter-segment sales							(1,484)
Consolidated revenue							105,026
Segment results	5,909	(78)	(7,349)	98	(295,866)	(1,990)	(299,276)
Reconciliation:							
Interest income							5
Change in fair value of derivative components embedded in convertible notes							24,104
Net realised loss on derivative components of convertible notes							(9,615)
Unallocated corporate expenses							(11,203)
Loss from operating activities							(295,985)
Finance costs							(6,372)
Loss before tax							(302,357)
Taxation							73,393
Loss for the year							(228,964)
Other segment information:							
Depreciation	–	(1)	(794)	(52)	(167)	(121)	(1,135)
Capital expenditure	–	–	(210)	–	(27)	–	(237)
Unrealised gain on investments in financial assets at fair value through profit or loss	5,988	–	–	–	–	–	5,988
Goodwill written off	–	–	(1,291)	–	–	–	(1,291)
Impairment loss on exploration and evaluation assets	–	–	–	–	(293,573)	–	(293,573)

7. SEGMENT INFORMATION (CONT'D)

a) Operating segment information (cont'd)

For the year ended 31 March 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
Segment revenue:							
Sales to external customers	85,565	–	8,071	15,807	–	–	109,443
Inter-segment sales	–	–	7,095	1,160	–	–	8,255
Reportable segment revenue	85,565	–	15,166	16,967	–	–	117,698
Elimination of inter-segment sales							(8,255)
Consolidated revenue							109,443
Segment results	(24,042)	(268)	(8,796)	695	(53,083)	(1,335)	(86,829)
Reconciliation:							
Interest income							5
Change in fair value of derivative components embedded in convertible notes							(36,855)
Unallocated corporate expenses							(8,663)
Loss from operating activities							(132,342)
Finance costs							(2,478)
Loss before tax							(134,820)
Taxation							12,676
Loss for the year							(122,144)
Other segment information:							
Depreciation	–	(4)	(782)	(52)	(65)	(120)	(1,023)
Capital expenditure	–	–	(158)	(2)	(573)	–	(733)
Unrealised loss on investments in financial assets at fair value through profit or loss	(16,388)	–	–	–	–	–	(16,388)
Impairment loss on goodwill	–	–	(1,300)	–	–	–	(1,300)
Impairment loss on exploration and evaluation assets	–	–	–	–	(51,063)	–	(51,063)

7. SEGMENT INFORMATION (CONT'D)

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

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
Reportable segment assets	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
Total assets per consolidated statement of financial position							1,448,186
Reportable segment liabilities	–	(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)
Total liabilities per consolidated statement of financial position							(376,260)
Additions to non-current segment assets during the year	–	–	210	–	962	–	1,172

7. SEGMENT INFORMATION (CONT'D)

b) Segment assets and liabilities at the end of the reporting period are as follows: (cont'd)

As at 31 March 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*
Reportable segment assets	38,033	1,643	10,566	15,395	1,563,062	58,171	1,686,870
Elimination of inter-segment receivables							(75,184)
							1,611,686
Unallocated assets:							
Available-for-sale financial assets							7,800
Cash and cash equivalents							18,920
Tax recoverable							2,831
Convertible notes							398
Total assets per consolidated statement of financial position							1,641,635
Reportable segment liabilities	–	(7,389)	(33,419)	(27,027)	(8,391)	(4,570)	(80,796)
Elimination of inter-segment payables							75,184
							(5,612)
Unallocated liabilities:							
Convertible notes							(33,584)
Deferred tax liabilities							(388,016)
Tax payable							(676)
Total liabilities per consolidated statement of financial position							(427,888)
Additions to non-current segment assets during the year	–	–	158	2	1,533	–	1,693

7. SEGMENT INFORMATION (CONT'D)

c) Geographical information

i) Revenue from external customers

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

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

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**104,519**	92,720
Mainland China	**–**	15,816
Other countries	**507**	907
Total revenue	**105,026**	109,443

ii) Non-current assets

The non-current assets information is based on the location of assets and excludes financial instruments.

The following table provides an analysis of the Group's non-current assets by geographical location:

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**499**	757
Mainland China	**1,330,413**	1,563,024
Other countries	**492**	1,952
	1,331,404	1,565,733

Information about major customers:

Revenues from customers contributing over 10% of the total sales of the Group are as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**3,247**	7,473
Customer B	**–**	7,448
	3,247	14,921

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

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

	2012 **HK$'000**	2011 HK$'000
Turnover		
Sales of fur skins and fur garments	**8,652**	23,878
Proceeds from sales of listed financial assets at fair value through profit or loss	**96,374**	85,565
	105,026	109,443
Other income and net gains/(losses)		
Net gain/(loss) from equity securities:		
Dividend income from unlisted available-for-sale financial assets	**2,028**	2,400
Dividend income from listed financial assets at fair value through profit or loss	**168**	705
Unrealised gain/(loss) on investments in listed financial assets at fair value through profit or loss	**5,988**	(16,388)
	8,184	(13,283)
Others:		
Bank interest income	**5**	4
Other interest income	**1**	1
Fair value change on derivative components embedded in convertible notes	**24,104**	(36,855)
Net realised loss on derivative components of convertible notes	**(9,615)**	–
Others	**40**	78
	14,535	(36,772)
	22,719	(50,055)

9. FINANCE COSTS

	Group	
	2012 **HK$'000**	2011 HK$'000
Imputed interest expenses on convertible notes *(note 29)*	**6,372**	2,478

10. LOSS BEFORE TAX

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

	2012 HK$'000	2011 HK$'000
Cost of inventories and trading securities sold	**98,553**	113,045
Depreciation	**1,135**	1,023
Minimum lease payments under operating lease on land and buildings	**3,698**	2,708
Pension contributions	**231**	181
Auditors' remuneration		
– audit services	**435**	415
– other services	**120**	120
	555	535
Staff salaries, allowances and benefits in kind (excluding directors' remuneration)	**7,977**	5,960
Loss on disposal of property, plant and equipment	**–**	4
Exchange loss	**178**	6
Net provision for obsolete inventories written back	**(3,033)**	(4,266)

11. TAXATION

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 March 2012 and 31 March 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.

	2012 HK$'000	2011 HK$'000
Taxation in the consolidated income statement represents income tax credit/(charge) as follows:		
Hong Kong profits tax		
– underprovision in respect of previous years	**–**	(90)
Deferred tax *(note 30)*		
– current year	**73,393**	12,766
	73,393	12,676

11. TAXATION (CONT'D)

The reconciliation between the loss before tax and the income tax credit is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Loss before tax	**(302,357)**	(134,820)
Tax credit at the statutory tax rate of 16.5% (2011: 16.5%)	**49,888**	22,245
Effect of different tax rates in other jurisdictions	**25,722**	4,960
Income not subject to tax	**4,346**	597
Expenses not deductible for tax	**(2,509)**	(6,602)
Unrecognised tax losses	**(4,003)**	(8,352)
Unrecognised temporary differences	**(79)**	(82)
Utilisation of tax losses previously unrecognised	**28**	–
Underprovision of profits tax in previous years	**–**	(90)
Income tax credit	**73,393**	12,676

Tax recoverable in the consolidated and Company statements of financial position represents the excess of the provisional profits tax paid over the estimated tax liabilities.

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

The consolidated loss for the year attributable to equity shareholders of the Company includes a profit of HK$730,000 (2011: loss of HK$74,695,000) (note 32 (b)), which has been dealt with in the financial statements of the Company.

13. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 March 2012 (2011: Nil).

14. DIRECTORS' REMUNERATION

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
		(restated)
Fees	**600**	600
Other emoluments		
Basic salaries, housing benefits, other allowances and benefits in kind	**2,683**	1,640
Retirement benefits contributions	**40**	31
	2,723	1,671
	3,323	2,271

a) Independent non-executive directors

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

	2012	2011
	HK$'000	*HK$'000*
Fok Ho Yin, Thomas	**120**	120
Tso Hon Sai, Bosco	**120**	120
Tsui Ching Hung	**120**	120
	360	360

There was no other emoluments payable to the independent non-executive directors during the year (2011: Nil).

14. DIRECTORS' REMUNERATION (CONT'D)

b) Executive directors

	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Retirement benefits contributions HK$'000	Total remuneration HK$'000
2012				
Lee Yuk Lun	**120**	**390**	**12**	**522**
Kong Shan, David	**120**	**280**	**12**	**412**
Lam Kwan Sing	**–**	**1,560**	**12**	**1,572**
Wong Nga Leung (i)	**–**	**453**	**4**	**457**
	240	**2,683**	**40**	**2,963**
2011 (restated)				
Lee Yuk Lun	120	390	12	522
Kong Shan, David	120	240	12	372
Lam Kwan Sing	–	1,010	7	1,017
	240	1,640	31	1,911

Note:

(i) Appointed on 26 October 2011

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

	Number of directors 2012	2011
Nil – HK$1,000,000	**6**	5
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**1**	–

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

15. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the year included three directors (2011: two directors), details of whose emoluments are disclosed above. The details of the remuneration of two (2011: three) remaining individuals, highest paid employees for the year are as follows:

	2012	2011
	HK$'000	*HK$'000*
Basic salaries, housing benefits, other allowances and benefits in kind	**1,757**	1,369
Retirement benefits contributions	**24**	23
	1,781	1,392

The emoluments fell within the following band:

	Number of individuals	
	2012	2011
Nil – HK$1,000,000	**2**	3

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

16. LOSS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

a) Basic loss per share

Basic loss per share for the years ended 31 March 2012 and 31 March 2011 is calculated by dividing the loss for the year attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2012 and 31 March 2011 respectively.

	2012	2011
Loss for the year attributable to equity shareholders of the Company *(HK$'000)*	**(184,470)**	(114,081)
Weighted average number of ordinary shares in issue *(thousands)*	**1,386,228**	1,386,228
Basic loss per share *(HK cents per share)*	**(13.31) cents**	(8.23) cents

16. LOSS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY (CONT'D)

b) Diluted loss per share

The calculation of diluted loss per share for the year ended 31 March 2012 is based on the loss for the year attributable to equity shareholders of the Company of HK$202,589,000 (2011: HK$74,748,000) and the weighted average number of ordinary shares of 1,487,003,000 shares (2011: 1,416,231,000 shares), calculated as follows:

i) Loss attributable to ordinary equity shareholders of the company (diluted):

	2012	2011
	HK$'000	*HK$'000*
Loss for the purpose of basic loss per share	**(184,470)**	(114,081)
After tax effect of effective interest on the liability components of convertible notes	**5,985**	2,478
After tax effect of fair value (gain)/loss recognised on the conversion option derivative components of convertible notes	**(24,104)**	36,855
Loss attributable to ordinary equity shareholders (diluted)	**(202,589)**	(74,748)

ii) Weighted average number of ordinary shares (diluted):

	2012	2011
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,386,228**	1,386,228
Effect of dilutive potential ordinary shares in respect of convertible notes *(note 29)*	**100,775**	30,003
Weighted average number of ordinary shares (diluted)	**1,487,003**	1,416,231

Diluted loss per share for the year ended 31 March 2011 is the same as the basic loss per share, as the convertible notes outstanding during the year had an anti-dilutive effect on the basic loss per share for the year.

17. PROPERTY, PLANT AND EQUIPMENT

a) Group

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures, office equipment and motor vehicles HK$'000	Total HK$'000
Cost:					
At 1.4.2010	330	2,479	1,864	7,226	11,899
Exchange adjustments	15	–	–	48	63
Additions	–	42	48	643	733
Written off	–	–	–	(18)	(18)
At 31.3.2011 and 1.4.2011	345	2,521	1,912	7,899	12,677
Exchange adjustments	13	–	2	(35)	(20)
Additions	–	60	149	28	237
At 31.3.2012	**358**	**2,581**	**2,063**	**7,892**	**12,894**
Accumulated depreciation:					
At 1.4.2010	34	1,654	1,860	5,489	9,037
Exchange adjustments	3	–	–	10	13
Charge for the year	17	418	5	583	1,023
Amount written back	–	–	–	(14)	(14)
At 31.3.2011 and 1.4.2011	54	2,072	1,865	6,068	10,059
Exchange adjustments	2	–	–	(20)	(18)
Charge for the year	17	412	37	669	1,135
At 31.3.2012	**73**	**2,484**	**1,902**	**6,717**	**11,176**
Net carrying amount					
At 31.3.2012	**285**	**97**	**161**	**1,175**	**1,718**
At 31.3.2011	291	449	47	1,831	2,618

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

b) Company

	Office equipment HK$'000
Cost:	
At 1.4.2010	22
Written off	(18)
At 31.3.2011, 1.4.2011 and 31.3.2012	4
Accumulated depreciation:	
At 1.4.2010	12
Charge for the year	4
Amount written back	(14)
At 31.3.2011 and 1.4.2011	2
Charge for the year	1
At 31.3.2012	3
Net carrying amount	
At 31.3.2012	**1**
At 31.3.2011	2

The Group's buildings at 31 March 2012 and 31 March 2011 were held in The People's Republic of China (the "PRC") under medium-term leases.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2012	2011
	HK$'000	*HK$'000*
Unlisted shares, at cost	**83,368**	83,368
Due from subsidiaries	**18,744**	9,034
Loans to subsidiaries	**1,186,510**	1,198,511
Loans from subsidiaries	**(4,443)**	(4,834)
Due to subsidiaries	**(93,039)**	(92,479)
	1,191,140	1,193,600

18. INTERESTS IN SUBSIDIARIES (CONT'D)

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

The amounts due from/(to) subsidiaries included in the Company's current assets and current liabilities of HK$2,040,000 (2011: HK$2,040,000) and HK$3,840,000 (2011: HK$2,880,000) respectively are unsecured, interest-free and are recoverable/repayable on demand or within one year.

Particulars of the subsidiaries at 31 March 2012 are as follows:

Name	Place of incorporation/ and operation*	Paid-up share capital/ registered capital	Percentage of equity attributable to the Company	Principal activities
Directly held				
Rising Group International Limited	The British Virgin Islands/Hong Kong	Ordinary US$4,000	100%	Investment holding
Indirectly held				
Cassaya Trading Limited	Republic of Mauritius	Ordinary US$1	100%	Dormant
Rising Manufacturing Macao Commercial Offshore Limited	Macau	Ordinary MOP$25,000	100%	Trading of fur and leather skins and acting as purchase agent
Rising Group Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Rising Development Limited	Hong Kong	Ordinary HK$100 Non-voting deferred** HK$5,000,000	100%	Trading of fur, leather and textile garments and investment holding
Rising Manufacturing Limited	Hong Kong	Ordinary HK$10,000	100%	Provision of transportation service to a group company
Cepa Distribution Limited	Hong Kong	Ordinary HK$5,000 Non-voting deferred** HK$1,000,000	100%	Dormant
Frede Derick Limited	Hong Kong	Ordinary HK$100	100%	Dormant

18. INTERESTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries at 31 March 2012 are as follows:

Name	Place of incorporation/ and operation*	Paid-up share capital/ registered capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held (cont'd)				
Wellike Services Co., Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Wing Lee Agency Limited	Hong Kong	Ordinary HK$100	100%	Dormant
Cepa Network Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Mega Asset Developments Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Perfect Leader Investments Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Success Fortune Holdings Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Perfect Fair Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Legend Sense Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Securities dealing
Oriental Harvest Development Limited	The British Virgin Islands/ Hong Kong	Ordinary US$10	100%	Investment holding
東晟企業管理顧問（深圳）有限公司 (Dongcheng Enterprise Management Consultant (Shenzhen) Limited)***	The People's Republic of China	HK$10,000,000	100%	Investment holding

18. INTERESTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries at 31 March 2012 are as follows:

Name	Place of incorporation/ and operation*	Paid-up share capital/ registered capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held (cont'd)				
陝西久權礦業有限公司 (Shanxi Jiuquan Mining Company Limited)***	The People's Republic of China	RMB10,770,200	80%	Mine exploration
Paris Fur (International) Limited	Hong Kong	Ordinary HK$1	100%	Investment holding
Paris Fur	France	Ordinary EUR30,490	100%	Operation of retail shop
Smarty Express Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Trading of fur
Surplus Basic Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Dormant
Mega Charm Investments Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Securities dealing

* *Where different*

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

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

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

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2012	2011
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	**7,800**	7,800

At the end of the 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.

20. EXPLORATION AND EVALUATION ASSETS

	Group		
	Exploration rights	**Evaluation expenditure**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1 April 2010	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	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	**1,318,611**	**11,075**	**1,329,686**

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 31 March 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 31 March 2012. Accordingly, an impairment loss of HK$293,573,000 (2011: HK$51,063,000) was recognised in consolidated income statement for the year ended 31 March 2012.

21. GOODWILL

	Group 2012 HK$'000	2011 HK$'000
At 1 April	**1,291**	2,591
Impairment loss	**–**	(1,300)
Written off	**(1,291)**	–
At 31 March	**–**	1,291

Goodwill acquired in a business combination has been allocated to the cash generating unit ("CGU") of the respective subsidiary.

During the year ended 31 March 2011, the Group tested goodwill for impairment, if there are indications that goodwill might be impaired.

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

Key assumptions used for value-in-use calculations:

	2011
Gross profit margin	63% to 65%
Growth rate	8% to 9%
Discount rate	3%

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

The recoverable amounts of the CGU were lower than their carrying amounts based on value-in-use calculations. Accordingly, impairment loss on goodwill of HK$1,300,000 was recognised in the consolidated income statement for the year ended 31 March 2011.

During the year ended 31 March 2012, the goodwill balance at 1 April 2011 of HK$1,291,000 was written off in the consolidated income statement for the year ended 31 March 2012 as the subsidiary ceased its business during the year ended 31 March 2012.

22. INVENTORIES

	Group 2012 HK$'000	2011 HK$'000
Raw materials	**1,165**	347
Finished goods	**1,625**	1,658
	2,790	2,005

All of the inventories were stated at cost.

The cost of inventories recognised in the consolidated income statement during the year amounted to HK$5,602,000 (2011: HK$29,379,000).

The analysis of the amount of inventories recognised as (income)/expense is as follows:

	Group 2012 HK$'000	2011 HK$'000
Carrying amount of inventories sold	**8,635**	33,645
Write-down of inventories	**509**	2,445
Reversal of write-down of inventories	**(3,542)**	(6,711)
	5,602	29,379

23. 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:

	Group 2012 HK$'000	2011 HK$'000
Current to 30 days	**286**	160
31 days to 60 days	**92**	240
Over 60 days	**1,519**	1,233
	1,897	1,633

23. TRADE RECEIVABLES (CONT'D)

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

At 31 March 2012 and 31 March 2011, there were no impairment losses in respect of trade receivables.

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**286**	160
Less than 1 month past due	**92**	240
1 to 3 months past due	**705**	679
Over 3 months past due	**814**	554
	1,611	1,473
	1,897	1,633

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

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

24. PREPAYMENTS, DEPOSITS, TEMPORARY PAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments, deposits, temporary payments and other receivables	**5,827**	4,282	**1,547**	1,641

The amount of the Group's and the Company's prepayments, deposits, temporary payments and other receivables expected to be recovered or recognised as expense after more than one year is HK$741,000 (2011: HK$126,000) and HK$ Nil (2011: HK$ Nil) respectively. All of the other prepayments, deposits, temporary payments and other receivables are expected to be recovered or recognised as expense within one year.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2012	2011
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong at fair value	**62,695**	38,033

26. TIME DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Time deposits	**15,001**	58	**15,001**	58
Cash and bank balances	**17,941**	18,862	**13,605**	544
	32,942	18,920	**28,606**	602

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

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		(restated)
Euro	**95**	386	**3**	3
United States dollars	**820**	4,202	**11**	50
Danish Krone	**28**	43	**–**	–
Renminbi	**214**	780	**–**	–

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

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

27. TRADE PAYABLES

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current to 30 days	**–**	–
31 days to 60 days	**–**	–
Over 60 days	**43**	43
	43	43

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

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount due to an investee company	**2,491**	2,491	**–**	–
Others	**4,044**	1,465	**2,780**	700
	6,535	3,956	**2,780**	700

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

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

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000*
United States dollars	**2,485**	2,491	**–**	–
Euro	**1,868**	106	**–**	–
Renminbi	**120**	81	**–**	–

29. CONVERTIBLE NOTES

(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 notes bear interest at 1% per annum with a maturity date on 10 April 2011. The holders of the convertible notes have the right to convert on or after 11 April 2008 up to and including 10 April 2011, into ordinary share of the Company at an initial conversion price of HK$0.28 per share, subject to adjustment for general dilutive events. The conversion price was adjusted to HK$4.85 per share due to the capital reorganisation during the year ended 31 March 2010. The Company may redeem the convertible notes at 100% of the principal amount at anytime after the expiry of the first anniversary of the issue of the convertible notes. The effective interest rate of the liability component is 8.15% per annum.

During the year ended 31 March 2010, the Company entered into deeds of settlement dated 24 June 2009 with the holders of the convertible notes that the Company issued to the 11 April 2008 convertible notes holders the new convertible notes in the aggregate principal amount of HK$744,930,000 with a term of 3 years. The 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$0.60 per share (subject to adjustment). The 11 April 2008 convertible notes holders agreed that the obligations of the Company under the 11 April 2008 convertible notes were fully discharged. In addition, the 1% interest payable amounting to HK$8,370,000 on the 11 April 2008 convertible notes was waived. The 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. Subsequent to the end of the reporting period, the Company redeemed and repaid the outstanding amount HK$465,000 of convertible notes in full on 22 June 2012.

(2) On 15 October 2008, the Company issued convertible notes with a nominal value of HK$43,200,000. The notes bear no interest with maturity date on 14 October 2011. The holders of the convertible notes have the right to convert on or after 15 October 2008 up to and including 7 October 2011, into ordinary share of the Company at an initial conversion price of HK$0.06 per share (subject to adjustment). The conversion price of the convertible notes was subsequently adjusted to HK$1.478 per share due to the capital reorganisation. The Company shall have the right at any time from the date of issue of the convertible notes and inclusive of the maturity date to redeem the whole or part of the outstanding convertible notes. The effective interest rate of the liability component is 6.19% per annum. On 14 October 2011, the Company redeemed and repaid the outstanding amount HK$43,200,000 convertible notes in full.

(3) 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.

29. CONVERTIBLE NOTES (CONT'D)

The convertible notes as stated in (1), (2) and (3) above were split into liability, derivative and equity components upon initial recognition by recogniting 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 recognised 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 31 March 2012 and 31 March 2011 by an independent firm of professionally qualified valuers, BMI Appraisals Limited.

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

	Group and Company		
	Liability components	**Conversion option derivative components**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2010	39,770	(45,917)	(6,147)
Imputed interest charged *(note 9)*	2,478	–	2,478
Change in fair values	–	36,855	36,855
At 31 March 2011 and 1 April 2011	42,248	(9,062)	33,186
Convertible notes issued, net of issuing costs	69,131	(10,865)	58,266
Imputed interest charged *(note 9)*	6,372	–	6,372
Amount discharged on redemption of HK$43,200,000 convertible notes *(note 29(2))*	(43,200)	9,615	(33,585)
Interest payable	(2,343)	–	(2,343)
Change in fair values	–	(24,104)	(24,104)
At 31 March 2012	**72,208**	**(34,416)**	**37,792**

	Group and Company	
	2012	2011
	HK$'000	*HK$'000*
Representing for reporting purposes as:		
Non-current assets	**–**	398
Current liabilities	**(141)**	(33,584)
Non-current liabilities	**(37,651)**	–
	(37,792)	(33,186)

30. DEFERRED TAX LIABILITIES

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

	Group Fair value adjustments arising from exploration and evaluation assets *HK$'000*
At 1 April 2010	385,357
Exchange adjustment	15,425
Credited to consolidated income statement *(note 11)*	(12,766)
At 31 March 2011 and 1 April 2011	388,016
Exchange adjustment	15,030
Credited to consolidated income statement *(note 11)*	(73,393)
At 31 March 2012	**329,653**

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

	Group		Company	
	2012 ***HK$'000***	2011 *HK$'000*	**2012** ***HK$'000***	2011 *HK$'000*
Decelerated depreciation allowances	**260**	189	**–**	–
Tax losses carried forward	**30,867**	28,374	**22,882**	21,249
	31,127	28,563	**22,882**	21,249

At 31 March 2012, the Group has unused tax losses of HK$181,951,000 (2011: HK$167,329,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the tax losses of HK$181,951,000 (2011: HK$167,329,000) due to the unpredictability of future profit streams. The unrecognised tax losses of HK$172,011,000 (2011: HK$158,328,000) can be carried forward infinitively. The remaining HK$9,940,000 (2011: HK$9,001,000) expires in one to fifth years.

c) At 31 March 2012 and 31 March 2011, there was no significant unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

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

31. SHARE CAPITAL

	Number of shares of HK$0.01 each		Share capital	
	2012	2011	**2012**	2011
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
Ordinary shares at beginning and end of year	**30,000,000**	30,000,000	**300,000**	300,000
Issued and fully paid:				
Ordinary shares at beginning and end of year	**1,386,228**	1,386,228	**13,862**	13,862

Share option scheme

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

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

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

There were no outstanding options at the beginning and at the end of the financial year ended 31 March 2012. No share option has been granted by the Company under the New Scheme during the years ended 31 March 2011 and 31 March 2012. The total number of shares available for issue under the New Scheme as at the date of these financial statements was 7,965,280, representing 0.57% of the issued share capital of the Company as at the date of these financial statements.

32. RESERVES

a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 32 and 33 of the financial statements.

b) Company

	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Convertible notes equity reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 April 2010	920,524	154,440	25,992	161,861	1,262,817
Loss for the year – *note 12*	–	–	–	(74,695)	(74,695)
At 31 March 2011 and 1 April 2011	920,524	154,440	25,992	87,166	1,188,122
Issue of convertible notes	–	–	41,734	–	41,734
Redemption of convertible notes	–	–	(25,807)	25,807	–
Profit for the year – *note 12*	–	–	–	730	730
At 31 March 2012	**920,524**	**154,440**	**41,919**	**113,703**	**1,230,586**

The contributed surplus of the Group arose (i) as a result of the Group reorganisation carried out on 12 September 1997 and represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefore and (ii) as a result of the Group capital reorganisation carried out on 3 April 2009 in respect of capital reduction which became effective on 6 April 2009.

The contributed surplus of the Company arose (i) as a result of the same Group reorganisation scheme and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefore and (ii) as a result of the Group capital reorganisation carried out on 3 April 2009 in respect of capital reduction which became effective on 6 April 2009.

Under the Companies Act 1981 (as amended) of Bermuda, the Company may make distributions to its members out of the contributed surplus under certain circumstances.

33. OPERATING LEASE COMMITMENTS

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:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Within one year	**2,794**	1,653
In the second to fifth years, inclusive	**1,723**	483
Over five years	**677**	719
	5,194	2,855

34. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Short-term employee benefits	**4,193**	3,150
Post-employment benefits	**52**	43
	4,245	3,193

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

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Interest rate risk

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

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

Due to the fact that the changes in interest rates would not have significant impact on the Group's result and accordingly, the sensitivity analysis in respect of changes in interest rates is not presented.

Foreign currency risk

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

Credit risk

The Group's credit risk is primarily attributable to trade receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 March 2012, 74.96% (2011: 73.87%) and 74.96% (2011: 73.87%) of the total trade receivables was due from the Group's largest customer and the five largest customers in aggregate respectively within the trading and sales of fur garment and trading of fur skins segments. In addition, certain customers are required to pay customers' deposits and receivable balances are monitored on an ongoing basis and therefore the Group's exposure to bad debts is not significant.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 23 to the financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk

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

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

Group

	2012					
	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	**43**	**–**	**–**	**–**	**–**	**43**
Other payables and accruals	**6,535**	**–**	**–**	**–**	**–**	**6,535**
Convertible notes	**–**	**141**	**–**	**–**	**37,651**	**37,792**
	6,578	**141**	**–**	**–**	**37,651**	**44,370**

	2011					
	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	43	–	–	–	–	43
Other payables and accruals	3,956	–	–	–	–	3,956
Convertible notes	–	–	33,584	–	–	33,584
	3,999	–	33,584	–	–	37,583

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Company

	2012					
	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount due to a subsidiary	**3,840**	**–**	**–**	**–**	**–**	**3,840**
Other payables and accruals	**2,780**	**–**	**–**	**–**	**–**	**2,780**
Convertible notes	**–**	**141**	**–**	**–**	**37,651**	**37,792**
	6,620	**141**	**–**	**–**	**37,651**	**44,412**

	2011					
	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount due to a subsidiary	2,880	–	–	–	–	2,880
Other payables and accruals	700	–	–	–	–	700
Convertible notes	–	–	33,584	–	–	33,584
	3,580	–	33,584	–	–	37,164

Price risk

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

The derivatives options embedded in convertible notes held by the Group is required to be recognised at fair value at the end of each reporting period. Changes in fair value are recognised in profit or loss as long as the convertible notes are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in share price of the convertible notes issuer.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Price risk (cont'd)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity securities price risks at the end of the reporting period.

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

Loss of the Group and the Company decrease/increase approximately by HK$3,135,000 (2011: HK$1,902,000) respectively as a result of the changes in fair value of financial assets at fair value through profit or loss.

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

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

If the share prices of those convertible notes issuers had been 5% higher/lower and all other variables were held constant, the Group's loss for the year would decrease/increase by HK$1,789,000 (2011: HK$453,000), as a result of changes in fair value of the derivatives option embedded in the convertible notes.

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

Fair value

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

ii) As set out in note 18, the Company had balances with subsidiaries. It is not practical to estimate the fair values of these amounts due to the related party nature of these instruments.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Fair value (cont'd)

iii) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

	Group and Company 2012			
	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
Assets				
Financial assets at fair value through profit or loss	62,695	–	–	62,695
Derivative financial instruments:				
– Conversion option derivative of convertible notes	–	–	34,416	34,416
	62,695	–	34,416	97,111

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Fair value (cont'd)

iii) Financial instruments carried at fair value (cont'd)

	Group and Company			
	2011			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
(restated)				
Financial assets at fair value through profit or loss	38,033	–	–	38,033
Derivative financial instruments:				
– Conversion option derivative of convertible notes	–	–	9,062	9,062
	38,033	–	9,062	47,095

The movement during the year in the balance of Level 3 fair value measurements is as follows:

Conversion option derivative of convertible notes

	Group and Company
	HK$'000
At 1 April 2010 (restated)	45,917
Change in fair value recognised in profit or loss	(36,855)
At 31 March 2011 (restated) and 1 April 2011	9,062
Convertible notes issued, net of issuing costs	10,865
Amount discharged on redemption of convertible notes	(9,615)
Change in fair value recognised in profit or loss	24,104
At 31 March 2012	**34,416**

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Fair value (cont'd)

iv) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2012 and 31 March 2011.

36. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2012 and 31 March 2011.

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Total borrowings		
Convertible notes	**37,792**	33,584
Less: time deposits, cash and bank balances	**32,942**	18,920
Net debt	**4,850**	14,664
Total equity	**1,071,926**	1,213,747
Gearing ratio	**0.4%**	1.2%

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

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

2012

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	7,800	7,800
Deposits, temporary payments and other receivables	–	5,696	–	5,696
Trade receivables	–	1,897	–	1,897
Financial assets at fair value through profit or loss	62,695	–	–	62,695
Time deposits, cash and bank balances	–	32,942	–	32,942
Derivatives embedded in convertible notes	34,416	–	–	34,416
	97,111	40,535	7,800	145,446

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Trade payables	43
Customers' deposits	1,647
Other payables and accruals	6,535
Convertible notes	72,208
	80,433

37. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Group

2011
(restated)

	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	7,800	7,800
Deposits, temporary payments and other receivables	–	4,143	–	4,143
Trade receivables	–	1,633	–	1,633
Financial assets at fair value through profit or loss	38,033	–	–	38,033
Time deposits, cash and bank balances	–	18,920	–	18,920
Derivatives embedded in convertible notes	9,062	–	–	9,062
	47,095	24,696	7,800	79,591

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities	
Trade payables	43
Customers' deposits	1,613
Other payables and accruals	3,956
Convertible notes	42,248
	47,860

37. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Company

2012

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Financial assets			
Amounts due from subsidiaries	–	2,040	2,040
Deposits and other receivables	–	1,540	1,540
Financial assets at fair value through profit or loss	62,695	–	62,695
Time deposits, cash and bank balances	–	28,606	28,606
Derivatives embedded in convertible notes	34,416	–	34,416
	97,111	32,186	129,297

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Amount due to a subsidiary	3,840
Other payables and accruals	2,780
Convertible notes	72,208
	78,828

37. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Company

2011
(restated)

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Financial assets			
Amounts due from subsidiaries	–	2,040	2,040
Deposits and other receivables	–	1,607	1,607
Financial assets at fair value through profit or loss	38,033	–	38,033
Time deposits, cash and bank balances	–	602	602
Derivatives embedded in convertible notes	9,062	–	9,062
	47,095	4,249	51,344

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Amount due to a subsidiary	2,880
Other payables and accruals	700
Convertible notes	42,248
	45,828

38. BANKING FACILITIES/BORROWINGS

At 31 March 2012 and 31 March 2011, the Company and the Group did not obtain any banking facilities and borrowings except for convertible notes, details of which are set out in note 29.

39. CONTINGENT LIABILITIES

At 31 March 2012 and 31 March 2011, the Company and the Group did not have any significant contingent liabilities.

40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated to conform with the current year's presentation.

41. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company redeemed and repaid the convertible notes with the outstanding principal amounts of HK$465,000 in full on 22 June 2012. Details of the convertible notes are set out on note 29(1) to the financial statements.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 June 2012.

Five Year Financial Summary

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

RESULTS

	Year ended 31 March				
	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	**105,026**	109,443	140,970	173,611	215,806
(LOSS)/PROFIT FROM OPERATING ACTIVITIES	**(295,985)**	(132,342)	(218,990)	83,197	(44,282)
Finance costs	**(6,372)**	(2,478)	(29,378)	(144,129)	(4,212)
Share of loss of an associate	**–**	–	–	–	(2)
LOSS BEFORE TAX	**(302,357)**	(134,820)	(248,368)	(60,932)	(48,496)
Taxation	**73,393**	12,676	65,654	(6,112)	8,627
LOSS FOR THE YEAR	**(228,964)**	(122,144)	(182,714)	(67,044)	(39,869)
Attributable to:					
Equity shareholders of the Company	**(184,470)**	(114,081)	(142,901)	(66,679)	(39,869)
Non-controlling interests	**(44,494)**	(8,063)	(39,813)	(365)	–
	(228,964)	(122,144)	(182,714)	(67,044)	(39,869)

ASSETS AND LIABILITIES

	As at 31 March				
	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
PROPERTY, PLANT AND EQUIPMENT	**1,718**	2,618	2,862	3,478	2,612
INVESTMENT PROPERTIES	**–**	–	–	–	60,250
INTEREST IN AN ASSOCIATE	**–**	–	–	–	18
AVAILABLE-FOR-SALE FINANCIAL ASSETS/OTHER INVESTMENTS	**7,800**	7,800	7,800	7,800	32,927
EXPLORATION AND EVALUATION ASSETS	**1,329,686**	1,561,824	1,549,893	1,799,008	–
GOODWILL	**–**	1,291	2,591	3,891	–
DEFERRED TAX ASSETS	**–**	–	–	–	9,251
CONVERTIBLE NOTES	**–**	398	6,147	–	–
CURRENT ASSETS	**108,982**	67,704	112,280	115,823	385,030
TOTAL ASSETS	**1,448,186**	1,641,635	1,681,573	1,930,000	490,088
CURRENT LIABILITIES	**8,956**	39,872	6,696	8,556	20,882
NON-CURRENT LIABILITIES	**367,304**	388,016	385,357	1,204,011	7,267
TOTAL LIABILITIES	**376,260**	427,888	392,053	1,212,567	28,149
NET ASSETS	**1,071,926**	1,213,747	1,289,520	717,433	461,939