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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1004)

UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

The Board of Directors (the “Directors”) of Rising Development Holdings Limited (the “Company”) hereby announce the unaudited condensed interim consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2013 together with the comparative figures for the corresponding period in 2012. These condensed interim consolidated financial statements have not been audited but have been reviewed by the Company’s Audit Committee.

* For identification purpose only

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

		(Unaudited)	
		Six months ended	
		30 September	
		2013	2012
	Note	HK\$'000	HK\$'000
TURNOVER	3	41,659	44,379
Cost of sales		<u>(40,490)</u>	<u>(43,014)</u>
Gross profit		1,169	1,365
Other income and net gains/(losses)			
– Net losses from equity securities	4	(15,830)	(11,880)
– Others	4	4,596	(31,358)
Impairment loss on exploration and evaluation assets written back/(made)	12	12,671	(338,198)
Selling and distribution expenses		(2,096)	(2,416)
Operating and administrative expenses		<u>(9,358)</u>	<u>(10,593)</u>
LOSS FROM OPERATIONS		(8,848)	(393,080)
Finance costs	5	<u>(8,028)</u>	<u>(6,663)</u>
LOSS BEFORE TAX	6	(16,876)	(399,743)
TAXATION	7	<u>(3,168)</u>	<u>84,550</u>
LOSS FOR THE PERIOD		<u>(20,044)</u>	<u>(315,193)</u>
ATTRIBUTABLE TO:			
Equity shareholders of the Company		(21,759)	(264,263)
Non-controlling interests		<u>1,715</u>	<u>(50,930)</u>
LOSS FOR THE PERIOD		<u>(20,044)</u>	<u>(315,193)</u>
PROPOSED INTERIM DIVIDEND	8	<u>–</u>	<u>–</u>
LOSS PER SHARE ATTRIBUTABLE TO			
EQUITY SHAREHOLDERS OF THE COMPANY	9		
Basic		<u>HK(1.57) cents</u>	<u>HK(19.06) cents</u>
Diluted		<u>HK(1.57) cents</u>	<u>HK(19.06) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	(Unaudited)	
	Six months ended	
	30 September	
	2013	2012
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	(20,044)	(315,193)
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	<u>10,550</u>	<u>1,137</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>10,550</u>	<u>1,137</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(9,494)</u>	<u>(314,056)</u>
Total comprehensive loss attributable to:		
Equity shareholders of the Company	(13,599)	(263,254)
Non-controlling interests	<u>4,105</u>	<u>(50,802)</u>
	<u>(9,494)</u>	<u>(314,056)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013 AND 31 MARCH 2013

		(Unaudited) 30 September 2013 HK\$'000	(Audited) 31 March 2013 HK\$'000
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,538	1,767
Available-for-sale financial assets	11	7,800	7,800
Exploration and evaluation assets	12	1,128,958	1,100,341
		<u>1,138,296</u>	<u>1,109,908</u>
CURRENT ASSETS			
Inventories		5,984	4,369
Trade receivables	13	937	1,328
Prepayments, deposits, temporary payments and other receivables		7,817	5,440
Financial assets at fair value through profit or loss	14	33,015	50,841
Tax recoverable		2,831	2,831
Cash and bank balances		15,531	22,736
		<u>66,115</u>	<u>87,545</u>
CURRENT LIABILITIES			
Trade payables	15	43	43
Customers' deposits		1,504	1,504
Margin loan payable	16	9,840	14,921
Other loan (unsecured)		10,000	—
Other payables and accruals		14,397	11,197
Tax payable		590	590
		<u>36,374</u>	<u>28,255</u>
NET CURRENT ASSETS		<u>29,741</u>	<u>59,290</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,168,037</u>	<u>1,169,198</u>
NON-CURRENT LIABILITIES			
Convertible notes		65,006	63,786
Deferred tax liabilities		279,396	272,283
		<u>344,402</u>	<u>336,069</u>
NET ASSETS		<u>823,635</u>	<u>833,129</u>
CAPITAL AND RESERVES			
Share capital	17	13,862	13,862
Reserves		642,499	656,098
Equity attributable to equity shareholders of the Company		656,361	669,960
Non-controlling interests		167,274	163,169
TOTAL EQUITY		<u>823,635</u>	<u>833,129</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 March 2013.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013, except for the adoption of the following new Hong Kong Financial Reporting Standards (“HKFRSs”) and amendments, revisions and interpretation to existing standards that affect the Group and are adopted for the first time for the current period’s financial statements.

Amendments to HKAS 1	Presentation of financial statements
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (2011)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
Annual Improvements to HKFRSs 2009-2011 Cycle	
Amendments to HKFRS 1	Government loans
Amendments to HKFRS 7	Financial instruments: Disclosures –
	Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HK(IFRIC) – Int 20	Stripping Costs in the production phase of a surface mine

The adoption of the above new HKFRSs and amendments, revisions and interpretation to existing standards in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. There have been no significant changes in the accounting policies applied in these interim condensed financial statements.

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

		Effective for accounting periods beginning on or after
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised)	Investment entities	1 January 2014
Amendments to HKAS 32	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets	1 January 2014
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014
HKFRS 9	Financial instruments	1 January 2015
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures	1 January 2015

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

3. SEGMENT INFORMATION

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

(a) Operation segments information:

	(Unaudited) Six months ended 30 September 2013						
	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	39,469	–	2,190	–	–	–	41,659
Inter-segment sales	–	–	177	3	–	–	180
Reportable segment revenue	39,469	–	2,367	3	–	–	41,839
Elimination of inter- segment sales							(180)
Consolidated revenue							41,659
Segment results	(17,702)	1,782	(2,611)	(92)	11,743	(908)	(7,788)
Reconciliation:							
Interest income							1
Change in fair value of derivative components embedded in convertible notes							3,799
Unallocated corporate expenses							(4,860)
Loss from operating activities							(8,848)
Finance costs							(8,028)
Loss before tax							(16,876)
Taxation							(3,168)
Loss for the period							(20,044)

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

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

	(Unaudited) As at 30 September 2013						
	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	<u>33,015</u>	<u>1,836</u>	<u>15,746</u>	<u>17,822</u>	<u>1,129,760</u>	<u>86,378</u>	1,284,557
Elimination of inter-segment receivables							<u>(106,308)</u>
							1,178,249
Unallocated assets:							
Available-for-sale financial assets							7,800
Cash and cash equivalents							15,531
Tax recoverable							<u>2,831</u>
Total assets per consolidated statement of financial position							<u>1,204,411</u>
Reportable segment Liabilities	<u>–</u>	<u>(10,546)</u>	<u>(49,580)</u>	<u>(25,597)</u>	<u>(15,331)</u>	<u>(41,038)</u>	(142,092)
Elimination of inter-segment payables							<u>106,308</u>
							(35,784)
Unallocated liabilities:							
Convertible notes							(65,006)
Deferred tax liabilities							(279,396)
Tax payable							<u>(590)</u>
Total liabilities per consolidated statement of financial position							<u>(380,776)</u>
Additions to non-current segment assets during the period	<u>–</u>	<u>–</u>	<u>5</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5</u>

	(Audited) As at 31 March 2013						
	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	<u>50,841</u>	<u>1,536</u>	<u>13,561</u>	<u>16,788</u>	<u>1,101,178</u>	<u>79,375</u>	1,263,279
Elimination of inter-segment receivables							(99,193)
							1,164,086
Unallocated assets:							
Available-for-sale financial assets							7,800
Cash and cash equivalents							22,736
Tax recoverable							2,831
Total assets per consolidated statement of financial position							<u>1,197,453</u>
Reportable segment Liabilities	<u>–</u>	<u>(10,460)</u>	<u>(44,632)</u>	<u>(24,476)</u>	<u>(14,025)</u>	<u>(33,265)</u>	(126,858)
Elimination of inter-segment payables							99,193
							(27,665)
Unallocated liabilities:							
Convertible notes							(63,786)
Deferred tax liabilities							(272,283)
Tax payable							(590)
Total liabilities per consolidated statement of financial position							<u>(364,324)</u>
Additions to non-current segment assets during the period	<u>–</u>	<u>–</u>	<u>414</u>	<u>333</u>	<u>–</u>	<u>–</u>	747

(c) Geographical information:

Revenue from external customers

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

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

	(Unaudited)	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Mainland China and Hong Kong	41,659	44,274
Other countries	–	105
Total revenue	<u>41,659</u>	<u>44,379</u>

4. OTHER INCOME AND NET GAINS/(LOSSES)

	(Unaudited)	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Other income and net gains/(losses):		
Net losses from equity securities:		
Dividend income from unlisted available-for-sale financial assets	1,872	—
Dividend income from listed financial assets		
at fair value through profit or loss	123	129
Unrealised loss on investments in listed financial assets		
at fair value through profit or loss	(17,825)	(12,009)
	<u>(15,830)</u>	<u>(11,880)</u>
Others:		
Bank interest income	1	11
Fair value change on derivative components embedded		
in convertible notes	3,799	(31,103)
Net realized loss on derivative components of convertible notes	—	(323)
Exchange gain	751	—
Others	45	57
	<u>4,596</u>	<u>(31,358)</u>
	<u>(11,234)</u>	<u>(43,238)</u>

5. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Imputed interest expenses on convertible notes	7,484	6,663
Interest on margin loan payable	328	—
Interest on other loan	216	—
	<u>8,028</u>	<u>6,663</u>

6. LOSS BEFORE TAX

(Unaudited)	
Six months ended 30 September	
2013	2012
HK\$'000	HK\$'000

The Group's loss before tax is arrived at after charging

Cost of inventories and trading securities sold	40,490	43,014
Depreciation	261	341
Operating lease rentals on lands and buildings	1,342	1,799
Staff costs (including directors' remuneration)	6,373	6,277

7. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the periods ended 30 September 2013 and 30 September 2012. Overseas taxes on assessable profits of the Company or its subsidiaries, if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on the prevailing legislation, interpretations and practices in respect thereof.

(Unaudited)	
Six months ended 30 September	
2013	2012
HK\$'000	HK\$'000

Taxation represents income tax (expense)/credit as follows:

Deferred tax	(3,168)	84,550
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8. PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2013 (2012: Nil).

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

The calculation of the basic loss per share amount for the period is based on the Group's loss attributable to equity holders of the Company of HK\$21,759,000 (2012: loss of HK\$264,263,000). The basic loss per share is based on the weighted average of 1,386,228,600 (2012: 1,386,228,600) ordinary shares in issue during the period.

Diluted loss per share amounts for the six months ended 30 September 2013 and 2012 are the same as the basic loss per share, as the convertible notes outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group acquired items of property, plant and equipment with cost of HK\$5,000 (year ended 31 March 2013: HK\$747,000) and disposed of items of property, plant and equipment of HK\$Nil (year ended 31 March 2013: HK\$515,000).

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	(Unaudited) 30 September 2013 <i>HK\$'000</i>	(Audited) 31 March 2013 <i>HK\$'000</i>
At Cost:		
Equity securities unlisted outside Hong Kong	<u>7,800</u>	<u>7,800</u>

At the end of reporting period, the above unlisted equity securities are not stated at fair value but at cost less any impairment loss because they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

12. EXPLORATION AND EVALUATION ASSETS

	Exploration rights <i>HK\$'000</i>	Evaluation expenditure <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2011 (Audited)	1,552,062	9,762	1,561,824
Exchange adjustment	60,122	378	60,500
Additions during the year	–	935	935
Impairment loss	<u>(293,573)</u>	<u>–</u>	<u>(293,573)</u>
Balance at 31 March 2012 and 1 April 2012 (Audited)	1,318,611	11,075	1,329,686
Exchange adjustment	16,570	138	16,708
Impairment loss	<u>(246,053)</u>	<u>–</u>	<u>(246,053)</u>
Balance at 31 March 2013 and 1 April 2013 (Audited)	1,089,128	11,213	1,100,341
Exchange adjustment	15,783	163	15,946
Impairment loss written back	<u>12,671</u>	<u>–</u>	<u>12,671</u>
Balance at 30 September 2013 (Unaudited)	<u><u>1,117,582</u></u>	<u><u>11,376</u></u>	<u><u>1,128,958</u></u>

The exploration rights represent the carrying amount of the rights for mining, exploration and exploitation in a vanadium mine located in Shaanxi, PRC. The exploitation licence of the mine has been granted in 2011 for 3 years and is renewable on an ongoing basis.

The management has engaged an independent professional valuer, BMI Appraisals Limited (the “Appraiser”) to carry out a valuation as at 30 September 2013 on the exploration rights for the purposes of an impairment review on the exploration rights. Based on the report of this Appraiser, the management considers that the certain impairment of exploration and evaluation assets previously made should be reversed as the estimated recoverable amount of exploration and evaluation assets exceeds its carrying amount at 30 September 2013. Accordingly, an impairment loss of HK\$12,671,000 was written back in consolidated income statement for the six months ended 30 September 2013.

In connection with the acquisition of the Vanadium mining assets by the Group in 2008 and in its audited financial statements for the year ended 31 March 2008, the Company had reference to a valuation report that adopted “market approach” for valuation as there was then a PRC vanadium mine sale that could be used as a market comparable. In preparing the Group’s Consolidated Statement of Financial Position as at 30 September 2008, 31 March 2009, 30 September 2009 and 31 March 2010, reference was made to valuation of the Vanadium mining asset (classified in the financial statements as “exploration and evaluation assets” (the “Mining Asset”) by the discounted cash flow method under the income approach (“DCF”). This valuation method was adopted in accordance with Hong Kong Financial Reporting Standard 6 and Paragraph 75 of Hong Kong Accounting Standard 38.

In view of the delay of the mining operations (originally scheduled to commence production in early 2009), it was considered more appropriate for the financial statements of the Group to disclose the value of the mining rights specifically instead of the Mining Asset. In order to value the mining rights specifically, the Appraiser adopted the excess earnings method under the income approach (“ER”), instead of using DCF. The ER method has been adopted for the valuation of the mining rights for the purposes of the Group’s published consolidated financial statement 30 September 2010 and thereafter. The Appraiser has confirmed to the Company that since the mine has not been exploited, the difference in value of the Mining Asset using DCF and the value of the mining rights under ER should be immaterial.

Earlier this year, the Company has engaged Dragon Mining Consulting Limited an independent mining engineering company (the “Engineer”) to carry out a Geological and Economical Studies Report of the Group’s vanadium mine. The Engineer found that both the operation cost and capital cost of the vanadium project are high compared to the current price of vanadium pentoxide (“V₂O₅”), a chemical compound commonly used for industrial purposes. In particular, the Engineer noted that the substantial decrease in the price of V₂O₅ since the acquisition of the mine in 2008, the current market price of V₂O₅ is about the same as the total operating cost for the extraction and production of V₂O₅, and therefore rendering the project uneconomical at present. Accordingly, the Engineer suggested to the management of the Company that the development plan for the mine be postponed until the market V₂O₅ recovers and stabilises.

13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The Group allows an average credit period of 30 to 60 days for its customers. Trade receivables are non-interest bearing.

An ageing analysis of trade receivables at the end of the reporting period based on the invoice date is as follows:

	(Unaudited) 30 September 2013 HK\$'000	(Audited) 31 March 2013 HK\$'000
Current to 30 days	466	337
31days to 60 days	44	1
Over 60 days	427	990
	<u>937</u>	<u>1,328</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2013 HK\$'000	(Audited) 31 March 2013 HK\$'000
Equity securities listed in Hong Kong at fair value	<u>33,015</u>	<u>50,841</u>

At 30 September 2013, the total carrying amounts of certain financial assets at fair value through profit or loss amount to HK\$32,538,000, which have been pledged as security for the margin loan payable of HK\$9,840,000 (At 31 March 2013: HK\$14,921,000), the details of which are set out in note 16.

15. TRADE PAYABLES

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

	(Unaudited) 30 September 2013 HK\$'000	(Audited) 31 March 2013 HK\$'000
Current to 30 days	—	—
31 days to 60 days	—	—
Over 60 days	43	43
	<u>43</u>	<u>43</u>

16. MARGIN LOAN PAYABLE

At 30 September 2013, the margin loan payable was secured by the equity securities held under the margin account, with a total market value of approximately HK\$32,538,000 (At 31 March 2013: HK\$50,436,000) (Note 14).

	(Unaudited) 30 September 2013		(Audited) 31 March 2013	
	HK\$'000	Effective interest rates (%)	HK\$'000	Effective interest rates (%)
Within one year	<u>9,840</u>	<u>10.25</u>	<u>14,921</u>	<u>8</u>

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<i>Authorised</i>		
Ordinary shares of HK\$0.01 each		
At 1 April 2013 and 30 September 2013	<u>30,000,000,000</u>	<u>300,000</u>
<i>Issued and fully paid</i>		
At 1 April 2013 and 30 September 2013	<u>1,386,228,600</u>	<u>13,862</u>

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

18. CHARGES ON ASSETS

At 30 September 2013 and 31 March 2013, the Group did not obtain any banking facilities and borrowings except for margin loan payable and convertible notes, details of which are set out in notes 14 and 16.

At 30 September 2013, the Group and the Company have pledged certain financial assets at fair value through profit or loss held under the margin account to secure the margin loan payable of HK\$9,840,000 (At 31 March 2013: HK\$14,921,000)

19. CONTINGENT LIABILITIES

The Company and the Group had no contingent liabilities as at 30 September 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF THE GROUP

During the first six months, the Group's turnover was HK\$41,659,000 (2012: HK\$44,379,000), a decrease of 6.13% compared to the corresponding period last year. The net loss attributable to equity shareholders of the Company was HK\$21,759,000 as compared to a net loss of HK\$264,263,000 for the last corresponding period, resulting in a basic loss of HK\$1.57 cents per share for the current period (2012: a basic loss of HK\$19.06 cents per share)

Investment Business

Trading in Securities

During the period, the turnover from trading in securities was HK\$39,469,000, representing a decrease of 5.50% compared with the corresponding period last year of HK\$41,762,000. Loss during the period was HK\$17,702,000, representing an increase in loss by 49% compared with the corresponding period last year of loss of HK\$11,880,000. The loss was mainly originated from unrealized loss on investment in listed financial assets at fair value through profit or loss.

Investments

The Group's turnover in investments was nil during the period and was the same for the corresponding period last year. Profit from investments during the period was HK\$1,782,000 was recorded from this sector during the period as with the corresponding period last year of a loss of HK\$927,000, the profit was mainly due to dividend income from unlisted available-for-sale financial assets, an investment involved in a property project in Vietnam.

Mining Business

The mining business of the Group had not started contributing revenue during the period under review, revenue was the same nil for corresponding period last year. However, a profit of HK\$11,743,000 was recorded in this sector, compared to a loss of HK\$339,202,000 in the corresponding period last year. The profit was mainly due to write-back of impairment losses on exploration and evaluation assets during the period.

Operations at the mine continued to be at a minimal level since the significant decline of market price of V₂O₅ after the Group's acquisition of its vanadium mine in 2008, as the Group continues to exercise control over costs and expenses given that the mine is not yet in production pending sustained recovery of the market for V₂O₅.

During the period, no expenses have been incurred for new construction and production works.

V₂O₅ selling price is still at low side despite its rebound by about 16% from its recent low to around RMB65,000/MT at April 2013. Earlier this year, the Company has engaged Dragon Mining Consulting Limited an independent mining engineering expert (the "Engineer") to carry out a Geological and Economical Studies Report of the Group's vanadium mine. The Engineer suggested the Company that the project is at present uneconomical and affirms the view of the Company's management that the Company should postpone the development of the vanadium project until the V₂O₅ market recovers.

In addition to the amount of vanadium mining reserves, the time to production of the Group's vanadium mine and the changes of the V_2O_5 market price are the key factors that affects the valuation of the mining rights of the Group. Vanadium mining reserve as at 30 September 2013 remains unchanged since the acquisition (being 300,761 MT of V_2O_5 as estimated by an independent geology survey institute in China as disclosed in our shareholders circular dated 26 February 2008), given that no material extraction was done due to the delay in the development of the mine for reasons stated below.

As disclosed in our shareholders circular dated 26 February 2008, the first stage of mining operation of the vanadium mine project in Xunyangba County, Ningshan Town, Shaanxi Province, with refinery and daily production capacity of 500 metric tonnes ores was originally scheduled to commence production in early 2009. Due to significant drop in V_2O_5 selling price as a result of economic crisis since 2008 (from the peak in August 2008 of around RMB275,000/MT to its lowest of about RMB65,000/MT around April 2013), the Group had decided to slow down the project to wait for the recovery of the V_2O_5 selling price and stabilisation of V_2O_5 selling price at a level to render the development and production commercially viable, as stated in the Group's interim and annual reports since 2009.

The Engineer's recent findings mentioned above have affirmed management's decision to slow down development of the project. Having reviewed the situation and the recent improvement in V_2O_5 selling price, management has revised production plans so that commencement of the first stage of production (envisaged at the time of the acquisition of the mine to take place in 2009) will instead take place in 2016. This will allow management 12 months to observe and monitor the stability of V_2O_5 selling prices and a further 9 to 12 months for the construction of access roads and to order production facilities. Based on this plan, the target is to produce 500MT/day in the first year of production, 1,000 MT/day in the second and third year of production, 2000 MT/day in the fourth and fifth year of production and 3,500 MT/day from the six year of production and thereafter, at a production cost ranging from RMB58,400/MT to RMB67,100/MT for the first ten years of production.

Actual operation and production plans will remain dependent on, and subject to revision, based on management's analysis of the market price and stability of V_2O_5 , the rate and period of return of the projects and the risks of investment in and development of the mine.

As at 30 September 2013, the fair value of the mining right classified as "exploration and evaluation assets" in the Group's unaudited consolidated balance sheet as at that date was determined by ER method. It increased by RMB10 million when compared with its fair value as at 31 March 2013 using the same ER method for valuation. Such increase was mainly due to an increase in the V_2O_5 market price (as at 30 September 2013: about RMB77,500/MT; as at 31 March 2013: about RMB73,000/MT; as at 30 September 2012: about RMB66,500/MT). For valuation purposes, the Appraiser projected the V_2O_5 selling price in the valuation report as at 30 September 2013 to increase by 3-4% annually, which is more or less in line with the estimated annual inflation rate in China and does not differ materially from the rate of price increase used in the valuation of the mining rights as at 31 March 2013. There is also no material difference in the discount rates applied by Appraiser in both valuations as at 31 March 2013 and as at 30 September 2013. Both valuations this year have factored into a 3% company specific risk premium (September 2012: 2%) due to the continued delay in commencement of production, while there has been no significant change to the assumed cost of debt and discount applied by the Appraiser in 2012 and 2013, as the China Above 5 Years Best Lending Rate and the 10-year Chinese Government Bond yield used as reference for this purpose have remained largely similar as of the relevant valuation dates.

Fur Business

Trading of fur skins

The turnover in trading of fur skins for the first half year was nil and was the same for the corresponding period last year. Loss of HK\$92,000 was recorded, a decrease by 77.30% compared to that of loss of HK\$405,000 in the corresponding period last year. The reasons of nil turnovers were due to the Company's decision to put less resources in a comparatively high risk area where the fur skin prices are still narrowed at high levels in the various global auction markets and the loss was due to cost allocation to each sector of the business.

Trading and sales of fur garments

The turnover of trading and sales of fur garments for the first half year was HK\$2,190,000, a decrease of 16.30% compared to HK\$2,617,000 in the corresponding period last year. During the period, a loss of HK\$2,611,000 was recorded, a decrease by 27% compared to that of loss of HK\$3,578,000 in the corresponding period last year. The decrease in sales was mainly due to less in sales turnover in Europe and Hong Kong.

PROSPECTS

Investment Business

Quantitative easing (QE) carried out by US Central Bank, the conflict in solving the US debt ceiling argued by the two political parties in US continue to be a mainstay of the policy reaction to the economic malaise, the retreatment time table of QE affects various investment markets particularly bond, equity, and commodity markets. At the same time QE are also carried out by the European Central Bank and the Japanese Central Bank. All these hot moneys resulted from the QEs that are now exercising global twist the interest rate and money supply, and finally affect the fund flow for investment in different geographic markets. Hence increasing the volatility and uncertainty of the equity market, and we expect that the market will remain to be a panic again in 2014.

In PRC market, confirmed slowdown of the PRC GDP implemented by the new PRC administration is another negative factor for the investment environment.

All these negative factors appeared within a short time are definitely creating a sense of alert for investment activities. In the real world, risks and opportunities are always existing simultaneously, the Group will try to grasp the opportunities within the volatile market, and will be more cautious and exercise more care in the sector of investment business.

Mining Business

US, Europe and China's economy seemed to have a sign of recovery from its lowest as a result there is a slight rebound in the mineral market. Management is encouraged by the rebound of Vanadium price. Assuming that selling price continues to improve and stabilizes over the next 12 months at a level that renders it economically viable, the Group can roll out its plans to build access roads and production facilities, with the aim of going into production in 2016.

Fur Business

Trading of fur skins

The Group continues to await for the opportunity to resume the auction business in fur skin trading while the international auction prices remains at high levels. The risk in trading fur skins is presently higher than before as most Chinese intermediate buyers are facing a tighter expense control environment exercised by the new China Administration and tighter import policies implemented by the Chinese Customs authorities. The Group will keep a close monitor for the opportunity to restart this segment of business in due course.

Trading and sales of fur garments

During the period, the Group ceased its retail outlet in Paris due to a weak economy in Europe that was triggered by the European crisis. The action of closing the Europe outlet will allowed the Group to redirect our resources into more profitable potential ventures.

Sales in Hong Kong dropped slightly due to warmer weather while sales in PRC had a marginal increase despite tight expense control exercised by the new PRC leaders. Such control imposed by the new administrators and the policy is expected to sustain for quite a period of time in the future. Despite facing such an adverse market situation, the Group still recorded a slight sales increase in the PRC market, this reinforced the Group's confidence and devotion to speed up its pace to increase its outlets in PRC market in the forthcoming financial year as planned. For the Group, the PRC outlets will geographically cover the north-eastern and the new north-western part of China which is an area that PRC government has implemented priority economic development policies.

For the wholesale of fur garments, the Group will keep on its strategy to launch its own designer's collection label of LECOTHIA and FREDERICK for various markets, and at the same time the Group will strengthen this sector of business through cooperation with famous fashion brands by tailor making their own designs or using the Group's own fur garments designs.

After fine tuning our sales and marketing strategies, the Group hopes for a better performance in the trading and sales of fur garments for the coming season.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow from banks in Hong Kong and PRC. As at 30 September 2013, the Group had cash and bank balances of approximately HK\$15,531,000 (31 March 2013: HK\$22,736,000). As at 30 September 2013, the Group's interest bearing borrowings (including margin loan payable, other loan and convertibles notes) amounted to approximately HK\$84,846,000 (31 March 2013: HK\$78,707,000). As at 30 September 2013, the shareholders' funds amounted to approximately HK\$823,635,000 (31 March 2013: HK\$833,129,000). Accordingly, the gearing ratio was 8.4% (31 March 2013: 6.7%).

CAPITAL STRUCTURE

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 19.55% per annum.

The above convertible notes were split into liability, derivative and equity components upon initial recognition by recognising the liability components and conversion option derivative components at their fair value and attributing to the equity components the residual amount. The liability component is subsequently carried at amortised cost while the derivative component is carried at fair value to be remeasured at the end of each reporting period. The equity component is recognized in the convertible notes equity reserve. The fair values of the conversion option derivative components of the convertible notes were determined as of the date of issue and 30 September 2013 and 31 March 2013 by an independent firm of professionally qualified valuers, BMI Appraisals Limited.

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

	(Unaudited) 30 September 2013 HK\$'000	(Audited) 31 March 2013 HK\$'000
Borrowings		
Margin loan payable	9,840	14,921
Other loan	10,000	–
Convertible notes	65,006	63,786
Total borrowings	84,846	78,707
Less: cash and bank balances	(15,531)	(22,736)
	69,315	55,971
Net debt		
Total equity	823,635	833,129
Gearing ratio	8.4%	6.7%

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

FOREIGN EXCHANGE EXPOSURE

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

EMPLOYEES

As at 30 September 2013, the Group employed around 47 employees in Hong Kong, Macau and Mainland China. The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 September 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2013.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

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

Dr. Lee Yuk Lun, JP ("Dr. Lee") was appointed as an Executive Director on 31 August 2007 and was elected Chairman from 15 March 2010 to 6 August 2013. On 6 August 2013, Mr. Lai Leong ("Mr. Lai") was appointed as an Executive Director and was elected Chairman.

Upon their appointment as the Chairman, they also takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as the execution of long-term business strategies. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the management of the Company.

- (2) None of the Company's existing directors has entered into any service contract with the Company for, among other matters, fixing their term of service. Accordingly, the Company has not complied with the code provision A.4.1 of the Code on CGP, which stipulates that non-executive directors should be appointed for a specific term. Although the directors do not have a specific term of appointment, the Board considers that the Company meets the objective of the code provision A.4.1 since, as set out above, all directors, including non-executive directors, of the Company are subject to retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Company's Bye-laws.
- (3) The Code Provision A.4.2 of the Code on CGP requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2 of the Code on CGP, the aforementioned provision in the Bye-laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is significant for stability and growth of the Group.
- (4) Shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by shareholders.

The Code Provision E.1.2 of the Code on CGP stipulates that the Chairman of a listed issuer should attend the issuer's annual general meeting. Dr. Lee Yuk Lun, JP, the Chairman of the Board, was unable to attend the Company's 2013 AGM as he had another important business engagement. Despite his absence, he had arranged for Mr. Lam Kwan Sing, the Company's executive director who is well versed in all the business activities and operations of the Group, to attend and chair the meeting and communicate with the shareholders. All the other members also attended the 2013 AGM to give shareholders an opportunity of having a direct dialogue with the Board members.

CHANGE IN INFORMATION OF DIRECTORS

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

On 6 August 2013, Dr. Lee Yuk Lun, JP, was relinquish his role as Chairman and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee and the authorized representative of the Company. Dr. Lee will remain unchanged as an Executive Director and the terms of the existing employment.

On 6 August 2013, Mr. Lai Leong has been appointed as an Executive Director, Chairman and Chief Executive Officer of the Company and a member and the chairman of the Nomination Committee of the Company.

Mr. Lai has entered a formal letter of appointment with the Company on 6 August 2013 with no fixed terms of employment and he is entitled to receive a monthly director's remuneration in the sum of HK\$100,000 which is determined with reference to his duties and responsibilities, the prevailing market conditions and the recommendation from the remuneration committee. Mr. Lai is not appointed for a specific term but, in accordance with the articles of association of the Company, he shall hold office of Executive Director subject to retirement by rotation and re-election at the annual general meeting of the Company.

On 6 August 2013, Mr. Lam Kwan Sing, as an Executive Director of the Company, has been appointed as the authorized representative of the Company for the purpose of Rule 3.05 of the Listing Rules.

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

REMUNERATION COMMITTEE

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

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

The Remuneration Committee currently comprises the three independent non-executive directors, namely Mr. Fok Ho Yin, Thomas, Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia. The chairman of the Remuneration Committee is Mr. Fok Ho Yin, Thomas.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim consolidated financial statements for the six months ended 30 September 2013.

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

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

NOMINATION COMMITTEE

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

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2013 (six months ended 30 September 2012: Nil). No dividend was paid during the period under review.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

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

Hong Kong, 22 November 2013

As at the date of this announcement, the executive Directors are Mr. Lai Leong, Dr. Lee Yuk Lun, JP, Mr. Kong Shan, David, Mr. Lam Kwan Sing, Mr. Wong Nga Leung and Mr. Hon Ming Sang; and the independent non-executive Directors are Mr. Fok Ho Yin, Thomas, Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia.