

Chairman's Statement

To the shareholders

On behalf of the Board, I am pleased to present the annual report of Rising Development Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2001.

RESULTS

For the year ended 31 March 2001, the Group had turnover HK\$155,570,000, operating profit before tax HK\$16,308,000 and net profit from ordinary activities attributable to shareholders HK\$15,451,000.

FINAL DIVIDEND

The Board has recommended to pay a final dividend of HK1 cent per share(2000:HK1.5 cents) for the year ended 31 March 2001 to shareholders whose names appear on the register of members on 21 August 2001, subject to the approval of shareholders at the forthcoming annual general meeting. This final dividend, together with the interim dividend of 1.2 cents per share paid on 16 January 2001, represents a total dividend HK2.2 cents (2000: HK2.5 cents) for year 2001.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 22 August 2001 to Tuesday 28 August 2001, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming Annual General Meeting and payment of final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on Tuesday, 21 August 2001.

RESULTS AND OPERATION REVIEW

During this financial year, the Group's consolidated turnover increased slightly by 6.7% compared to last year; however, operating profit decreased by 33.5%.

A drop in profit was mainly due to the Group's heavy investment in various projects in the second half of the year. These included substantial investment in the production facilities both in China and Hong Kong, so as to improve product quality and develop unique production techniques. Furthermore, the Group also conducted various sales promotion activities in overseas markets and in China retailing, leading to additional costs in the period.

As for internal factor, in order to maintain the prudent financial policy that the Group always adopts and to reflect the true and fair view of the accounts, the Group has made adequate provision for inventories. The external reason was attributed to the unfavourable investment environment in Hong Kong's real estate and stock markets. The Group has also made provisions for investment properties and trading securities investments accordingly.

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DISTRIBUTION BUSINESS

The Group endeavors to establish a comprehensive distribution network. Since individual brand names owned by the Group have satisfactory performance and the sales distribution network is solid and sound, the growth in the turnover of the sales distribution business is encouraging.

PROSPECTS

Looking ahead, the Group is very optimistic on future business developments. The Group endeavours to keep up its record of achievements and strives for future success. While committed to its core business, the Group is also actively seeking opportunities in other business.

In cost control, the Group is conducting a series of reforms and cost-control measures to improve the overall effectiveness of the Group. In essence, they include relocation of final production processes to our China factories and streamlining operational procedures. With the continued effort of the Management and the staff, the Group believes that this objective is attainable.

As for business development, the Group always maintains its high quality standards. Customers are satisfied with our product designs, excellent quality plus after-sale services, and give continued trust and support to us. In addition to mounting sales, we expect that business from the United States and Europe will increase.

Regarding product development and production, the Group is committed to exploring new designs and unique production techniques which can give us an edge to stand out in the extremely keen competitions.

Concerning retail business in China, the Group has established sales networks for its brands in over 20 major cities, to promote the two brand names, FREDE DERICK and ROYAL DERICK. The management believes that high quality products coupled with good after-sale services will surely increase the Group's profit margins.

As a whole, the Group, with its sound financial base and professional management, will look out for opportunities for feasible developments in its own and other business sectors. The Group, with a judicious and enterprising strategy, will provide shareholders with better returns.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our thanks to our management and staff for their dedication, hardwork and contributions during the past year. I would also like to express our gratitude to all our shareholders and investors for their continued support and trust.

On behalf of the Board
Ng Ngan Lung
Chairman