1. CORPORATE INFORMATION

Rising Development Holdings Limited was incorporated in Bermuda on 8th August, 1997 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.

During the year, the Group was engaged in investment holding, the manufacture and sale of fur garments and the sale of fur skins.

In the opinion of the directors, the ultimate holding company is Fung Kong Worldwide Limited ("Fung Kong"), which is incorporated in the British Virgin Islands ("BVI").

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPS")

The following recently-issued and revised SSAPs and related interpretations are effective for the first time for the current year's financial statements:

SSAP 9 (Revised):	"Events after the balance sheet date"
SSAP 14 (Revised):	"Leases"
SSAP 18 (Revised):	"Revenue"
SSAP 26:	"Segment reporting"
SSAP 28:	"Provisions, contingent liabilities and contingent assets"
SSAP 29:	"Intangible assets"
SSAP 30:	"Business combinations"
SSAP 31:	"Impairment of assets"
SSAP 32:	"Consolidated financial statements and accounting for investments in subsidiaries"
Interpretation 12:	"Business combinations – subsequent adjustment of fair values and goodwill initially reported"
Interpretation 13:	"Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects of adopting these SSAPs and Interpretations which have had a significant effect on the Group's accounting policies and on the amounts disclosed in these financial statements, are summarised as follows:

SSAP 9 (Revised) prescribes which type of events occurring after the balance sheet date require adjustment to the financial statements, and which require disclosure, but no adjustment. In accordance with the SSAP, dividends proposed or declared after the balance sheet date in respect of the financial year ended on the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as a separate component of shareholders' equity on the face of the balance sheet. This change in accounting policy has been applied retrospectively as a prior year adjustment, resulting in an increase of HK$3,983,000 in shareholders' equity as at 1st April, 2001, representing the proposed final dividend for the year ended 31st March, 2001.

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPS") *(continued)*

SSAP 14 (Revised) prescribes the basis for lessor and lessee accounting for finance and operating leases, and the required disclosures in respect thereof. Certain amendments have been made to the previous accounting measurement treatments, which may be accounted for retrospectively or prospectively, in accordance with the requirements of the SSAP. The revised SSAP requirements have not had a material effect on the amounts previously recorded in the financial statements, and therefore no prior year adjustment has been required. The disclosure changes under this SSAP have resulted in changes to the detailed information disclosed for operating leases, which are further detailed in note 30 to these financial statements.

SSAP 18 (Revised) prescribes the recognition of revenue and was revised as a consequence of the revision to SSAP 9 described above. Proposed final dividends from subsidiaries that are declared and approved by the subsidiaries after the balance sheet date are no longer recognised in the Company's own financial statements for the year. The revised SSAP requirements have had no effect on the amounts previously reported in the prior year financial statements.

SSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management assesses whether the Group's predominant risks or returns are based on business segments or geographical segments and determines one of these bases to be the primary segment information reporting format, with the other as the secondary segment information reporting format. The impact of this SSAP is the inclusion of significant additional segment reporting disclosures which are set out in note 4 to these financial statements.

SSAP 28 prescribes the recognition criteria and measurement bases to apply to provisions, contingent liabilities and contingent assets, together with the required disclosures in respect thereof. The revised SSAP requirements have had no effect on the accounts previously reported in the prior year financial statements.

SSAP 29 prescribes the recognition and measurement criteria for intangible assets, together with the disclosure requirements. The adoption of this SSAP had no effect on the amounts previously reported in the prior year financial statements.

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. The SSAP requires the disclosure of goodwill and negative goodwill in the non-current assets section of the balance sheet. It requires that goodwill is amortised to the profit and loss account over its estimated useful life. Negative goodwill is recognised in the profit and loss account depending on the circumstances from which it arose, as further described in the accounting policy for negative goodwill disclosed in note 3 to these financial statements. Interpretation 13 prescribes the application of SSAP 30 to goodwill/negative goodwill arising from acquisitions in previous years which remains eliminated against/credited to reserves. The adoption of the SSAP and Interpretation has had no effect on amounts previously reported in the prior year financial statements.

2. *IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPS")* *(continued)*

SSAP 31 prescribes the recognition and measurement criteria for impairments of assets. The SSAP is required to be applied prospectively and therefore, has had no effect on amounts previously reported in the prior year financial statements.

SSAP 32 prescribes the accounting treatment and disclosures for the preparation and presentation of consolidated financial statements, and has no impact on the preparation of these financial statements.

In addition to the above new and revised SSAPs and related Interpretations, certain minor revisions to the following SSAP are effective for the first time for the current year's financial statements:

SSAP 17: "Property, plant and equipment"

The revised SSAP requirements have had no effect on the amounts previously reported in the prior year financial statements.

3. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Basis of preparation:
These financial statements have been prepared in accordance with Hong Kong SSAPs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the remeasurement of investment properties, investments in equity and debt securities and certain fixed assets, as further explained below.

Basis of consolidation:
The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31st March, 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

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 bases:

(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) rental income, on a time proportion basis over the lease terms;

(c) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and

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

3. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* *(continued)*

Subsidiaries:
A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The Company's interests in subsidiaries are stated at cost less any impairment losses.

Goodwill/Negative goodwill:
Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of not more than 20 years.

Negative goodwill arising on the acquisition of subsidiaries represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/ amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

The carrying amount of goodwill/negative goodwill, including goodwill/negative goodwill remaining eliminated against/crediting to reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill/negative goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill/negative goodwill which has not been recognised in the profit and loss account and any relevant reserves, as appropriate. Any attributable goodwill/negative goodwill previously eliminated against/credited to reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of assets:
An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which its arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an 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 an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation:
Fixed assets, other than investment properties, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the fixed asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual assets basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On the disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

3. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

Fixed assets and depreciation: *(continued)*
Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset, less any estimated residual value, over the following estimated useful lives:

Leasehold land and buildings	50 years
Leasehold improvements	The shorter of the lease terms and 5 years
Plant and machinery	3 to 5 years
Furniture, fixtures and motor vehicles	3 to 5 years

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties:
Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On the disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Leased assets:
Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

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 the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other investments:
Other investments comprise:

(i) Listed securities which are held for non-trading purpose are stated at fair value at the balance sheet date. Such listed securities are included in non-current and current assets, respectively, depending on the time period for which they are intended to be held. Changes in the fair value of individual securities are credited or debited to the investment revaluation reserve until the security is sold, or is determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the profit and loss account.

Transfers from the investment revaluation reserve to the profit and loss account as a result of impairments are written back in the profit and loss account when the circumstances and events leading to the impairment cease to exist.

(ii) Listed securities which are held for trading purpose are stated at fair value on the basis of their quoted market prices at the balance sheet date on an individual investment basis. The gains or losses arising from changes in the fair values of the listed securities are dealt with in the profit and loss account. Profits or losses on disposal of listed securities representing the difference between the net sales proceeds and the carrying amounts are recognised in the profit and loss account as they arise.

Retirement benefits scheme:
The Group operates a defined contribution retirement benefits scheme for those employees who are eligible and have elected to participate in the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

In addition, the Group also operates 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 the profit and loss account 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.

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.

3. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

Deferred tax:
Deferred tax is provided, using the liability method, on all significant timing differences in the recognition of revenue and expenses for tax and financial reporting purposes, to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Foreign currencies:
Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

Cash equivalents:
For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

Provisions:
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit and loss account.

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 balance sheet, 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.

4. *SEGMENT INFORMATION*

SSAP 26 was adopted during the year, as detailed in note 2 to the financial statements. Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) Manufacture and sales of fur garments.

(b) Trading of fur skins.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted at the terms agreed between the parties and with reference to third party prices.

4. SEGMENT INFORMATION *(continued)*

(a) Business segments:

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments.

2002	Manufacture and sales of fur garments *HK$'000*	Trading of fur skins *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue:					
Sales to external customers	99,071	46,357	–	–	145,428
Intersegment sales	–	37,845	–	(37,845)	–
Other revenue	1,146	998	6,727	(687)	8,184
Total revenue	100,217	85,200	6,727	(38,532)	153,612
Segment results	7,764	3,833	4,306		15,903
Interest income					2,228
Unallocated expenses					(1,455)
Profit from operating activities					16,676
Finance costs					(657)
Profit before tax					16,019
Taxation					4,077
Net profit attributable to shareholders					20,096

4. *SEGMENT INFORMATION* *(continued)*

(a) Business segments: *(continued)*

2001	Manufacture and sales of fur garments	Trading of fur skins	Others	Eliminations	Consolidated
	HK$'000	*HK'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Sales to external customers	109,956	45,614	–	–	155,570
Intersegment sales	131	56,422	–	(56,553)	–
Other revenue	1,744	155	7,852	(1,777)	7,974
Total revenue	111,831	102,191	7,852	(58,330)	163,544
Segment results	5,181	5,332	4,126		14,639
Interest income					3,484
Unallocated expenses					(1,586)
Profit from operating activities					16,537
Finance costs					(229)
Profit before tax					16,308
Taxation					(857)
Net profit attributable to shareholders					15,451

4. *SEGMENT INFORMATION (continued)*

(a) Business segments: *(continued)*

2002	Manufacture and sales of fur garments *HK$'000*	Trading of fur skins *HK'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	**192,718**	**120,646**	**127,969**	**(209,792)**	**231,541**
Segment liabilities	**(123,907)**	**(77,007)**	**(14,063)**	**209,792**	**(5,185)**
Unallocated liabilities					**(605)**
Finance lease payable	**(69)**	**–**	**–**		**(69)**
Total liabilities					**(5,859)**
Other segment information:					
Depreciation	**2,467**	**7**	**–**		**2,474**
Impairment losses recognised in the profit and loss account	**–**	**–**	**2,320**		**2,320**
Capital expenditure	**527**	**5**	**–**		**532**
2001					
Segment assets	141,885	115,850	126,907	(126,208)	258,434
Segment liabilities	(51,114)	(67,155)	(14,208)	126,208	(6,269)
Unallocated liabilities					(8,227)
Bank overdrafts and borrowings	(25,200)	(4,102)	–		(29,302)
Total liabilities					(43,798)
Other segment information:					
Depreciation	2,555	59	–		2,614
Impairment losses recognised in the profit and loss account	–	–	3,126		3,126
Capital expenditure	6,139	–	–		6,139

4. *SEGMENT INFORMATION* (continued)

(b) Geographical segments

The following tables present revenue, profit and certain asset and expenditure information for the Group's geographical segments.

2002	Hong Kong and Mainland China *HK$'000*	Japan *HK'000*	North America *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue:					
Sales to external customers	**67,903**	**48,400**	**19,933**	**9,192**	**145,428**
Segments results	**11,551**	**2,717**	**1,119**	**516**	**15,903**
Other segment information:					
Segment assets	**199,899**	**1,235**	**30,163**	**244**	**231,541**
Capital expenditure	**532**	**–**	**–**	**–**	**532**
2001					
Segment revenue:					
Sales to external customers	81,838	49,796	20,340	3,596	155,570
Segments results	10,919	2,512	1,026	182	14,639
Other segment information:					
Segment assets	232,739	1,503	23,952	240	258,434
Capital expenditure	6,139	–	–	–	6,139

5. *TURNOVER AND REVENUE*

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

An analysis of the Group's turnover and revenue is as follows:

	2002 **HK$'000**	2001 *HK$'000*
Turnover		
Sales of fur skins and fur garments	**145,428**	155,570
Other revenue		
Gross rental income	**1,169**	1,024
Interest income from investments in listed debt securities	**4,170**	4,248
Bank interest income	**2,228**	3,483
Dividend income from listed equity securities	**92**	–
Others	**2,753**	2,703
	10,412	11,458
	155,840	167,028

6. *PROFIT FROM OPERATING ACTIVITIES*

The Group's profit from operating activities is arrived at after charging/(crediting):

	2002 **HK$'000**	2001 *HK$'000*
Cost of inventories sold	**113,487**	119,902
Depreciation		
– Owned assets	**2,459**	2,614
– Leased assets	**15**	–
Minimum lease payments under operating lease on land and buildings	**660**	495
Pension contributions	**250**	328
Less: Forfeited contributions	**(279)**	(126)
Net pension contributions	**(29)**	202
Auditors' remuneration	**240**	250
Staff costs (excluding directors' remuneration)	**10,916**	13,582
Realized loss on redemption of investments in listed debt securities	**29**	–
Unrealized loss on investments in listed equity securities	**1,380**	1,926
Gain on disposal of fixed assets	**(2)**	–
Deficit on revaluation of investment properties in Hong Kong – note 15	**940**	1,200
Gross rental income	**(1,169)**	(1,024)
Less: Outgoings	**73**	178
Net rental income	**(1,096)**	(846)

7. FINANCE COSTS

	2002 HK$'000	2001 HK$'000
Interest on bank loans and overdrafts	**558**	92
Interest on trust receipts loans	**99**	137
Total finance costs	**657**	229

8. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2002 HK$'000	2001 HK$'000
Current year provision:		
Hong Kong	**1,522**	780
(Over)/under-provision in respect of prior years		
Hong Kong	**(5,999)**	80
Deferred – note 26	**400**	(3)
	(4,077)	857

9. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK$13,611,000 (2001: HK$3,641,000) (note 28).

10. DIVIDENDS

	2002 HK$'000	2001 HK$'000
Interim – HK1 cent (2001: HK1.2 cents) per ordinary share	**3,983**	4,779
Proposed final – HK1.8 cent (2001: HK1 cent) per ordinary share	**7,169**	3,983
	11,152	8,762

11. DIRECTORS' REMUNERATION

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

	2002	2001
	HK$'000	*HK$'000*
Fees:		
Executive directors	**–**	–
Independent non-executive directors	**282**	318
Basic salaries, housing benefits, other allowances and benefits in kind:		
Executive directors	**2,810**	3,345
Independent non-executive directors	**–**	–
Retirement benefits contributions:		
Executive directors	**34**	23
Independent non-executive directors	**–**	–
Discretionary bonuses and/or performance-related bonuses	**–**	–
Compensation for loss of office	**–**	–
Inducement for joining the Group	**–**	–
	3,126	3,686

The number of directors whose remuneration fell within the following band is as follows:

	Number of directors	
	2002	2001
Nil – HK$1,000,000	**8**	9

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2001: four) directors, details of whose remuneration are disclosed above. The details of the remuneration of one (2001: one) remaining non-director, highest paid employees are as follows:

	2002 HK$'000	2001 HK$'000
Basic salaries, housing benefits, other allowances and benefits in kind	**523**	603
Retirement benefits scheme contributions	**12**	13
	535	616

In the absence of a readily available market value for share options on the Company's shares, the directors were unable to arrive at an accurate assessment of the value of the options granted in the prior year. Accordingly, no value was included in the remuneration paid to the employee in the prior year in respect thereof.

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of approximately HK$20,096,000 (2001: HK$15,451,000) and on the weighted average of 398,264,000 ordinary shares (2001: 398,289,894 ordinary shares) in issue during the year.

Diluted earnings per share for 2002 is not presented because there were no dilutive potential shares in existence during the year ended 31st March, 2002.

The diluted earnings per share for 2001 is based on the net profit from ordinary activities attributable to shareholders for the year 2001 of approximately HK$15,451,000 and on 399,325,978 ordinary shares, which is the weighted average of 398,289, 894 ordinary shares in issue during the year plus the weighted average of 1,036,084 ordinary shares deemed to be issued at no consideration if all outstanding share options had been exercised.

14. *FIXED ASSETS*

Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and motor vehicles HK$'000	Total HK$'000
Cost or valuation:					
At beginning of year	16,200	6,572	2,763	7,796	33,331
Additions	–	1	–	531	532
Disposals	–	–	–	(27)	(27)
Deficit on revaluation	(1,200)	–	–	–	(1,200)
At end of year	15,000	6,573	2,763	8,300	32,636
Analysis of cost or valuation:					
At cost	–	6,573	2,763	8,300	17,636
At valuation	15,000	–	–	–	15,000
At end of year	15,000	6,573	2,763	8,300	32,636
Accumulated depreciation:					
At beginning of year	–	2,698	2,162	5,079	9,939
Provided during the year	324	978	212	960	2,474
Disposals	–	–	–	(7)	(7)
Written back on revaluation	(324)	–	–	–	(324)
At end of year	–	3,676	2,374	6,032	12,082
Net book value:					
At 31st March, 2002	**15,000**	**2,897**	**389**	**2,268**	**20,554**
At 31st March, 2001	16,200	3,874	601	2,717	23,392

The net book value of the Group's fixed assets held under finance leases included in the total amount of furniture, fixtures and motor vehicles at 31st March, 2002, amounted to HK$59,024 (2001: HK$Nil).

14. FIXED ASSETS *(continued)*

The Group's leasehold land and buildings included above are held in Hong Kong under medium term leases.

At 31st March, 2002, the leasehold land and buildings were revalued on an open market, existing use basis by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers, at HK$15,000,000. The deficit arising on revaluation, amounting to HK$876,000 (2001: HK$1,244,000), has been charged to the fixed asset revaluation reserve (note 28).

Had the leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying value would have been approximately HK$13,245,000 (2001: HK$13,527,000).

15. INVESTMENT PROPERTIES

	Group	
	2002	2001
	HK$'000	*HK$'000*
Valuation:		
At beginning of year	**9,150**	10,350
Deficit on revaluation	**(940)**	(1,200)
At end of year	**8,210**	9,150

The investment properties are held in Hong Kong under the following lease terms:

	2002	2001
	HK$'000	*HK$'000*
A long term lease	**1,150**	1,250
A medium term lease	**7,060**	7,900
	8,210	9,150

At 31st March, 2002, the investment properties were revalued on an open market, existing use basis by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers, at HK$8,210,000. The deficit arising on revaluation, amounting to HK$940,000 (2001: HK$1,200,000), has been charged to the profit and loss account (note 6).

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 30 to the financial statements.

16. INTERESTS IN SUBSIDIARIES

	Company 2002 HK$'000	2001 HK$'000
Unlisted shares, at cost	**83,368**	83,368
Due from subsidiaries	**26,929**	62,828
Loans to subsidiaries	**73,028**	9,034
Loans from subsidiaries	**(68)**	(11,672)
Due to subsidiaries	**(128,091)**	(79,399)
	55,166	64,159

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The loans to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ and operations*	Paid-up share capital	Percentage of equity attributable to the company	Principal activities
Directly held				
Rising Group International Limited	BVI	Ordinary US$4,000	100%	Investment holding
Indirectly held				
Cassaya Trading Limited	Republic of Mauritius	Ordinary US$1	100%	Trading of fur and leather skins
Rising Manufacturing Macao Commercial Offshore Limited	Macau	Ordinary MOP$25,000	100%	Trading of fur and leather skins and security investment
Rising Group Limited (formerly known as Conquest Fur & Leather Company Limited)	Hong Kong	Ordinary HK$10,000	100%	Dormant

16. *INTERESTS IN SUBSIDIARIES (continued)*

Name	Place of incorporation/ and operations*	Paid-up share capital	Percentage of equity attributable to the company	Principal activities
Indirectly held *(continued)*				
Freesia International Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Fur Link (H.K.) Co. Limited	BVI	Ordinary US$2	100%	Dormant
Headway Fashion Limited	BVI	Ordinary US$2	100%	Dormant
Hortensia Limited	BVI/Europe	Ordinary US$2	100%	Provision of agency services
Kongfau Industries Limited	BVI	Ordinary US$1	100%	Dormant
Kunyto Trading Limited	BVI	Ordinary US$1	100%	Dormant
Laos Agents Limited	BVI	Ordinary US$1	100%	Dormant
Ribbleway Trading Limited	BVI	Ordinary US$2	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 property holding
Frede Derick Limited	Hong Kong	Ordinary HK$100	100%	Dormant
Rising Manufacturing Limited	Hong Kong/PRC	Ordinary HK$10,000	100%	Manufacturing and trading of fur garments

16. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ and operations*	Paid-up share capital	Percentage of equity attributable to the company	Principal activities
Indirectly held *(continued)*				
Silverton Fur & Leather Trading Company Limited	Hong Kong	Ordinary HK$5,000 Non-voting deferred** HK$1,000,000	100%	Dormant
Udell Consultants Limited	BVI	Ordinary US$1	100%	Dormant
Wellike Services Co., Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant
Wing Lee Agency Limited	Hong Kong	Ordinary HK$100	100%	Provision of agency services
Winning Processing Limited	BVI/PRC	Ordinary US$2	100%	Dormant
Yakata Holdings Limited	BVI/Japan	Ordinary US$2	100%	Provision of sales agency services

* 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.

17. INVENTORIES

	Group	
	2002	2001
	HK$'000	*HK$'000*
Raw materials	**16,790**	39,714
Work in progress	**2,924**	3,937
Finished goods	**3,162**	6,108
	22,876	49,759

At 31st March, 2002, inventories of HK$Nil (2001: HK$7,437,000) are stated at their net realizable value.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in the balance is an amount of approximately HK$29,640,000 (2001: HK$23,250,000) in relation to the deposit paid by the Group for future purchases from overseas fur auctions. This deposit of HK$29,640,000 was fully refunded to the Group subsequent to the balance sheet.

19. TRADE RECEIVABLES

The aging analysis of trade receivables at the balance sheet date was as follows:

	Group			
	2002		2001	
	HK$'000	**%**	*HK$'000*	%
Current to 30 days	**661**	**10**	4,829	36
31 days to 60 days	**260**	**4**	511	4
Over 60 days	**5,767**	**86**	8,227	60
	6,688	**100**	13,567	100

The Group allows an average credit period of 30 to 60 days to its trade customers.

20. OTHER INVESTMENTS

	Group		Company	
	2002	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At market value:				
Equity securities listed in Hong Kong	**4,777**	6,157	**4,777**	6,157
Debt securities listed outside Hong Kong	**62,976**	60,259	**54,849**	60,259
	67,753	66,416	**59,626**	66,416
Market value analysed for reporting purposes as:				
Current				
– trading listed equity securities	**4,777**	6,157	**4,777**	6,157
Non-current				
– non-trading listed debt securities	**62,976**	60,259	**54,849**	60,259
	67,753	66,416	**59,626**	66,416

20. OTHER INVESTMENTS (continued)

At 31st March, 2002, the Group's other investments with carrying values of approximately HK$32,304,000 (2001: HK$30,938,000) were pledged to secure certain banking facilities granted to the Group (note 21).

21. BANKING FACILITIES

At 31st March, 2002, the Group's banking facilities were secured by the following:

(i) charges on certain other investments owned by the Group (note 20);

(ii) a corporate guarantee given by the Company.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2002	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**3,395**	2,669	**946**	1,143
Time deposits	**69,936**	66,376	**69,936**	50,813
	73,331	69,045	**70,882**	51,956
Less: Pledged time deposits for short term bank loan	**–**	(15,563)	**–**	–
	73,331	53,482	**70,882**	51,956

23. INTEREST-BEARING BANK BORROWINGS

		Group		Company	
		2002	2001	**2002**	2001
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Bank overdrafts, unsecured		**–**	350	**–**	23
Trust receipt loans, secured	21	**–**	4,102	**–**	–
Bank loans, secured	21	**–**	24,850	**–**	1,525
		–	29,302	**–**	1,548

24. TRADE PAYABLES

The aging analysis of trade payables at the balance sheet date was as follows:

	Group			
	2002		2001	
	HK$'000	**%**	*HK$'000*	%
Current to 30 days	**768**	**35**	459	21
31 days to 60 days	**406**	**18**	289	13
Over 60 days	**1,037**	**47**	1,486	66
	2,211	**100**	2,234	100

25. FINANCE LEASE PAYABLE

The Group leases certain of its furniture and fixtures for its operation. This lease is classified as finance lease and has remaining lease term of four years.

At 31st March, 2002, the total future minimum lease payments under finance lease were as follows:

	Group	
	Minimum lease payments	**Minimum lease payments**
	2002	2001
	HK$'000	*HK$'000*
Amounts payable:		
Within one year	**15**	–
In the second year	**15**	–
In the third to fifth year inclusive	**39**	–
Total minimum finance lease payments	**69**	–
Portion classified as current liabilities	**(15)**	–
Long term portion	**54**	–

26. DEFERRED TAX

	Group	
	2002	2001
	HK$'000	*HK$'000*
Balance at beginning of year	**48**	51
Charge/(credit) for the year – note 8	**400**	(3)
Balance at end of year	**448**	48

26. DEFERRED TAX *(continued)*

Provision for deferred tax at the balance sheet date mainly represented accelerated depreciation allowances.

There are no significant potential deferred tax liabilities of the Group or the Company for which provision has not been made.

The revaluation of the Group's leasehold land and buildings and investment properties does not constitute a timing difference and consequently, there is no deferred tax thereon.

27. ISSUED CAPITAL

	Number of shares of HK$0.10 each	Amount
		HK$'000
Authorised:		
At beginning of year and 31st March, 2002	1,000,000,000	100,000
Issued and fully paid:		
At beginning of year and 31st March, 2002	398,264,000	39,826

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

Share options
The Company has a share option scheme under which it may grant options to executive directors and employees of the Group to subscribe for shares in the Company on or before 8th October, 2007 at initial subscription prices of HK$0.29 to HK$0.38 per share subject to a maximum of 10 per cent of the issued share capital of the Company, from time to time excluding for this purpose shares issued on the exercise of options. The subscription price will be determined by the Company's directors, and shall not be less than the higher of the nominal value of the shares and 80 per cent of the average closing price of the shares quoted on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of granting of the options.

Movements of share options during the year were as follows:

			Number of shares		
Date of grant	Exercise period	Subscription price per share	Beginning of year	Lapsed during the year	End of year
		HK$			
7/1/1998	7/1/1998 – 31/12/2007	0.29	6,260,000	510,000	5,750,000
23/2/1998	23/2/1998 – 31/12/2007	0.29	6,000,000	5,000,000	1,000,000
8/8/2001	8/8/2001 – 31/12/2007	0.38	1,000,000	–	1,000,000
			13,260,000	5,510,000	7,750,000

28. RESERVES

	Share premium account HK$'000	Contributed surplus HK$'000	Fixed asset revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Group							
At 1st April, 2000	48,317	5,830	3,991	–	–	102,840	160,978
Purchase of own shares	(65)	–	–	–	–	–	(65)
Surplus/(deficit) on revaluation	–	–	(1,244)	–	4,469	–	3,225
Retained profit for the year	–	–	–	–	–	15,451	15,451
Dividend – note 10	–	–	–	–	–	(8,762)	(8,762)
At 31st March, 2001 and 1st April, 2001	48,252	5,830	2,747	–	4,469	109,529	170,827
Exchange realignment	–	–	–	118	–	–	118
Realized on redemption of listed debt securities	–	–	–	–	(80)	–	(80)
Deficit on revaluation	–	–	(876)	–	(246)	–	(1,122)
Retained profit for the year	–	–	–	–	–	20,096	20,096
Dividend – note 10	–	–	–	–	–	(11,152)	(11,152)
At 31st March, 2002	**48,252**	**5,830**	**1,871**	**118**	**4,143**	**118,473**	**178,687**
Company							
At 1st April, 2000	48,317	83,168	–	–	–	5,860	137,345
Purchase of own shares	(65)	–	–	–	–	–	(65)
Surplus on revaluation	–	–	–	–	4,469	–	4,469
Net profit for the year – note 9	–	–	–	–	–	3,641	3,641
Dividends – note 10	–	–	–	–	–	(8,762)	(8,762)
At 31st March, 2001 and 1st April, 2001	48,252	83,168	–	–	4,469	739	136,628
Realized on redemption of listed debt securities	–	–	–	–	(80)	–	(80)
Deficit on revaluation	–	–	–	–	(302)	–	(302)
Net profit for the year – note 9	–	–	–	–	–	13,611	13,611
Dividends – note 10	–	–	–	–	–	(11,152)	(11,152)
At 31st March, 2002	**48,252**	**83,168**	**–**	**–**	**4,087**	**3,198**	**138,705**

28. RESERVES *(continued)*

The contributed surplus of the Group arose as a result of the Group reorganisation carried out on 12th 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 therefor.

The contributed surplus of the Company arose 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 therefor. Under the Companies Act 1981 of Bermuda, the Company may make distributions to its members out of the contributed surplus under certain circumstances.

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit from operating activities to net cash inflow from operating activities

	2002	2001
	HK$'000	*HK$'000*
Profit from operating activities	**16,676**	16,537
Bank interest income	**(2,228)**	(3,484)
Interest income from investments in listed debt securities	**(4,170)**	(4,248)
Depreciation	**2,474**	2,614
Realized loss on redemption of investments in listed debt securities	**29**	–
Unrealized loss on investments in listed equity securities	**1,380**	1,926
Deficit on revaluation of investment properties	**940**	1,200
Gain on disposal of fixed assets	**(2)**	–
Decrease in inventories	**26,883**	29,115
Increase in prepayments, deposits and other receivables	**(5,024)**	(21,308)
Decrease in trade receivables	**6,879**	9,334
(Decrease)/increase in trust receipt loans	**(4,102)**	996
Decrease in trade payables	**(23)**	(4,052)
Decrease in other payables and accruals	**(1,461)**	(829)
Exchange adjustments arising on consolidation of overseas subsidiaries	**118**	–
Net cash inflow from operating activities	**38,369**	27,801

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing activities during the years

	Finance lease payable HK$'000	Bank loans HK$'000	Issued capital and premium account HK$'000	Pledged bank deposits HK$'000
Balance at 1st April, 2000	–	–	88,171	–
Pledge of bank deposits	–	–	–	15,563
Bank loans obtained:				
– wholly repayable within 3 months	–	17,075	–	–
– wholly repayable more than 3 months	–	7,775	–	–
Repurchase of shares	–	–	(93)	–
Balance at 31st March, 2001 and 1st April, 2001	–	24,850	88,078	15,563
Inception of finance lease	74	–	–	–
Capital repayment	(5)	–	–	–
Pledged bank deposit withdrawn	–	–	–	(15,563)
Bank loans repaid:				
– wholly repayable within 3 months	–	(17,075)	–	–
– wholly repayable more than 3 months	–	(7,775)	–	–
Balance at 31st March, 2002	**69**	**–**	**88,078**	**–**

(c) Major non-cash transaction

During the year, the group entered into a finance lease arrangement in respect of fixed assets with a total capital value at the inception of the lease of HK$74,000 (2001: HK$Nil).

30. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from two to three years. The terms of the leases generally also require the tenants to pay security deposits.

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2002	2001
	HK$'000	*HK$'000*
Within one year	**380**	1,057
In the second to fifth year, inclusive	**106**	486
	486	1,543

(b) As lessee

The Group leases certain properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2002	2001
	HK$'000	*HK$'000*
Within one year	**427**	393
In the second to fifth year, inclusive	**1,015**	1,408
	1,442	1,801

SSAP 14 (Revised), which was adopted during the year, requires lessors under operating leases to disclose the total future minimum operating lease receivables under non-cancellable operating leases, as detailed in note (a) above. This disclosure was not previously required. SSAP 14 (Revised) also requires lessees under operating leases to disclose the total future minimum operating lease payments, rather than only the payments to be made during the next year as was previously required. Accordingly, the prior year comparative amounts for operating leases as lessee in note (b) above have been restated to accord with the current year's presentation.

31. CONTINGENT LIABILITIES

At the balance sheet date, the Group did not have any significant contingent liabilities.

The Company has given guarantees in favour of certain banks to the extent of HK$52,000,000 (2001: HK$52,000,000) in respect of banking facilities granted to certain subsidiaries of the Company. At 31st March, 2002, no banking facilities have been utilised by the Group (2001: banking facilities utilised by its subsidiaries amounted to approximately HK$11,877,000).

32. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of certain new and revised SSAPs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

33. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the following events took place:

(a) the Group disposed of its entire other investments under non-current assets which resulted in a profit of approximately HK$5,500,000.

(b) the Group acquired certain Hong Kong "blue chip" listed equity securities amounting to approximately HK$255,000,000 which are held for long term investment purposes.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16th July, 2002.