

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 31st March, 2003.

RESULTS

For the year ended 31st March, 2003, the Group had turnover of HK\$73,447,000 (2002: HK\$145,428,000) and net profit attributable to shareholders of HK\$16,826,000 (2002: HK\$20,096,000), representing a decrease of 16.3% compared to the corresponding period last year.

FINAL DIVIDEND

The Board has recommended to pay a final dividend of HK1.2 cents per share (2002: HK1.8 cents) for the year ended 31st March, 2003 to shareholders whose names appear on the register of members on 12th August, 2003, subject to the approval of shareholders at the forthcoming annual general meeting on 19th August, 2003. This final dividend, together with the interim dividend of HK1.1 cents per share paid on 7th January, 2003, represents a total dividend HK2.3 cents (2002: HK2.8 cents) for year 2003.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 13th August, 2003 to Tuesday, 19th August, 2003, 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 G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 12th August, 2003.

RESULTS AND OPERATION REVIEW

I am pleased to report that net profit attributable to shareholders for the year was HK\$16,826,000 and basic earnings per share was HK4.2 cents. Although attributable net profit represented a drop of 16.3% as compared to last year, profit before tax was actually increased by 13.8%. The difference was due to a net taxation write back of HK\$4,077,000 in 2002.

For the past 12 months, operating environment in most of the countries that we export to remained difficult, particularly so for Japan. As a result, these markets not only demanded less quantity but also tend to select less expensive items from us. This situation, together with a production consolidation had impacted our fur garment sales. Turnover for this division dropped to HK\$58,334,000. But through cost savings and other reengineering measures, we were able to make a profit of HK\$3,872,000. Skin trading division also registered a reduced turnover to HK\$15,113,000. Because of better timing and favorable trading conditions, a satisfactory profit of HK\$4,887,000 was recorded. Due to more active management of the Group's liquidity, other revenue, principally income from bonds and other financial instruments, increased to HK\$16,051,000 with a profit of HK\$10,128,000.

In March this year we had completed our production and operation streamlining exercise as planned. We are now seeing some cost benefits as well as better management efficiency in our Hong Kong office and China factory.

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PROSPECTS

The outlook for global economies remains fragile and uncertain despite continuing monetary easing by central bankers worldwide. The quick victory in Iraq did not help the U.S. economy to the extent as many had hoped for. On the other hand, a sudden and deadly SARS epidemic has caused substantial damage to almost all Asian countries, and Hong Kong is probably one of the hardest hit places. The fur industry is considered slightly more fortunate than others as our main trade fair and exhibition was staged in Hong Kong in late February and early March, just prior to the outbreak of SARS in this region. Orders produced from this fair was generally satisfactory.

Looking forward, we shall continue to improve the turnover and profitability of our existing businesses. In the past few months, we have resumed the skin brokerage business, a business in which we purchase skins on behalf of our customers in various auctions around the world. With our knowledge of the market and various connections in the trade, we believe such business has good potential to grow in the future. Meanwhile, new markets and other channel of distribution will be constantly considered by the fur garment division.

Over the last two years, due to our relatively strong financial position, investment income has become a regular revenue for the Group. This liquidity investment will continue on a conservative and diversify basis until we are able to invest such funds in our core business or a new line of business.

Despite the many challenges ahead, given our experience in the business and comfortable financial position, there will be opportunities in our traditional markets as well as new markets. We will seek to take advantage of such opportunities and grow to the benefit of our shareholders.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also like to express our gratitude to our Directors and staffs for their dedications and commitments during the year.

On behalf of the Board

Ng Ngan Lung

Chairman

Hong Kong, 15th July, 2003