



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, 2004.

RESULTS

For the year ended 31st March, 2004, the Group had turnover of HK\$117,774,000 (2003: HK\$73,447,000) and net profit attributable to shareholders of HK\$40,100,000 (2003: HK\$16,826,000), representing an increase of 138% compared to the corresponding period last year.

FINAL AND SPECIAL DIVIDENDS

The Board has recommended to pay a final dividend of HK4.3 cents (2003: HK1.2 cents) per share for the year ended 31st March, 2004 to shareholders whose names appear on the register of members on 30th July, 2004. In addition, the management decided to distribute its earning this year to its shareholders because the Group recorded a satisfactory earning results for the year ended 31st March, 2004. The Group will pay a special dividend of HK4.5 cents per share for the year ended 31st March, 2004, subject to the approval of shareholders at the forthcoming annual general meeting on 30th July, 2004. These final and special dividends, together with the interim dividend of HK1.2 cents per share paid on 6th January, 2004, represent a total dividend HK10 cents (2003: HK2.3 cents) for year 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 26th July 2004 to Friday, 30th July 2004, 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 and special dividends, 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 Friday, 23rd July 2004.

RESULTS AND BUSINESS REVIEW

Although the development of the global economy was restrained by various crises such as Iraq War and the outbreak of Severe Acute Respiratory Syndrome in the first half of 2003, it is fortunate that the conditions improved gradually in the second half of the year. The turnover of the Group increased significantly by 60.4% during the period. The increase in the net profit attributable to shareholders reached 138%. The increase was particularly substantial and earnings per share was HK\$0.1007.

The economy of Hong Kong remained sluggish since the financial crisis. As the values of different kinds of assets kept on adjusting and the management was committed to reducing the risk of shareholders, more conservative strategies were adopted, which limited the growth of turnover in the last two years. The management of the Group pursues an aggressive and yet prudent strategy. Under uncertain operating environment and investment environment, the management will only consolidate the resources of the Company and enhance its competitiveness. As a result, the Company focused on cost control, streamline of structure and venturing into new markets in the past few years. Such measures not only continuously improve the actual profit, but also lay a foundation for future development.



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As regards the fur garment business, the Company actively developed new technology and expanded its clientele and market base last year, resulting in satisfactory results in both turnover and profit. While North American, Korean and Russian markets continue to grow, the Japanese market was affected by the sluggish economy. It is hoped that the condition will improve gradually.

With the elimination of uncertain factors which affect the market and the adjustment of the prices of raw materials, investment and operation risks have been substantially reduced and it is appropriate for the Company to adopt more aggressive investment and operation strategies to capture business opportunities. Therefore, the Company was committed to expanding its fur skins trading business and achieved satisfactory results. The profit recorded increased by 32% to approximately HK\$6,445,000.

In addition to continuous development of the Group's core business, regarding the investment, the Group adopts a prudent investment approach which stresses risk diversification. The Group is good at utilizing its liquid capital through adopting suitable investment tools to bring satisfactory investment returns for the Group. Investment and other income recorded by the Group was approximately HK\$32,917,000. The profit was approximately HK\$29,556,000, representing a growth of 192%. However, these incomes will be adjusted subject to the changes of the investment market. The management will handle its investment more cautiously to attain best returns for all the shareholders.

PROSPECT

The management believes that in order to facilitate its development, the Group shall endeavour to develop its core and related business, continue to expand its business and profit and actively identify investment or business with potential for long-term expansion. Thus, the management will focus its resources on business which can generate long-term and steady revenue, in order to bring long-term benefits to its shareholders.

As for fur garment export business, as there is a huge demand for fur garment in various markets, the management is confident that its business will continue to grow. Since it is expected that Individual Visitor Scheme of PRC will extend to cover other areas, the number of travelers from Mainland will continue to increase. This will bring business opportunities for our products. The Company intends to expand its retail business in Hong Kong, so as to increase its contributions to turnover and earnings.

As for fur skins trading business, in addition to the professional fur traders, many fashion clients use more fur as trims and accessories in their product range. There is a strong demand for fur skin. The Company will endeavor to broaden its customer base and attain better results.

The management will follow its established prudent investment strategy and implement measures to diversify investment risk. The Group will capture opportunities to acquire any appropriate investment items and will be committed to bring better returns for all the 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 staff for their dedications and commitments during the year.

On behalf of the Board

Ng Ngan Lung
Chairman

Hong Kong, 28th June, 2004