

On behalf of the Board of Directors (the "Board") of Ruili Holdings Limited (hereinafter referred to as the "Company"), I am pleased to announce the annual results of the Company, together with its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 30 June 2004.

BUSINESS REVIEW

The results of our core business for fiscal year 2003/2004 were encouraging amidst the current economic environment. The economies worldwide and locally have experienced a number of turbulent events in recent years. These events have gradually culminated to cause the unfavourable trading climates we are facing today.

In order to overcome the difficult and challenging business environment before us, the Group will adjust its management and business policies. For its investment portfolio, the Group intends to (i) mark quote shares into market price; (ii) assess unquoted shares on a fair valuation basis; (iii) divest those investments with negative to zero cash flows as far as practicable; and (iv) look for investments with stable growth and cash flows. The Group envisages that these strategies will strengthen and diversify the Group's business and hence maximize shareholder value.

LOOKING AHEAD

Going forward, the Group will pursue a dual business strategy towards geographic expansion of markets and improvement of operating efficiency. Notwithstanding the worldwide economic uncertainties, the Group is confident that our business will turn around from the dark time to a gleaming future with our active exploration of business opportunities and adoption of new business plans.

APPRECIATION

On behalf of the Group, I would also like to take this opportunity to extend our gratitude to customers and shareholders for their continuous support and our staff for their invaluable dedication and contribution in the past year.

Yu Kam Kee, Lawrence
MBE, JP
Chairman

Hong Kong, 27 October 2004