

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, 2005.

RESULTS

For the year ended 31st March 2005, the Group recorded a turnover of HK\$184,271,000 (2004: HK\$117,774,000), net profit attributable to shareholders amounted to HK\$40,827,000 (2004: HK\$40,100,000), representing an increase of 1.8% over the corresponding period last year.

FINAL DIVIDEND

The Board has recommended to pay a final dividend of HK3.0 cents (2004: final dividend HK4.3 cents, special dividend HK4.5 cents) per share for the year ended 31st March 2005 to shareholders whose names appear on the register of members on 19th August 2005, subject to the approval of shareholders at the forthcoming annual general meeting on 26th August 2005. The final dividend, together with interim dividend of HK2.5 cents per share paid on 6th December 2004, represent a total dividend HK5.5 cents (2004: HK10 cents) for year 2005.

PROPOSED BONUS ISSUE

The Board has recommended a bonus share issue (the "Proposed Bonus Issue") of new shares (individually a "Bonus Share" and collectively the "Bonus Shares") to the shareholders of the Company on the basis of one (1) Bonus Share of HK\$0.1 for every two (2) issued ordinary shares held by such shareholders whose names appear on the Register of Members of the Company on 19th August 2005. The Bonus Shares will be fully paid at par and will rank pari passu with the existing issued ordinary shares of the Company in all respects from the date of issue, except that they will not rank for the recommended final dividend or the Proposed Bonus Issue. The Proposed Bonus Issue is conditional upon:

- (i) an ordinary resolution being passed to approve the Proposed Bonus Issue at the 2005 Annual General Meeting being duly passed; and
- (ii) the listing of and permission to deal in the Bonus Shares being granted by the Listing Committee of The Stock Exchange of Hong Kong Limited.

Application will be made to the Listing Committee of The Stock Exchange of Hong Kong Limited for listing of, and permission to deal in, the Bonus Shares to be issued pursuant to the Proposed Bonus Issue after the ordinary resolution referred in (i) above has been duly passed at the 2005 Annual General Meeting.

A circular setting out further details of the Proposed Bonus Issue will be despatched to shareholders as soon as practicable.



CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 22nd August 2005 to Friday, 26th August 2005, 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 and bonus shares, 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, 19th August 2005.

RESULTS AND BUSINESS REVIEW

During the year, turnover rose significantly while profit increased slightly, largely due to the decrease of investment returns.

The Company's fur business performed remarkably in 2004 on the back of the continual growth of the global economy. The Company also benefited from the robust demand for fur products from numerous markets. The Company's core business, namely the sales of fur garments and trading of raw materials achieved satisfactory results during the period. The turnover of fur garments rose 15% to HK\$72,358,000 while the turnover of raw material trading increased 105% to HK\$111,913,000.

The Company's fur garment business benefits from the continuous growth of the North American market. While the expansion of the Korean market is encouraging, the Japanese market shows no sign of promising breakthrough due to a sluggish domestic economy. The Company's proactive exploration of the Hong Kong retail market during the period, laid a solid foundation for the continuous development of the Company's retail business.

Supported by the strong market demand, the trading of raw materials also increased.

The investment environment was volatile throughout last year. With the cycle of sustained low interest rate coming to an end and the trend of rising rate setting in, investor confidence was dampened. In addition, the surging prices of energy and raw materials worldwide fuelled inflation. In view of the market uncertainties, the Company adopted a more prudent investment strategy, resulting in declining investment returns when compared with last year. However, the Company still managed to record an segment result of HK\$22,270,000. The management believes that the pursuit of a strategy in diversifying and managing investment risk is crucial for maximizing shareholders' returns.

PROSPECT

The management believes that the sustained growth in the global economy will provide impetus for the development of the Company's fur business. In addition to manufacturing fur garments and trading fur skin, the Company will continue its research efforts and try to explore the retail business. Apart from the conventional fur garments, the Company's products include other high-end garments, handbags and accessories, which cater to a broad clientele with huge potentials. The Company will also endeavour to diversify its product mix and explore the wholesaling and retail business on self-developed brands which include the development of overseas market.

In respect to the trading of raw material, the Company will continue to adopt prudent approaches, such as reducing inventories and speeding up the flow of production and sales process.

CHAIRMAN'S STATEMENT *(Continued)*

In view of the uncertain investment environment, the coming year will be full of challenges. Notwithstanding the continuous rate hikes and the persistent surge in oil prices in the past few months, economic growth remained robust. The management believes that the Company's investment business is heading in the right direction, allowing the Company to reap exceptional investment returns in the past few years. The management will continue to look for investment opportunities in the financial markets in future. Pursuing a prudent and yet aggressive investment strategy, the Company is stepping up its effort to identify investments with long-term growth potentials or which can generate long-term stable incomes, so as to maximize shareholders' returns.

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, 15th July 2005