



MASCOTTE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Annual Report 2005



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Chan Oi Ling, Maria Olimpia (*Chairman*)

Lam Yu Ho, Daniel (*Managing Director*)

Cheng Lok Hing

Cheng Chun Kit

Ji Hong (appointed on 25th August, 2004)

Liu Ji Hong (resigned on 25th August, 2004)

Independent Non-Executive Directors

Wong Yui Leung, Larry

Lui Wan Shan, Wilson (appointed on 4th October, 2004)

Cheung Ngai Lam (appointed on 9th March, 2005)

Tsang Heman (resigned on 9th March, 2005)

COMPANY SECRETARY

Au Kin Fai, Alfred

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

1st Floor, Po Chai Industrial Building

28 Wong Chuk Hang Road

Aberdeen, Hong Kong

WEBSITE ADDRESS

www.mascotte.com

PRINCIPAL BANKERS

Standard Chartered Bank

The Hongkong and Shanghai Banking

Corporation Limited

The Bank of East Asia Limited, Guang Zhou Branch

DBS Bank (Hong Kong) Limited

AUDITORS

Deloitte Touche Tohmatsu

SHARE REGISTRARS

Bermuda

Butterfield Corporate Services Limited

Rosebank Centre

11 Bermudiana Road

Pembroke, Bermuda

Hong Kong

Secretaries Limited

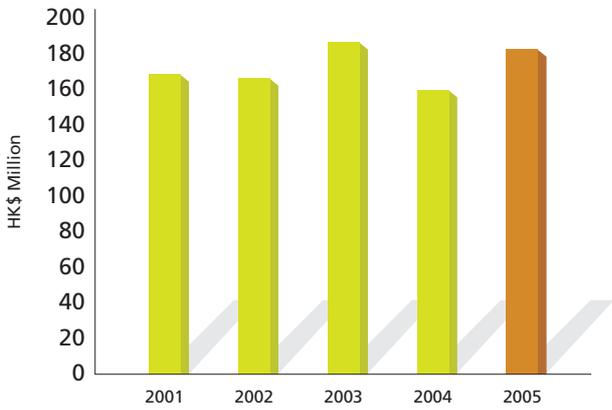
G/F., Bank of East Asia Harbour View Centre,

56 Gloucester Road,

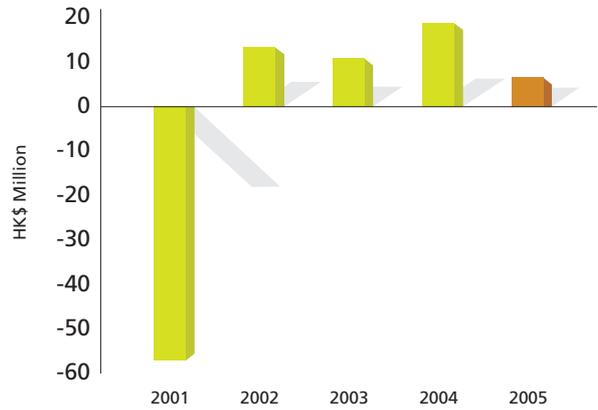
Wanchai, Hong Kong

FINANCIAL HIGHLIGHTS

TURNOVER

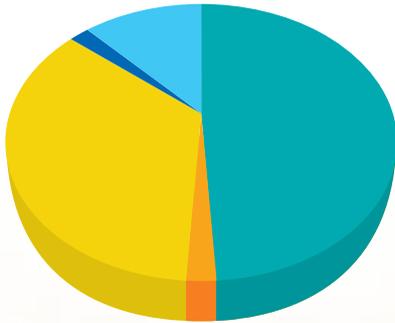


NET PROFIT/LOSS



TURNOVER BY PRODUCT/ACTIVITY

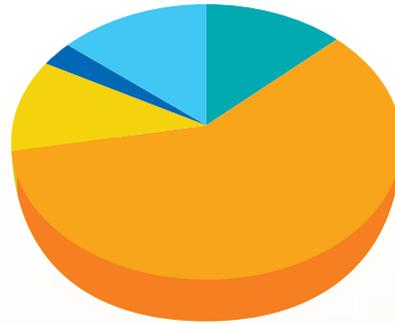
(Year ended 31st March, 2005)



Accessories for photographic products	49%
Trading of other photographic products and accessories	2%
Accessories for multimedia products	35%
Rental income from investment properties	2%
Accessories for electrical products	12%

TURNOVER BY GEOGRAPHICAL AREAS

(Year ended 31st March, 2005)



United States of America	13%
Europe	59%
Hong Kong	11%
Elsewhere in the People's Republic of China	3%
Others	14%

CHAIRMAN'S STATEMENT



FINANCIAL RESULTS

For the year ended 31st March, 2005, the Group achieved a turnover of HK\$182.7 million, representing an increase of 14.3% when compared with previous corresponding year.

Profit before taxation for the year ended 31st March, 2005 amounted to HK\$12.3 million (2004: HK\$20.4 million). Such decrease in profit before taxation was mainly resulted from that an investment property disposal gain of HK\$6.3 million as recorded last year which was not recurrent in this year.

With the accounting for additional tax provision in prior years of HK\$2.8 million, net profit for the year ended 31st March, 2005 amounted to HK\$6.6 million, which was decreased by 65.3% over HK\$18.9 million as recorded last year. Earnings per share was HK1.5 cents (2004: HK4.5 cents).

FINAL DIVIDEND

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The Directors proposed the payment of a final dividend of HK1 cent per ordinary share (2004: HK1 cent) for the year ended 31st March, 2005. Subject to the approval of the shareholders at the annual general meeting to be held on 25th August, 2005, the final dividend will be paid on 9th September, 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23rd August, 2005 to 25th August, 2005 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, had to be lodged with the Company's registrar, Secretaries Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m., on 22nd August, 2005.

BUSINESS REVIEW

For the financial year under review, the Group's core activity of sale of bags and pouches for photographic and multimedia equipment had experienced challenging time. Fierce market competition and pressure on margin continued to be the order of the day. There were also higher raw materials, labor and other operating costs in PRC production factories. The management had been exercising continual efforts to cope with all these adverse impacts. These additional various measures included that to broaden our market, to implement tighter purchase control and to streamline our production flow with the aims to improve both operating and cost efficiencies.

CHAIRMAN'S STATEMENT

OUTLOOK

Despite the challenges facing ahead, the Group is confident to maintain its leading position in the photographic industry. Moreover, the Group has also successfully improved its market position in the multimedia industry during the year. Through the additional various measures implemented during the year to improve both operating and cost efficiencies, the management believes that these measures should contribute positively to the overall results of the Group for the coming year. Reacted by the management's working in a down-to-earth manner, striving proactively and providing the best services and products to customers, the management is cautiously optimistic about business prospects for the coming year.

APPRECIATION

We wish to thank our shareholders, customers, suppliers and staffs for on-going support and for sharing the Company's confidence and commitment.

MANAGEMENT DISCUSSION AND ANALYSIS

MANUFACTURE AND SALE OF PHOTOGRAPHIC, ELECTRICAL AND MULTIMEDIA ACCESSORIES

During this financial year, the demand for the Group's products remained strong and healthy and the Group achieved a turnover of approximately HK\$179.5 million, an increase of 15.5% from the previous financial year. Profit from this manufacture and sale activity during this financial year amounted to approximately HK\$13.1 million, only increased by 4.0% over HK\$12.7 million last corresponding financial year.



Europe is the Group's largest sale segment and the management has good knowledge and confidence in this market. For the year under review, the Group's sale to this largest market was approximately HK\$107.7 million when compared with HK\$85.8 million in the previous year, representing an increase of 25.4%. The management expects to be able to seize more business opportunities for this very huge market for the coming year.

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During the year under review, intense competition in the photographic and multimedia markets continued to exert downward pressure on the Group's product profit margins. The general increase in raw materials costs, as well as surge in labor and other operating costs also had adverse impacts on the production in PRC factories. These had resulted in decline of profit margin by approximately 2.5%; which also affected negatively on overall net profit results despite of the favourable growth in turnover.

PROPERTY PORTFOLIO REFINEMENT

In March 2004, the Group disposed of an investment property in Sai Kung to an independent third party for a cash consideration of HK\$35.0 million and had realized a gain of HK\$6.3 million (after audit) during last financial year. Without the rental income contribution of this disposed investment property during the financial year, the Group recorded a turnover amounted to HK\$3.2 million, a reduction of 29.1% when compared with last financial year.

In late 2004, the Group financed a 31-storey commercial and residential complex development project in Guangzhou, PRC which was near completion of the construction for the phase one. Up to the date of this announcement, it is now under the various inspection and approvals to be granted by various government authorities. Detail of this development project are set out in Note 19 to the financial statements.

LIQUIDITY AND GEARING RATIO

As at 31st March, 2005, the Group recorded a total of cash and bank balances of HK\$34.6 million (as at 31st March, 2004 of HK\$12.1 million). Moreover, the Group had current assets of HK\$127.9 million (as at 31st March, 2004 of HK\$139.7 million). The shareholders funds was of HK\$181.2 million (as at 31st March, 2004 of HK\$178.9 million) and the total bank borrowings was of HK\$29.9 million (as at 31st March, 2004 of HK\$46.1 million); and accordingly the gearing ratio was of 16.5% (as at 31st March, 2004 of 25.8%). The management considers that the existing gearing ratio level of the Group is in a healthy position.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY RISK MANAGEMENT

The Group's largest sale geographical segment is the Europe market, which alone accounts for around 50-60% of the Group's sale turnover. In safeguarding the volatile Euro dollar currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting the US dollar quoted sales orders, which in turn the management can maintain a stable currency exchange condition for normal trading business development. Regularly, the Group also adopts appropriate hedging policy against the foreign current bank balance and against the cash inflows from the foreign currency sale orders.

Following the very recent acceleration of Renmibi against US and HK dollars by around 2%, the management has commenced considering the impacts and exposure on the Group's manufacturing operations in the PRC.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31st March, 2005, the Group had more than 1,000 employees and with around 95% of them were employed in the PRC for the manufacturing business. The Group remunerates its employees based on their work performance and with reference to prevailing conditions of labor markets.

On Behalf of the Board

Chan Oi Ling, Maria Olimpia

Chairman

Hong Kong, 27th July, 2005



DIRECTORS AND SENIOR MANAGEMENT PROFILES

EXECUTIVE DIRECTORS

Ms. CHAN Oi Ling, Maria Olimpia, aged 61, is the Chairman of the Company and the founder of the Group. She is responsible for the overall management, strategic planning & development and financial function of the Group. Ms. Chan has over 30 years' experience in the manufacture and sale of accessories for photographic products.

Mr. LAM Yu Ho, Daniel, aged 67, is the Managing Director of the Company and has been with the Group since its inception. He oversees the Group's operation and is responsible for product design and development. Mr. Lam has over 30 years' experience in the manufacture and sale of accessories for photographic products.

Mr. CHENG Lok Hing, aged 79, joined the Group in 1976. He is responsible for the production planning, merchandising and quality control operations of the Group. Mr. Cheng has over 20 years' experience in the manufacturing of accessories for photographic products. Mr. Cheng Lok Hing is the elder brother of Mr. Cheng Chun Kit.

Mr. CHENG Chun Kit, aged 70, joined the Group in 1976. He is responsible for monitoring the overall manufacturing operation and administration of the production facilities in Dongguan, the PRC. Mr. Cheng has over 20 years' experience in the manufacture of accessories for the photographic products. Mr. Cheng Chun Kit is the younger brother of Mr. Cheng Lok Hing.

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Ms. JI Hong, aged 42, joined the Group in 2004. She is responsible for the PRC domestic sales exploration of the Group's products and the control and management of certain construction development projects in the PRC. Ms. Ji holds a bachelor degree in construction management from the Harbin Technical Institute (currently known as Harbin Technical University). She is a recognized construction engineer in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Yui Leung, Larry, aged 36, is a Certified Public Accountant in the State of California, United States and a member of American Institute Certified Public Accountant. Mr. Wong has previously worked for an international CPA firm and has extensive experience in internal auditing and financial management.

Mr. LUI Wai Shan, Wilson, aged 40, has over 16 years of experience in the information technology sector. Mr. Lui holds a bachelor of science degree in applied mathematics from University of California, Los Angeles, and a master of science degree in computer science and a master degree in business administration, both from the University of Southern California.

Mr. CHEUNG Ngai Lam, aged 36, is now working as an Associate Director of Grant Thornton Corporate Finance Ltd., has over 14 years of experience in the financial services sector. He had worked for Daiwa Securities SMBC Hong Kong Limited and Japan Asia Securities Limited in Hong Kong for eight and three years respectively. Mr. Cheung obtained his Master of Science (Investment Management) and Bachelor of Social Sciences degrees from Hong Kong University of Science and Technology and University of Hong Kong respectively. Mr. Cheung is a member of Certified Public Accountants in Australia and American Institute of Certified Public Accountants.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

SENIOR MANAGEMENT

Mr. GAO Zhi Qing, aged 69, joined the Group in April 1994. He is responsible for the sales and marketing operation in the PRC. He has over 30 years' experience in the manufacture of photographic products in the PRC.

Mr. DOERINGER, Tobias Christian, aged 32, joined the Group in March 1996. He is the Marketing vice president of the Group and is responsible for overall international sales and marketing activities of the Group. Mr. Doeringer studied at Lancaster University Management School and the Otto Beisheim Graduate School of Management, holding a BBA in European Management/German. He has over 10 years of experience in the photo industry. His experience includes photo retail sales, marketing and management, photo finishing, photo franchise marketing and B-2-B sales in various companies throughout Europe before joining the Group. He is the Son-in-law of Ms. Chan Oi Ling, Maria Olimpia.

Ms. WONG, Dickie, aged 34, joined the Group in March 1996. She is the operation manager of the Group and is responsible for general administration and the management information system. She holds a bachelor's degree in Economics from the University of California and a master's degree in M.S. Engineering from Stanford University. Ms. Wong worked for two international investment banks in Hong Kong for three years prior to joining the Group. She is the daughter of Ms. Chan Oi Ling, Maria Olimpia.

Mr. AU Kin Fai, Alfred, aged 38, joined the Group in June 1999. He is the financial controller of the Group and is also the Secretary of the Company. Mr. Au worked for an international CPA firm prior to joining the Group. He holds a bachelor's degree in Commerce from Griffith University, Australia and is an associate member of the Hong Kong Society of Accountants.



DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31st March, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of accessories for photographic, electrical and multimedia products, property investment and development.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2005 are set out in the consolidated income statement on page 16.

The directors recommend the payment of a final dividend of 1 cent per share to the shareholders of the Company whose names appear on the register of members on 25th August, 2005.

SHARE CAPITAL

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Details of the share capital of the Company are set out in note 22 to the financial statements. There was no movement during the year.

INVESTMENT PROPERTIES

The Group's investment properties were revalued as at 31st March, 2005 and the surplus of approximately HK\$2,474,000 arising on the revaluation has been credited as income during the year.

Details of these movements during the year in the investment properties of the Group are set out in note 12 to the financial statements.

Particulars of the Group's investment properties are set out on page 52.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of approximately HK\$1,295,000.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

DIRECTORS' REPORT

DIRECTORS AND SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Ms. Chan Oi Ling, Maria Olimpia (*Chairman*)

Mr. Lam Yu Ho, Daniel (*Managing Director*)

Mr. Cheng Lok Hing

Mr. Cheng Chun Kit

Ms. Ji Hong

(appointed on 25th August, 2004)

Ms. Liu Ji Hong

(resigned on 25th August, 2004)

Independent non-executive directors:

Mr. Wong Yui Leung, Larry

Mr. Lui Wai Shan, Wilson

Mr. Cheung Ngai Lam

Mr. Heman Tsang

(appointed on 4th October, 2004)

(appointed on 9th March, 2005)

(resigned on 9th March, 2005)

In accordance with Clauses 86(2) and 87 of the Company's Bye-laws, Mr. Cheng Lok Hing, Mr. Lui Wai Shan, Wilson, and Mr. Cheung Ngai Lam retire and, being eligible, offer themselves for re-election in the forthcoming annual general meeting.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 29 to the financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.



DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES

At 31st March, 2005, the interests of the directors and their associates in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

Name of director	Number of issued ordinary shares held		Percentage of issued share capital of the Company
	Personal interest	Held by controlled corporation (Note)	
Ms. Chan Oi Ling, Maria Olimpia	–	193,340,000	45.60%
Mr. Lam Yu Ho, Daniel	24,376,000	–	5.75%
Mr. Cheng Lok Hing	8,000,000	–	1.87%
Mr. Cheng Chun Kit	8,200,000	–	1.93%

Note: These shares are held by Honeyard Corporation. The entire issued share capital of Honeyard Corporation is held by The Honeyard Trust, a discretionary trust of which the family members of Ms. Chan Oi Ling, Maria Olimpia are discretionary beneficiaries.

In addition to the above, each of Ms. Chan Oi Ling, Maria Olimpia and Mr. Lam Yu Ho, Daniel holds 500,000 non-voting deferred shares in Mascotte Investments Limited, a subsidiary of the Company. Honeyard Corporation holds one non-voting deferred share in Newland Kingdom Limited, a subsidiary of the Company.

Other than certain nominee shares in subsidiaries held by Ms. Chan Oi Ling, Maria Olimpia, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as 31st March, 2005.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests of certain directors disclosed under the section headed "Directors' interests in securities" above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2005, aggregate amount of sales attributable to the Group's five largest customers accounted for approximately 35% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 12% of the Group's total turnover. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 47% of the Group's total purchases and the amount of purchases attributable to the Group's largest supplier was approximately 21% of the Group's total purchases.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest customers or suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration and Nomination Committee on the basis of the their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration and Nomination Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31st March, 2005.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK\$20,600.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 33 to the financial statements.



DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2005 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Chan Oi Ling, Maria Olimpia

CHAIRMAN

Hong Kong, 27th July, 2005

AUDITORS' REPORT

Deloitte. 德勤

TO THE MEMBERS OF MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 16 to 50 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March, 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27th July, 2005



CONSOLIDATED INCOME STATEMENT For the year ended 31st March, 2005

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	<i>Notes</i>	2005 HK\$	2004 HK\$
Turnover	4	182,660,980	159,831,573
Cost of sales		(130,554,844)	(110,238,200)
Gross profit		52,106,136	49,593,373
Other operating income	5	413,045	8,936,572
Selling and distribution costs		(9,297,546)	(7,069,568)
Administrative expenses		(32,256,902)	(32,015,670)
Surplus arising on revaluation of investment properties		2,474,114	2,036,000
Profit from operations	4 & 6	13,438,847	21,480,707
Finance costs	7	(1,160,302)	(1,108,277)
Profit before taxation		12,278,545	20,372,430
Income taxes	9	(5,518,798)	(1,121,197)
Profit before minority interests		6,759,747	19,251,233
Minority interests		(199,824)	(347,145)
Net profit for the year		6,559,923	18,904,088
Dividend paid	10	4,240,001	–
Earnings per share	11		
Basic		1.5 cents	4.5 cents

CONSOLIDATED BALANCE SHEET At 31st March, 2005

	Notes	2005 HK\$	2004 HK\$
Non-current assets			
Investment properties	12	29,880,000	27,130,000
Property, plant and equipment	13	53,802,312	56,895,277
Goodwill	14	7,042,015	8,125,402
Deposits paid	15	18,300,000	18,000,000
		109,024,327	110,150,679
Current assets			
Inventories	17	8,229,626	7,257,258
Trade debtors	18	23,700,929	20,676,470
Loans receivable	19	46,710,000	46,710,000
Other debtors and prepayments		14,488,322	52,245,166
Tax recoverable		149,048	681,087
Bank balances and cash		34,566,264	12,147,529
		127,844,189	139,717,510
Current liabilities			
Trade creditors	20	9,125,652	9,036,401
Other creditors and accrued charges		8,725,105	9,750,735
Dividend payable		404,760	–
Tax payable		4,562,477	3,411,825
Bank borrowings	21	22,908,424	37,553,577
		45,726,418	59,752,538
Net current assets		82,117,771	79,964,972
Total assets less current liabilities		191,142,098	190,115,651
Non-current liabilities			
Bank borrowings	21	(7,043,000)	(8,567,000)
		184,099,098	181,548,651
Capital and reserves			
Share capital	22	42,400,010	42,400,010
Reserves		138,845,843	136,495,220
		181,245,853	178,895,230
Minority interests		2,853,245	2,653,421
		184,099,098	181,548,651

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The financial statements on pages 16 to 50 were approved and authorised for issue by the Board of Directors on 27th July, 2005 and are signed on its behalf by:

Chan Oi Ling, Maria Olimpia
DIRECTOR

Lam Yu Ho, Daniel
DIRECTOR



BALANCE SHEET

At 31st March, 2005

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	Notes	2005 HK\$	2004 HK\$
Non-current assets			
Interests in subsidiaries	16	44,260,976	154,446,846
Current assets			
Amount due from a subsidiary		110,185,870	–
Other debtors and prepayments		65,260	50,260
Bank balances and cash		465,642	61,710
		110,716,772	111,970
Current liabilities			
Other creditors and accrued charges		147,378	201,522
Dividend payable		404,760	–
Amount due to a subsidiary		15,874,353	10,576,049
		16,426,491	10,777,571
Net current assets (liabilities)		94,290,281	(10,665,601)
		138,551,257	143,781,245
Capital and reserves			
Share capital	22	42,400,010	42,400,010
Reserves	24	96,151,247	101,381,235
		138,551,257	143,781,245

Chan Oi Ling, Maria Olimpia
DIRECTOR

Lam Yu Ho, Daniel
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31st March, 2005

	Share capital	Share premium	Special reserve	Goodwill reserve	Negative goodwill reserve	Translation reserve	Reserve fund	Enterprise expansion reserve	Retained profits	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st April, 2003	42,400,010	66,672,487	14,900,773	(10,638,038)	2,079,850	(1,150,305)	1,083,258	1,083,258	43,559,849	159,991,142
Net profit for the year	-	-	-	-	-	-	-	-	18,904,088	18,904,088
At 31st March, 2004	42,400,010	66,672,487	14,900,773	(10,638,038)	2,079,850	(1,150,305)	1,083,258	1,083,258	62,463,937	178,895,230
Net profit for the year	-	-	-	-	-	-	-	-	6,559,923	6,559,923
Dividend paid	-	-	-	-	-	-	-	-	(4,240,001)	(4,240,001)
Realised on winding up of subsidiaries	-	-	-	-	-	30,701	-	-	-	30,701
At 31st March, 2005	42,400,010	66,672,487	14,900,773	(10,638,038)	2,079,850	(1,119,604)	1,083,258	1,083,258	64,783,859	181,245,853

The special reserve represents the difference between the nominal amount of the share capital issued by the Company in exchange for the aggregate nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation on 5th September, 1997.

Reserve fund and enterprise expansion reserve are reserves required by the relevant laws in the People's Republic of China ("PRC") applicable to a Group's subsidiary in the PRC.



CONSOLIDATED CASH FLOW STATEMENT For the year ended 31st March, 2005

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	2005 HK\$	2004 HK\$
OPERATING ACTIVITIES		
Profit from operations	13,438,847	21,480,707
Adjustments for:		
Allowance for doubtful debts	1,603,127	1,500,000
Allowance for inventories	732,710	358,879
Amortisation of goodwill	1,083,387	1,083,387
Depreciation and amortisation of property, plant and equipment and investment properties	3,935,509	4,519,409
Loss on winding up of subsidiaries	30,701	–
Gain on disposal of property, plant and equipment and investment properties	(55,234)	(6,337,072)
Write back of allowance for loans receivable	–	(750,000)
Interest income	(41,328)	(2,409,426)
Surplus on revaluation of investment properties	(2,474,114)	(2,036,000)
Operating cash flows before movements in working capital	18,253,605	17,409,884
(Increase) decrease in inventories	(1,705,078)	541,790
(Increase) decrease in trade debtors	(3,024,459)	9,405,203
Decrease (increase) in other debtors and prepayments	1,153,717	(4,950,432)
Increase (decrease) in trade creditors	89,251	(1,299,955)
(Decrease) increase in other creditors and accrued charges	(1,025,630)	349,721
Cash generated from operations	13,741,406	21,456,211
Hong Kong Profits Tax paid	(4,319,544)	(18,813,103)
Hong Kong Profits Tax refunded	516,147	–
Taxation outside Hong Kong paid	(32,710)	(28,037)
NET CASH FROM OPERATING ACTIVITIES	9,905,299	2,615,071
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,295,066)	(1,930,167)
Deposit paid for acquisition of properties	(300,000)	(18,000,000)
Proceeds from disposal of investment properties	35,000,000	–
Proceeds from disposal of property, plant and equipment	231,870	108,443
Interest received	41,328	109,426
Advance of loans receivable	–	(13,750,000)
Repayment of loans receivable	–	1,300,000
NET CASH FROM (USED IN) INVESTING ACTIVITIES	33,678,132	(32,162,298)

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31st March, 2005

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
FINANCING ACTIVITIES		
New bank loan raised	16,803,738	16,703,992
Repayment of bank loans	(33,915,665)	(3,161,102)
Dividend paid	(3,835,241)	–
Interest paid	(1,160,302)	(1,108,277)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(22,107,470)	12,434,613
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,475,961	(17,112,614)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	12,129,523	29,242,137
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	33,605,484	12,129,523
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	34,566,264	12,147,529
Bank overdrafts	(960,780)	(18,006)
	33,605,484	12,129,523



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of accessories for photographic, electrical and multimedia products, property investment and development.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards ("HKFRSs") (hereinafter collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005 except for HKFRS 3 "Business Combination". The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st March, 2005.

HKFRS 3 is applicable to business combinations for which the agreement date is on or after 1st January, 2005. The Group has not entered into any business combination for which the agreement date is on or after 1st January, 2005. Therefore, HKFRS 3 did not have any impact on the Group for the year ended 31st March, 2005.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill arising on acquisitions prior to 1st April, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisitions after 1st April, 2001 is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, the attributable amount of unamortised goodwill/goodwill previously debited to reserves is included in the determination of the profit or loss on disposal.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisition of subsidiaries prior to 1st April, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary.

Subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment loss.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Rental income, including rental invoiced in advance from properties under operating leases, is recognised on a straight-line basis over the terms of the relevant leases.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged as expenses. Where a deficit has previously been charged as expenses and a revaluation surplus subsequently arises, this surplus is credited as income to the extent of the deficit previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease or the term of the joint venture to which the investment properties are held is twenty years or less.

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Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation, amortisation and accumulated impairment losses.

Depreciation and amortisation are provided to write off the cost of property, plant and equipment, over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold land	Over the remaining terms of the leases
Buildings	Over the estimated useful lives of 50 years or the terms of the leases or the term of the relevant joint venture by which the buildings are held, whichever is the shorter
Leasehold improvements	15% or the terms of the leases, if shorter
Furniture, fixtures and equipment	15%
Plant and machinery	20%
Motor vehicles	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is included in the net profit or loss for the year.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***Impairment**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Operating leases

Rentals payable under operating leases are charged as expenses on a straight-line basis over the respective lease terms.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are dealt with in the net profit or loss for the year.

On consolidation, the assets and liabilities of subsidiaries which are denominated in currencies other than Hong Kong dollars and which operate in the PRC and overseas are translated into Hong Kong dollars at the rates prevailing on the balance sheet date. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income taxes represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefits cost

The amount of contributions payable to the retirement benefits schemes is charged as an expense.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

4. SEGMENTS INFORMATION

Business segments

For management purposes, the Group is currently organised into two operating divisions – manufacture and sales of goods and property investment and development (i.e. rental of properties). These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

2005

	Manufacture and sales of goods <i>HK\$</i>	Property investment and development <i>HK\$</i>	Consolidated <i>HK\$</i>
TURNOVER			
To external customers	179,503,673	3,157,307	182,660,980
RESULT			
Segment profit	13,148,540	2,796,480	15,945,020
Unallocated other operating income			41,328
Unallocated corporate expenses			(2,547,501)
Profit from operations			13,438,847
Finance costs			(1,160,302)
Profit before taxation			12,278,545
Income taxes			(5,518,798)
Profit before minority interests			6,759,747
Minority interests			(199,824)
Net profit for the year			6,559,923

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

4. SEGMENTS INFORMATION *(Continued)*

Business segments *(Continued)*

2005

BALANCE SHEET

	Manufacture and sales of goods <i>HK\$</i>	Property investment and development <i>HK\$</i>	Consolidated <i>HK\$</i>
ASSETS			
Segment assets	66,729,657	106,392,356	173,122,013
Unallocated corporate assets			63,746,503
Consolidated total assets			<u>236,868,516</u>
LIABILITIES			
Segment liabilities	16,490,564	472,837	16,963,401
Unallocated corporate liabilities			35,806,017
Consolidated total liabilities			<u>52,769,418</u>

OTHER INFORMATION

	Manufacture and sales of goods <i>HK\$</i>	Property investment and development <i>HK\$</i>	Unallocated <i>HK\$</i>	Consolidated <i>HK\$</i>
Allowance for doubtful debts, net	–	1,430,000	173,127	1,603,127
Allowance for inventories	732,710	–	–	732,710
Amortisation of goodwill	1,083,387	–	–	1,083,387
Capital expenditure	1,034,456	260,610	–	1,295,066
Depreciation and amortisation of property, plant and equipment and investment properties	2,105,556	1,088,630	741,323	3,935,509
Gain on disposal of property, plant and equipment	55,234	–	–	55,234
Surplus arising on revaluation of investment properties	–	2,474,114	–	2,474,114
Loss on winding up of subsidiaries	–	–	30,701	30,701

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

4. SEGMENTS INFORMATION *(Continued)*

Business segments *(Continued)*

2004

	Manufacture and sales of goods <i>HK\$</i>	Property investment and development <i>HK\$</i>	Consolidated <i>HK\$</i>
TURNOVER			
To external customers	155,378,729	4,452,844	159,831,573
RESULT			
Segment profit	12,650,349	10,432,051	23,082,400
Unallocated other operating income			200,685
Unallocated corporate expenses			(1,802,378)
Profit from operations			21,480,707
Finance costs			(1,108,277)
Profit before taxation			20,372,430
Income taxes			(1,121,197)
Profit before minority interests			19,251,233
Minority interests			(347,145)
Net profit for the year			18,904,088



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

4. SEGMENTS INFORMATION *(Continued)*

Business segments *(Continued)*

2004

BALANCE SHEET

	Manufacture and sales of goods <i>HK\$</i>	Property investment and development <i>HK\$</i>	Consolidated <i>HK\$</i>
ASSETS			
Segment assets	64,608,333	141,436,421	206,044,754
Unallocated corporate assets			43,823,435
Consolidated total assets			<u>249,868,189</u>
LIABILITIES			
Segment liabilities	16,651,877	1,196,142	17,848,019
Unallocated corporate liabilities			50,471,519
Consolidated total liabilities			<u>68,319,538</u>

OTHER INFORMATION

	Manufacture and sales of goods <i>HK\$</i>	Property investment and development <i>HK\$</i>	Unallocated <i>HK\$</i>	Consolidated <i>HK\$</i>
Allowance for doubtful debts	–	1,500,000	–	1,500,000
Allowance for inventories	358,879	–	–	358,879
Amortisation of goodwill	1,083,387	–	–	1,083,387
Capital expenditure	576,605	1,353,562	–	1,930,167
Depreciation and amortisation of property, plant and equipment and investment properties	2,355,755	1,390,313	773,341	4,519,409
Gain on disposal of property, plant and equipment and investment properties	–	6,337,072	–	6,337,072
Surplus arising on revaluation of investment properties	–	2,036,000	–	2,036,000
Write back of allowance for doubtful debts	–	750,000	–	750,000

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

4. SEGMENTS INFORMATION *(Continued)*

Geographical segments

The Group's sales of goods are principally carried out in Europe, United States of America, Hong Kong and other regions in the PRC. Property investment and development is carried out in Hong Kong and other regions in the PRC.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Revenue by geographical market		Contribution to profit from operations	
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Europe	107,650,143	85,806,932	7,885,311	8,140,817
United States of America	23,761,877	23,866,131	1,740,544	2,264,267
Hong Kong	19,251,752	24,123,930	431,087	8,373,637
Other regions in the PRC	6,060,306	2,887,206	3,988,215	2,107,603
Others	25,936,902	23,147,374	1,899,863	2,196,076
	182,660,980	159,831,573	15,945,020	23,082,400
Unallocated other operating income			41,328	200,685
Unallocated corporate expenses			(2,547,501)	(1,802,378)
Profit from operations			13,438,847	21,480,707

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The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Hong Kong	201,945,213	214,649,594	809,713	208,952
Other regions in the PRC	34,923,303	35,218,595	485,353	1,721,215
Segment assets	236,868,516	249,868,189	1,295,066	1,930,167



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

5. OTHER OPERATING INCOME

	2005 HK\$	2004 HK\$
Bank interest income	22,101	23,243
Other interest income	19,227	2,386,183
Gain on disposal of property, plant and equipment and investment properties	55,234	6,337,072
Sundry income	316,483	190,074
	413,045	8,936,572

6. PROFIT FROM OPERATIONS

	2005 HK\$	2004 HK\$
Profit from operations has been arrived at after charging:		
Allowance for doubtful debts	1,603,127	1,500,000
Allowance for inventories	732,710	358,879
Amortisation of goodwill included in administrative expenses	1,083,387	1,083,387
Auditors' remuneration		
– Current year	750,000	650,000
– Underprovision in prior years	10,000	50,000
Depreciation and amortisation of property, plant and equipment and investment properties	3,935,509	4,519,409
Minimum lease payments for operating leases in respect of rented premises	2,105,643	2,114,468
Staff costs including directors' emoluments and contributions to retirement benefits schemes	30,527,143	27,891,191
and after crediting:		
Gain on disposal of property, plant and equipment and investment properties	55,234	6,337,072
Gross rental income from investment properties	3,157,307	4,452,844
Less: Outgoings	(712,448)	(1,158,528)
	2,444,859	3,294,316
Write back of allowance for loans receivable	–	750,000

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005**7. FINANCE COSTS**

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Interest on:		
Bank borrowings wholly repayable within five years	971,765	856,011
Bank borrowings not wholly repayable within five years	188,537	252,266
	1,160,302	1,108,277

8. DIRECTORS' EMOLUMENTS AND HIGHEST PAID EMPLOYEES**Directors' emoluments**

The directors' emoluments are analysed as follows:

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Fees:		
Executive	–	–
Independent non-executive	215,000	200,000
	215,000	200,000
Other emoluments paid to executive directors:		
Salaries and other benefits	5,759,146	3,764,000
Contributions to retirement benefits schemes	12,000	13,000
Rentals paid/rateable value in respect of quarters provided (<i>note</i>)	699,264	708,771
Total other emoluments	6,470,410	4,485,771
Total directors' emoluments	6,685,410	4,685,771

Note: The amount includes the estimated monetary value of premises provided rent free to a director as residence with rateable value of approximately HK\$660,000 (2004: HK\$660,000).

8. DIRECTORS' EMOLUMENTS AND HIGHEST PAID EMPLOYEES (Continued)

The emoluments were within the following bands:

	No. of directors	
	2005	2004
Nil to HK\$1,000,000	8	5
HK\$1,000,001 to HK\$1,500,000	–	2
HK\$1,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$4,000,000	1	–
	10	7

Highest paid employees

The five highest paid individuals of the Group included two (2004: two) executive directors, details of whose emoluments are set out above. The emoluments of the remaining three (2004: three) highest paid individuals, other than directors of the Company, are as follows:

	2005 HK\$	2004 HK\$
Salaries and other benefits	2,225,788	1,868,259
Contributions to retirement benefits schemes	24,000	24,000
Rentals paid/rateable value in respect of quarters provided (note)	293,280	469,080
	2,543,068	2,361,339

Note: The amount includes the estimated monetary value of premises provided rent free to a staff as residence with rateable value of approximately HK\$192,000 (2004: HK\$224,000).

The emoluments were within the following bands:

	No. of employees	
	2005	2004
Nil to HK\$1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	1	–
	3	3

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005**9. INCOME TAXES**

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
The charge comprises:		
Current year		
Hong Kong	2,405,600	1,191,963
Other regions in the PRC	315,990	28,037
	2,721,590	1,220,000
Under(over)provision in prior years		
Hong Kong	2,610,292	(98,803)
Other regions in the PRC	186,916	–
	2,797,208	(98,803)
	5,518,798	1,121,197

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Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profits for the year. Taxation arising in other regions in the PRC is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

9. INCOME TAXES (Continued)

The taxation for the year can be reconciled from taxation based on profit before taxation per the consolidated income statement as follows:

	2005 HK\$	2004 HK\$
Profit before taxation	12,278,545	20,372,430
Tax at the domestic income tax rate of 17.5%	2,148,745	3,565,175
Tax effect of expenses not deductible for tax purpose	969,157	877,756
Tax effect of income not taxable for tax purpose	(216,535)	(1,347,340)
Tax effect of offshore manufacturing profits on 50/50 apportionment basis	(2,640)	(1,095,975)
Tax effect of tax losses not recognised	78,605	651,737
Tax effect of utilisation of deductible temporary differences previously not recognised	(307,107)	(1,255,823)
Effect of tax exemption granted to a PRC subsidiary	(75,835)	(73,928)
Effect of different tax rates of subsidiaries operating in other jurisdictions	111,146	–
Under(over)provision in prior years	2,797,208	(98,803)
Others	16,054	(101,602)
Taxation for the year	5,518,798	1,121,197

At the balance sheet date, the Group has unused tax losses of approximately HK\$9,795,000 (2004: HK\$9,343,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

At the balance sheet date, the Group has deductible temporary differences of approximately HK\$3,113,000 (2004: HK\$4,868,000) in respect of accelerated accounting depreciation. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the balance sheet date, the Company has unused tax losses of approximately HK\$2,121,000 (2004: HK\$1,999,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

10. DIVIDEND

On 9th September, 2004, a dividend of 1 cent per share amounting to HK\$4,240,001 was paid to shareholders as the final dividend in respect of 2004.

A final dividend of 1 cent per share amounting to HK\$4,240,001 in respect of 2005 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting. The amount of the proposed final dividend is calculated on the basis of the proposed dividend rate and 424,000,100 ordinary shares in issue at the date of the report.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2005

11. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share is based on the net profit for the year of HK\$6,559,923 (2004: HK\$18,904,088) and on 424,000,100 shares in issue throughout the year.

No diluted earnings per share has been presented as there were no potential dilutive ordinary shares in issue in either 2005 or 2004.

12. INVESTMENT PROPERTIES

	2005 HK\$	2004 HK\$
VALUATION		
At beginning of the year	27,130,000	53,735,000
Transferred from property, plant and equipment (<i>note 13</i>)	1,318,743	–
Disposal	–	(27,650,000)
Effect on revaluation	1,431,257	1,045,000
At end of the year	29,880,000	27,130,000
DEPRECIATION AND AMORTISATION		
Provided for the year	1,042,857	991,000
Eliminated on revaluation	(1,042,857)	(991,000)
At end of the year	–	–
NET BOOK VALUES		
At end of the year	29,880,000	27,130,000
At beginning of the year	27,130,000	53,735,000

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The net book values of the Group's investment properties at 31st March, 2005 are analysed as follows:

	2005 HK\$	2004 HK\$
Situated in Hong Kong held under long leases	13,380,000	12,530,000
Situated in the PRC held under medium-term leases	16,500,000	14,600,000
	29,880,000	27,130,000

The investment properties were leased out for rental purposes under operating leases. The investment properties situated in Hong Kong and the PRC were revalued at 31st March, 2005 by Chung, Chan & Associates, Chartered Surveyors, on an open market value basis. The net surplus arising on revaluation of HK\$2,474,114 (2004: HK\$2,036,000) has been credited as income.

Details of the investment properties are set out on page 52.



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$</i>	Leasehold improvements <i>HK\$</i>	Furniture, fixtures and equipment <i>HK\$</i>	Plant and machinery <i>HK\$</i>	Motor vehicles <i>HK\$</i>	Total <i>HK\$</i>
THE GROUP						
COST						
At 1st April, 2004	67,938,236	2,843,733	3,269,478	20,464,233	5,288,925	99,804,605
Additions	–	260,610	130,608	296,403	607,445	1,295,066
Transferred to investment properties (note 12)	(1,318,743)	–	–	–	–	(1,318,743)
Disposals	–	–	–	–	(672,383)	(672,383)
At 31st March, 2005	66,619,493	3,104,343	3,400,086	20,760,636	5,223,987	99,108,545
DEPRECIATION AND AMORTISATION						
At 1st April, 2004	14,458,718	2,189,390	2,457,625	19,334,644	4,468,951	42,909,328
Provided for the year	1,696,682	217,064	228,397	376,116	374,393	2,892,652
Eliminated on disposals	–	–	–	–	(495,747)	(495,747)
At 31st March, 2005	16,155,400	2,406,454	2,686,022	19,710,760	4,347,597	45,306,233
NET BOOK VALUES						
At 31st March, 2005	50,464,093	697,889	714,064	1,049,876	876,390	53,802,312
At 31st March, 2004	53,479,518	654,343	811,853	1,129,589	819,974	56,895,277

The net book values of the Group's leasehold land and buildings at 31st March, 2005 are analysed as follows:

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Situated in Hong Kong held under long leases	11,862,890	12,094,499
Situated in Hong Kong held under medium-term leases	27,950,738	28,666,487
Situated in other regions in the PRC held under medium-term leases	10,650,465	12,718,532
	50,464,093	53,479,518

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2005

14. GOODWILL

	THE GROUP	
	2005 HK\$	2004 HK\$
GROSS AMOUNT		
At beginning of the year and at end of the year	10,833,870	10,833,870
AMORTISATION		
At beginning of the year	2,708,468	1,625,081
Amortised for the year	1,083,387	1,083,387
At end of the year	3,791,855	2,708,468
CARRYING AMOUNT		
At end of the year	7,042,015	8,125,402
At beginning of the year	8,125,402	9,208,789

Goodwill is amortised over its estimated useful life of 10 years.

15. DEPOSITS PAID

	THE GROUP	
	2005 HK\$	2004 HK\$
Deposit for acquisition of a property in the PRC	18,000,000	18,000,000
Deposit for acquisition of a property in Hong Kong	300,000	–
Deposit for acquisition of an interest in a property development project (<i>note</i>)	6,000,000	6,000,000
	24,300,000	24,000,000
Less: amounts due within one year shown under other debtors and prepayments	(6,000,000)	(6,000,000)
	18,300,000	18,000,000

Note: Pursuant to an agreement (the "Agreement") signed between the Group and a company in the PRC (the "Vendor") on 1st December, 2000, the Group agreed to acquire 19% interest in a property development project of the Vendor for a consideration of HK\$6,000,000. Under the Agreement, the Vendor has the right to repurchase the 19% interest within 15 months from the date of the Agreement at HK\$6,000,000 plus interest at a rate of 10% per annum calculated from the date of payment of the deposit. Pursuant to a termination agreement signed between the Group and the Vendor, the Vendor agreed to repay the consideration of HK\$6,000,000.

Pursuant to a settlement agreement signed between the Group and the Vendor on 28th January, 2005, the Vendor agreed to repay the consideration of HK\$6,000,000 plus a return of 10% within one year.



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

16. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2005 HK\$	2004 HK\$
Unlisted shares, at cost	89,260,976	89,260,976
Less: impairment loss	(45,000,000)	(45,000,000)
	44,260,976	44,260,976
Amount due from a subsidiary	–	110,185,870
	44,260,976	154,446,846

In the opinion of the directors, the amount due from a subsidiary in 2004 was not repayable within one year and, accordingly, the amount was classified as non-current. In 2005, the amount is classified as current assets.

Particulars of the subsidiaries at 31st March, 2005 are set out in note 32.

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17. INVENTORIES

	THE GROUP	
	2005 HK\$	2004 HK\$
Raw materials	5,399,890	4,850,336
Work in progress	620,136	440,129
Finished goods	2,209,600	1,966,793
	8,229,626	7,257,258

Included above are raw materials and finished goods of HK\$4,842,032 (2004: HK\$3,006,854) and HK\$1,053,688 (2004: HK\$876,805) respectively which are carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2005

18. TRADE DEBTORS

	THE GROUP	
	2005 HK\$	2004 HK\$
Aged analysis of trade debtors:		
Within 60 days	21,491,728	15,706,541
61 – 180 days	1,425,176	4,137,384
More than 180 days	784,025	832,545
	23,700,929	20,676,470

The Group allowed a credit period ranging from 30 days to 60 days to its trade customers.

19. LOANS RECEIVABLE

	THE GROUP	
	2005 HK\$	2004 HK\$
Loans advanced for property development projects (<i>notes</i>)	46,710,000	46,710,000

Notes:

- (i) Pursuant to various agreements signed between the Group and various companies in the PRC (the "Borrowers") on 15th June, 2002 (the date of first advance) and subsequent dates, the Group advanced totalling HK\$34,710,000 (2004: HK\$34,710,000) to the Borrowers for property development purpose.
- (ii) Pursuant to an agreement signed between the Group and an individual in the PRC (the "Individual") on 15th November, 2002, the Group advanced an amount of HK\$12,000,000 to the Individual for property development purpose.

Pursuant to various settlement agreements signed among the Group, the Borrowers and the Individual on 23rd March, 2005, the Borrowers and the Individual agreed to repay the loans plus a return of 10% or properties equivalent to the amount by March 2006. Therefore, the loans are classified as current assets on the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

20. TRADE CREDITORS

	THE GROUP	
	2005 HK\$	2004 HK\$
Aged analysis of trade creditors:		
Within 60 days	8,526,073	8,803,387
61 – 180 days	446,824	78,738
More than 180 days	152,755	154,276
	9,125,652	9,036,401

21. BANK BORROWINGS

	THE GROUP	
	2005 HK\$	2004 HK\$
Bank borrowings comprise the following:		
Bank overdrafts – unsecured	960,780	18,006
Bank loans – secured	17,514,008	46,102,571
– unsecured	11,476,636	–
	29,951,424	46,120,577
The bank borrowings are repayable as follows:		
Within one year	22,908,424	37,553,577
More than one year and not more than two years	1,524,000	1,524,000
More than two years and not more than five years	4,572,000	4,572,000
More than five years	947,000	2,471,000
	29,951,424	46,120,577
Amounts due within one year shown under current liabilities	(22,908,424)	(37,553,577)
Amounts due after one year	7,043,000	8,567,000

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

22. SHARE CAPITAL

	Number of shares		Amounts	
	2005	2004	2005 HK\$	2004 HK\$
Ordinary shares of HK\$0.10 each:				
Authorised:				
At beginning and end of the year	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Issued and fully paid:				
At beginning and end of the year	424,000,100	424,000,100	42,400,010	42,400,010

23. SHARE OPTION SCHEME

Pursuant to the Company's share option scheme (the "Scheme") adopted on 5th September, 1997, for the primary purpose of providing incentive to directors and eligible employees, and which will expire 10 years after the date of adoption, the board of directors of the Company may, at its discretion, grant options to eligible employees, including executive directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of grant of the options or the nominal value of the shares, whichever is the higher.

The maximum number of shares in respect of which options may be granted (together with options exercised and options then outstanding) under the Scheme shall not, when aggregated with any shares subject to any other schemes, exceed such number of shares as shall represent 10% of the nominal amount of the issued share capital of the Company from time to time and the maximum number of shares in respect of which options may be granted to any one employee cannot exceed 25% of the maximum number of shares in respect of which options may be granted under the Scheme. Upon acceptance of option, the grantee shall pay HK\$10 to the Company by way of consideration of the grant. An option may be exercised at any time during the three year period commencing six months after the date on which the option is accepted.

No share option was granted or exercised during the two years ended 31st March, 2005 and there are no share options outstanding as at 31st March, 2005.



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

24. RESERVES

	Share premium <i>HK\$</i>	Contributed surplus <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
THE COMPANY				
At 1st April, 2003	66,672,487	76,440,973	(40,622,660)	102,490,800
Net loss for the year	–	–	(1,109,565)	(1,109,565)
At 31st March, 2004	66,672,487	76,440,973	(41,732,225)	101,381,235
Net loss for the year	–	–	(989,987)	(989,987)
Dividend paid	–	(4,240,001)	–	(4,240,001)
At 31st March, 2005	66,672,487	72,200,972	(42,722,212)	96,151,247

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the Company's subsidiary at the date on which the group reorganisation became effective and the nominal amount of the share capital of the Company issued under the group reorganisation on 5th September, 1997.

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In addition to the retained profits, under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, at the balance sheet date, the Company's reserves available for distribution to the shareholders were as follows:

	2005 <i>HK\$</i>	2004 <i>HK\$</i>
Contributed surplus	72,200,972	76,440,973
Accumulated losses	(42,722,212)	(41,732,225)
	29,478,760	34,708,748

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005**25. MAJOR NON-CASH TRANSACTION**

As at 31st March, 2004, the consideration in respect of the disposal of property, plant and equipment and investment properties of HK\$35,000,000 had not been settled.

26. RETIREMENT BENEFIT SCHEME

Prior to 1st December, 2000, the Group operated a defined contribution retirement benefit scheme ("Defined Contribution Scheme") for its qualifying employees in Hong Kong. The assets of the scheme were held separately from those of the Group in funds under the control of an independent trustee. Where there are employees who leave the Defined Contribution Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions would be used to reduce future contributions payable by the Group.

Effective from 1st December, 2000, the Group has joined a Mandatory Provident Fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to contribute 5% of the employees' monthly remunerations or HK\$1,000 per month whichever is the smaller to the MPF Scheme. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit scheme contributions arising from the Defined Contribution Scheme and the MPF Scheme charged to the income statement represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

Employees located in PRC are covered by the retirement and pension schemes defined by local practice and regulations and which are essentially defined contributed schemes.

During the year, the Group made retirement benefits scheme contributions of HK\$720,130 (2004: HK\$670,809) after forfeited contributions utilised in the Defined Contribution Scheme of Nil (2004: HK\$12,792).

As at 31st March, 2005 and 2004, there were no amount of forfeited contributions, which arose upon employees leaving the scheme and which are available to reduce the contributions payable by the Group in the future years.

27. OPERATING LEASE ARRANGEMENTS

THE GROUP

The Group as lessee:

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of land and building which fall due as follows:

	THE GROUP	
	2005	2004
	HK\$	HK\$
Within one year	1,277,566	1,134,006
In the second to fifth year inclusive	1,275,286	2,175,487
	2,552,852	3,309,493

Leases are negotiated for terms ranging from one to three years.

The Group as lessor:

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2005	2004
	HK\$	HK\$
Within one year	2,611,449	2,359,822
In the second to fifth year inclusive	8,211,077	8,172,207
Over five years	2,306,340	4,342,479
	13,128,866	14,874,508

Leases are negotiated for terms ranging from one to eight years.

THE COMPANY

The Company did not have any operating lease commitments at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005**28. CONTINGENT LIABILITIES****THE GROUP**

At the balance sheet date, the Group had contingent liabilities of HK\$2,347,737 (2004: HK\$2,581,405) in respect of bills discounted with recourse.

THE COMPANY

At the balance sheet date, the Company provided corporate guarantees of approximately HK\$101,000,000 (2004: HK\$81,000,000) to banks to secure general banking facilities granted to subsidiaries. The total amount of facilities utilised by the subsidiaries at the balance sheet date amounted to approximately HK\$29,951,000 (2004: HK\$46,121,000).

29. RELATED PARTY TRANSACTIONS

During the year, the following related party transactions took place:

- (i) Transactions with directors' related companies:

Name of party	Directors' interest	Nature of transactions	2005 HK\$	2004 HK\$
Dawnvast Ltd.	Mr. Cheng Lok Hing Mr. Cheng Chun Kit	Rental expense	369,600	369,600
Techford Development Ltd.	Ms. Chan Oi Ling, Maria Olimpia	Rental expense	156,000	156,000
Wing Nin Trading Co. Ltd.	Family member of Ms. Chan Oi Ling, Maria Olimpia	Rental expense	196,000	240,000

- (ii) Transactions with minority shareholders:

Name of party	Nature of transactions	2005 HK\$	2004 HK\$
東莞市橋光實業集團公司 Dongguan City Qiao Guang Industrial Group Company	Rental expenses	890,459	884,354
惠州市益發光學機電有限公司	Management fee expenses	-	5,101

Rental expenses represent amounts agreed with reference to the market rate between the respective management of the companies concerned.

Management fee expenses were carried out at terms mutually agreed by both parties.

30. PLEDGE OF ASSETS

The Group had pledged its investment properties and leasehold land and buildings with carrying value of HK\$22,700,000 (2004: HK\$21,950,000) and HK\$28,185,380 (2004: HK\$34,714,076) respectively to banks to secure banking facilities granted to the Group.

31. LITIGATION

Pursuant to a factoring agreement made among Mee Lee Shing Plastic Factory Limited ("MLS") as vendor, Mr. Cheang ("Cheang") as purchaser and Mascotte Industrial Associates (Hong Kong) Limited ("MIA"), a wholly owned subsidiary of the Company, as trustee for Cheang dated 25th August, 1999 and an assignment of debt made between MLS as assignor and MIA (as trustee for Cheang) as assignee dated 25th August, 1999. MLS, in consideration of certain sum agreed to be paid by Cheang to MLS, assigned to MIA as trustee for Cheang debts in the total sum of approximately HK\$4,750,000, being the aggregate amount of the trade receivables due from Vtech Communications Limited ("Vtech") to MLS. Thereafter, MIA received on behalf of Cheang from Vtech two payments in aggregate amounting to approximately HK\$2,750,000 and MLS unilaterally terminated the said factoring agreement and claimed to be entitled to the sum of HK\$2,000,000 out of the assigned debts. Vtech took out interpleader proceedings in Court of First Instance of the High Court of Hong Kong in which both MLS and MIA were defendants. Vtech has since paid approximately HK\$2,000,000 into the court and the balance of the assigned debts to MIA (as trustee for Cheang) and been released from the interpleader proceedings. During the year ended 31st March, 2005, the litigation was finalised and the amount has been settled by Vtech.

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32. SUBSIDIARIES

Particulars of the subsidiaries at 31st March, 2005 are as follows:

Name	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered and contributed capital	Attributable equity interest held by the Group	Principal activities
東莞德雅皮具製品廠有限公司 Dongguan Tak Ya Leather Goods Manufactory Limited (note b)	PRC	HK\$8,000,000	70% (note c)	Manufacture of accessories for photographic, electrical and multimedia products
Mana Industrial Limited	Hong Kong	HK\$10,000	100%	Inactive
March Professional Bags Company Limited	Hong Kong/PRC	HK\$50,000	100%	Manufacturing and trading of accessories for photographic, electrical and multimedia products

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2005

32. SUBSIDIARIES (Continued)

Name	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered and contributed capital	Attributable equity interest held by the Group	Principal activities
Mascotte Industrial Associates (Hong Kong) Limited	Hong Kong	HK\$2	100%	Trading of accessories for photographic, electrical and multimedia products
Mascotte Investments Limited	Hong Kong	HK\$1,000 HK\$1,000,000*	100%	Property holding
Mascotte Group Limited	British Virgin Islands/Hong Kong	US\$100	100%	Investment holding
馬斯葛志豪照相器材(惠州)有限公司 Mascotte Zhi Hao Photographic Equipment (Hui Zhou) Co. Ltd. (note b)	PRC	US\$3,180,000	90%	Property holding and manufacture of accessories for photographic, electrical and multimedia products
Mascotte Hui Zhou Limited	British Virgin Islands/PRC	US\$1	100%	Investment holding
Mascotte Overseas Limited	British Virgin Islands/Macau	US\$1,795,000	100%	Inactive
Mascotte Photographic Trading Limited	British Virgin Islands/Macau	US\$1	100%	Inactive
Newland Kingdom Limited	Hong Kong	HK\$9,998 HK\$2*	100%	Property investment
Resourceful Enterprise Limited	Hong Kong	HK\$2	100%	Inactive
Tak Ya Leather Goods Manufactory Limited	British Virgin Islands/PRC	US\$1	100%	Investment holding

* These represent non-voting deferred shares (note d).



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March, 2005

32. SUBSIDIARIES *(Continued)*

Notes:

- a. Except for Mascotte Group Limited, all the companies above are indirectly held by the Company.
- b. These companies are equity joint ventures.
- c. Dongguan Tak Ya Leather Goods Manufactory Limited was established by the Group with an independent party in the PRC. Under various agreements entered into with the PRC party, the Group is entitled to all of the net profits derived from its operations up to 31st December, 2006.
- d. These deferred shares, which are not held by the Group, practically carry no right to dividends and no rights to receive notice of or to attend or vote at any general meeting of the respective companies. On winding up, the holders of the deferred shares are entitled to distribution out of the remaining assets of the respective companies only after the distribution of substantial amounts as specified in the Articles of Associations to holders of ordinary shares of the respective companies.

33. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date,

- (a) the Group disposed of an investment property with a carrying value of HK\$1,480,000 to a third party at a consideration of HK\$1,460,000.
- (b) the Group acquired properties from a third party at an aggregate consideration of HK\$5,710,000.

FINANCIAL SUMMARY

RESULTS

	Year ended 31st March,				2005 HK\$'000
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000	
TURNOVER	168,866	166,339	186,707	159,832	182,661
(LOSS) PROFIT BEFORE TAXATION	(55,759)	14,968	21,495	20,372	12,279
INCOME TAXES	(184)	(339)	(10,511)	(1,121)	(5,519)
(LOSS) PROFIT BEFORE MINORITY INTERESTS	(55,943)	14,629	10,984	19,251	6,760
MINORITY INTERESTS	(1,174)	(1,185)	(119)	(347)	(200)
(LOSS) PROFIT FOR THE YEAR	(57,117)	13,444	10,865	18,904	6,560

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ASSETS AND LIABILITIES

	At 31st March,				2005 HK\$'000
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000	
TOTAL ASSETS	181,585	190,358	235,443	249,868	236,869
TOTAL LIABILITIES	(29,055)	(34,804)	(73,146)	(68,320)	(52,769)
MINORITY INTERESTS	(4,128)	(2,188)	(2,306)	(2,653)	(2,854)
SHAREHOLDERS' FUNDS	148,402	153,366	159,991	178,895	181,246



PARTICULARS OF INVESTMENT PROPERTIES

Property interests held for investment purposes by the Group are set out below:

Location	Lease term	Group's interest	Type
HONG KONG			
Unit A, Ground Floor, Po Chai Industrial Building, 28 Wong Chuk Hang Road, Aberdeen	Long lease	100%	Commercial
Workshop No.7, 18th Floor, Harbour Industrial Centre, 10 Lee Hing Street, Ap Lei Chau	Long lease	100%	Commercial
Unit 1, 9th Floor, Block N, Hoi Lung Court, Aberdeen Centre	Long Lease	100%	Residential
No. 2, Hau Wo Street, Western District	Long Lease	100%	Commercial
PEOPLE'S REPUBLIC OF CHINA			
A portion of the factory complex situated at Lot No.14-03-129, Hui Shan Expressway, Pingtan Town, Huiyang County, Huizhou, Guangdong Province.	Medium-term lease	90%	Commercial
Units 1502 and 1503 on level 15, Pacific Trade Building, Jia Bin Road, Shenzhen, Guangdong Province	Medium-term lease	100%	Commercial