



MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2007

RESULTS

The Board of Directors (the “Directors”) of Mascotte Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2007	2006
	Notes	HK\$'000	HK\$'000
Turnover	3	232,496	209,396
Cost of sales		(162,376)	(151,248)
Gross profit		70,120	58,148
Other income		1,277	1,729
Selling and distribution costs		(7,445)	(6,940)
Administrative expenses		(43,790)	(32,219)
Impairment loss on goodwill		(4,243)	(2,799)
Gain (loss) on fair value changes on investment properties		1,873	(21)
Finance costs		(2,941)	(1,704)
Profit before taxation	4	14,851	16,194
Income tax expense	5	(4,546)	(3,452)
Profit for the year		<u>10,305</u>	<u>12,742</u>
Attributable to:			
Equity holders of the Company		10,540	12,472
Minority interests		(235)	270
		<u>10,305</u>	<u>12,742</u>
Dividend paid	6	<u>4,240</u>	<u>4,240</u>
Earnings per share			
Basic	7	<u>HK2.4 cents</u>	<u>HK2.9 cents</u>

CONSOLIDATED BALANCE SHEET

	As at 31 March	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Investment properties	210,575	34,650
Property, plant and equipment	47,479	47,439
Prepaid lease payments	5,927	4,694
Goodwill	–	4,243
Deposits paid	–	18,000
	<u>263,981</u>	<u>109,026</u>
Current assets		
Inventories	12,764	8,667
Prepaid lease payments	588	435
Trade and bills receivables	38,898	27,098
Loans receivable	6,885	46,710
Other receivables and prepayments	7,188	12,050
Income tax recoverable	22	–
Bank balances and cash	14,895	44,736
	<u>81,240</u>	<u>139,696</u>
Current liabilities		
Trade payables	13,535	13,677
Other payables and accrued charges	14,025	10,203
Income tax payable	8,915	6,539
Bank borrowings	28,740	16,298
Bank overdrafts	223	117
	<u>65,438</u>	<u>46,834</u>
Net current assets	<u>15,802</u>	<u>92,862</u>
	<u><u>279,783</u></u>	<u><u>201,888</u></u>
Capital and reserves		
Share capital	44,400	42,400
Reserves	192,115	148,174
	<u>236,515</u>	<u>190,574</u>
Equity attributable to equity holders of the Company	236,515	190,574
Minority interests	3,037	3,205
	<u>239,552</u>	<u>193,779</u>
Total equity	<u>239,552</u>	<u>193,779</u>
Non-current liability		
Bank borrowings	40,231	8,109
	<u>40,231</u>	<u>8,109</u>
	<u><u>279,783</u></u>	<u><u>201,888</u></u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair values.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are effective for the Group’s financial year beginning 1 April 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 8	Scope of HKFRS 2 ³
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁶
HK(IFRIC)-Int 12	Service Concession Arrangements ⁷

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 May 2006

⁴ Effective for annual periods beginning on or after 1 June 2006

⁵ Effective for annual periods beginning on or after 1 November 2006

⁶ Effective for annual periods beginning on or after 1 March 2007

⁷ Effective for annual periods beginning on or after 1 January 2008

3. SEGMENTS INFORMATION

Business segments

Segment information about these businesses is presented below:

	Year ended 31 March 2007		
	Manufacture and sales of goods <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER			
To external customers	<u>227,042</u>	<u>5,454</u>	<u>232,496</u>
Segment results	<u>25,864</u>	<u>3,033</u>	28,897
Unallocated other income			880
Unallocated corporate expenses			(11,985)
Finance costs			(2,941)
Profit before taxation			14,851
Income tax expense			(4,546)
Profit for the year			<u>10,305</u>
	Year ended 31 March 2006		
	Manufacture and sales of goods <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER			
To external customers	<u>206,297</u>	<u>3,099</u>	<u>209,396</u>
Segment results	<u>24,101</u>	<u>1,567</u>	25,668
Unallocated other income			1,076
Unallocated corporate expenses			(8,846)
Finance costs			(1,704)
Profit before taxation			16,194
Income tax expense			(3,452)
Profit for the year			<u>12,742</u>

Geographical segments

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Europe	144,230	131,601
United States of America	26,143	24,330
Hong Kong	12,151	18,518
Other regions in the PRC	17,052	8,114
Others	32,920	26,833
	<u>232,496</u>	<u>209,396</u>

4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Allowance for inventories	1,017	4
Depreciation of property, plant and equipment	2,740	2,360
Impairment loss on receivables	5,669	1,333
Interest on bank borrowings	2,941	1,704
Loss on disposal of property, plant and equipment	59	30
Loss on disposal of investment property	-	48
Release of prepaid lease payments	452	435
	<u>452</u>	<u>435</u>

5. INCOME TAX EXPENSE

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
The charge comprises:		
Current year		
Hong Kong	3,286	3,048
Other regions in the PRC	1,202	353
	<u>4,488</u>	<u>3,401</u>
(Over) underprovision in prior years		
Hong Kong	(1)	(1)
Other regions in the PRC	59	52
	<u>58</u>	<u>51</u>
	<u>4,546</u>	<u>3,452</u>

Hong Kong Profits Tax is calculated at 17.5% (2006:17.5%) 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.

6. DIVIDEND

On 25 September 2006, a dividend of HK1 cent (2005: HK1 cent) per share amounting to HK\$4,240,001 (2005: HK\$4,240,001) was paid to shareholders as the final dividend in respect of 2006.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Final dividend – Nil per ordinary share (2006: HK 1 cent)	<u>–</u>	<u>4,240</u>

No dividend was declared for the year ended 31 March 2007.

7. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share attributable to equity holders of the Company is based on the following data:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Earnings for the purpose of basic earnings per share	<u>10,540</u>	<u>12,472</u>
	Number of shares	
	2007	2006
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>431,068,593</u>	<u>424,000,100</u>

No diluted earnings per share has been presented as there were no dilutive ordinary shares in issue in both years.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 March 2007, the Group achieved a turnover of approximately HK\$232.5 million, representing an increase of 11.0% when compared with previous corresponding year. The gross profit was increased by HK\$12.0 million, as compared with previous corresponding year.

Profit attributable to equity holders of the Company for the year ended 31 March 2007 amounted to approximately HK\$10.5 million (2006: HK\$12.5 million), representing a decrease of 15.5% when compared with previous corresponding year. Such decreases were the combined results of: (a) impairment loss of receivable of HK\$5.7 million; (b) increase in staff costs of HK\$3.1 million; (c) increase in legal and professional expenses of HK\$2.9 million; and (d) impairment loss on goodwill of HK\$4.2 million.

Earnings per share for the year ended 31 March 2007 was HK2.4 cents (2006: HK2.9 cents).

FINAL DIVIDEND

No interim dividend was declared for the year ended 31 March 2007 (2006: Nil) and the Board did not recommend any payment of final dividend for the year ended 31 March 2007 (2006: HK 1 cent).

BUSINESS REVIEW AND PROSPECTS

Manufacture and Sale of Photographic, Electrical and Multimedia Accessories

During this financial year, the demand of the Group's products remained strong and healthy and the Group achieved growth in both turnover and profit approximately of HK\$227.0 million and HK\$25.9 million, representing an increase of 10.1% and 7.3% over the last corresponding year.

Europe continued to be the Group's largest market, accounting for approximately 62.0% of the total turnover of this financial year. Total export sales to Europe rose to HK\$144.2 million, representing a growth of 9.6% as compared to that of the last corresponding year. The management has good knowledge and confidence in this market and will adhere to its established strategy to further penetrate into this very huge market.

In term of product category of photographic, electrical and multimedia accessories, the sale of multimedia accessories recorded growth this financial year. The Group's sale of multimedia accessories amounted to approximately 46.7% of the total turnover of this financial year (2006: approximately 45.6%). The growth was mainly attributable to the Group's strategy to extend relationships with major multimedia brand manufacturers and the positive market response of the Group's manufactured convergence products (textile and electronic combinations).

Property Portfolio Refinement

During this financial year, the Group's property letting income was approximately HK\$5.5 million (2006:HK\$3.1 million), an increase by 76.0% when compared with last corresponding year. The growth was mainly attributable to the inclusion of property letting income of a PRC property located in Guangzhou, PRC being acquired since the end of July 2006.

Prospects

The management continues to focus on new revenue channels within the Group's core business of accessories for photographic, multimedia and electrical products. The demand for digital SLR camera bags has outpaced the forecasts of the market and allowed the Group not only to maintain a sustainable turnover in the photographic area but achieve an increase with the Group's historical core customer base. This is reflected in the turnover for photographic products, which has increased to 37.9% of the Group's turnover for the year ended 31 March 2007. At large this is attributable to the participation at the number one trade show for photographic accessories Photokina held every 2 years in Cologne, Germany, in September 2006. At Photokina, the Group was able to not only introduce new models to its existing customer base but also open new accounts in the photographic accessories sector. The Group continues to foster its relationships with electronic and multimedia technology partners such as Eleksen (www.eleksen.com) and NXT (www.nxtplc.com). A presence at the Consumer Electronic Show in Las Vegas in January 2007 and the Hong Kong Electronic Shows in April and October has helped to foster the percentage growth in the multimedia and electrical accessories business for traditional cut and sew, as well as convergence products.

The Group continues to focus on the prospects of increasing its market share in the US, whereas demand has been flat for audio accessories due to the anticipation of the launch of the iPhone®. Its launch was announced at MacWorld in January 2007, but not due to launch until the summer of 2007 in the US and later in the year in the global market. The group continues to invest conservatively in innovative R&D for wearable electronics as well as exploring a relationship with revolutionary solar technology for the use in bags, an area in which the Group holds China patents. This will

further expand the Group's knowledge in wearable electronics and convergence products. Keeping costs tight and concentrating on its core competencies, the Group seeks to further expand its market penetration both in electronic and multimedia accessories over the coming year.

Following the acquisition completion of a PRC property located in Guangzhou, PRC on 24 July 2006, the property portfolio of the Group in the PRC is expected to accelerate the future growth in line with the promising economic growth of the PRC. The Directors consider that the acquisition will contribute positively to the operating results of the Group in future years.

Having regard to the recent property market in Hong Kong and the PRC, the directors consider to review the property portfolio and do not rule out the possibility of sale of certain properties in order to realize the gain in property appreciation. In June 2007, the Group disposed of certain investment properties and leasehold building for the total of consideration of HK\$59 million, and such disposals improved the cashflow of the Group. The Company intends to apply the proceeds towards general working capital or other investments in future. As the Company does not have any identified investment plans at present, the directors are constantly looking for investment opportunities.

LIQUIDITY AND GEARING RATIO

As at 31 March 2007, the Group recorded a total bank balances and cash of HK\$14.9 million (as at 31 March 2006 of HK\$44.7 million). Moreover, the Group had current assets of HK\$81.2 million (as at 31 March 2006 of HK\$139.7 million). The Equity attributable to equity holders of the Company was of HK\$236.5 million (as at 31 March 2006 of HK\$190.6 million) and the total bank borrowings were of HK\$69.0 million (as at 31 March 2006 of HK\$24.4 million); and accordingly, the gearing ratio was of 29.2% (as at 31 March 2006 of 12.8%).

POST BALANCE SHEET EVENT

1. In June 2007, the Group disposed of investment properties and leasehold building with carrying value of approximately HK\$30.4 million and HK\$18.7 million to independent third parties at consideration of HK\$30 million and HK\$29 million respectively.
2. In June 2007, the Company placed 64,800,000 shares at price of HK\$0.45 per share.
3. At the special general meeting held on 11 July 2007, the shareholders of the Company approved an ordinary resolution in relation to the increase of authorized share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 shares to HK\$1,000,000,000 divided into 10,000,000,000 shares by the creation of additional 9,000,000,000 unissued shares of HK\$0.10 each.
4. On 17 July 2007, the Company entered into a placing agreement with an placing agent in order to place 104,960,000 shares at price of HK\$0.45 per share on fully underwritten basis.
5. On 17 July 2007, the Company entered into another placing agreement with the placing agent in respect of an issue of convertible notes amounting to HK\$500 million by on a best effort basis. The placing agreement is subject to the approval of shareholders of the Company in the special general meeting to be held in August 2007 in accordance with the Listing Rules.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the year ended 31 March 2007.

CODE ON CORPORATE GOVERNANCE

The Company has complied with the code provisions which set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules during the year ended 31 March 2007 except for the following deviations:

1. Code Provision A.2.1 provides that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Company does not at present have any officer with the title of CEO, and it deviates from the Code. Ms. Chan Oi Ling, Maria Olimpia is the chairperson and has also carried out the responsibilities of CEO. Ms. Chan possesses essential leadership skills and has extensive knowledge in the business of the Group. The Board considers the present structure is more suitable to the Company because it can promote the efficient formulation and implementation of the Company's strategies.
2. Code Provision A.4.1 provides that non-executive directors should be appointed for specific terms, subject to re-election. The independent non-executive directors ("INEDs") of the Company are not appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meetings of the Company. Pursuant to Bye-law 87(1) of the current Bye-laws of the Company, each director shall be subject to retirement by rotation at least once every three years at the annual general meeting. This means that the terms of appointment of the directors, including INEDs, cannot exceed three years.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 of the Listing Rules (the "Model Code"). On specific enquiries made, all Directors confirmed that 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.

AUDIT COMMITTEE

The audit committee of the Company currently comprises three independent non-executive directors, namely Mr. Wong Yui Leung, Larry (chairman of audit committee), Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam. The consolidated financial statements for the year ended 31 March 2007 of the Group have been reviewed by the audit committee.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.mascotte.com>). The annual report will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

On Behalf of the Board
Chan Oi Ling, Maria Olimpia
Chairperson

Hong Kong, 25 July 2007

As at the date of this announcement, the Board comprises Ms. Chan Oi Ling Maria Olimpia (Chairperson), Mr. Lam Yu Ho, Daniel (Managing Director), Mr. Au Yeung Kai Chor and Ms. Wong, Dickie as executive directors, Mr. Wong Yui Leung, Larry, Mr. Lui Wai Shan, Wilson, Mr. Cheung Ngai Lam and Mr. Chan Sze Hung as independent non-executive directors.