



MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2005

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 31st March, 2005 together with the comparative figures for the previous year as follows:

		Year ended 31st March,	
		2005	2004
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	182,661	159,831
Cost of sales		(130,555)	(110,238)
Gross profit		52,106	49,593
Other operating income	3	413	8,936
Selling and distribution costs		(9,297)	(7,069)
Administrative expenses		(32,257)	(32,016)
Surplus arising on revaluation of investment properties		2,474	2,036
Profit from operations	2 & 4	13,439	21,480
Finance costs		(1,160)	(1,108)
Profit before taxation		12,279	20,372
Income taxes	5	(5,519)	(1,121)
Profit before minority interests		6,760	19,251
Minority interests		(200)	(347)
Net profit for the year		6,560	18,904
Dividend	6	4,240	4,240
Earnings per share	7		
Basic		1.5 cents	4.5 cents

Notes:

1. 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.

2. SEGMENTS INFORMATION

Analysis of the Group’s turnover and contribution to operating profit by business segments and geographical segments is as follows:

Business segments

	Year ended 31st March, 2005		
	Manufacture and sales of goods <i>HK\$’000</i>	Property investment and development <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
TURNOVER			
To external customers	<u>179,504</u>	<u>3,157</u>	<u>182,661</u>
RESULT			
Segment profit	<u>13,149</u>	<u>2,796</u>	15,945
Unallocated other operating income			41
Unallocated corporate expenses			<u>(2,547)</u>
Profit from operations			<u>13,439</u>

	Year ended 31st March, 2004		
	Manufacture and sales of goods <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER			
To external customers	<u>155,378</u>	<u>4,453</u>	<u>159,831</u>
RESULT			
Segment profit	<u>12,650</u>	<u>10,432</u>	23,082
Unallocated other operating income			200
Unallocated corporate expenses			<u>(1,802)</u>
Profit from operations			<u>21,480</u>

Geographical segments

	Year ended 31st March,			
	Revenue by geographical market		Contribution to profit from operations	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Europe	107,650	85,807	7,885	8,141
United States of America	23,762	23,866	1,741	2,264
Hong Kong	19,252	24,124	431	8,374
Other regions in the PRC	6,060	2,887	3,988	2,107
Others	25,937	23,147	1,900	2,196
	<u>182,661</u>	<u>159,831</u>	<u>15,945</u>	<u>23,082</u>
Unallocated other operating income			41	200
Unallocated corporate expenses			<u>(2,547)</u>	<u>(1,802)</u>
Profit from operations			<u>13,439</u>	<u>21,480</u>

3. OTHER OPERATING INCOME

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Bank interest income	22	23
Other interest income	19	2,386
Gain on disposal of property, plant and equipment and investment properties	55	6,337
Sundry income	317	190
	<u>413</u>	<u>8,936</u>

4. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging/(crediting):

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Allowance for doubtful debts	1,603	1,500
Allowance for inventories	733	359
Amortisation of goodwill included in administrative expenses	1,083	1,083
Depreciation and amortisation of property, plant and equipment and investment properties	3,936	4,519
Gain on disposal of property, plant and equipment and investment properties	(55)	(6,337)
Interest on bank borrowing	1,160	1,108
Write back of allowance for loans receivable	–	(750)
	<u> </u>	<u> </u>

5. INCOME TAXES

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
The charge comprises:		
Current year		
Hong Kong	2,406	1,192
Other regions in the PRC	316	28
	<u>2,722</u>	<u>1,220</u>
Under(over)provision in prior years		
Hong Kong	2,610	(99)
Other regions in the PRC	187	–
	<u>2,797</u>	<u>(99)</u>
	<u>5,519</u>	<u>1,121</u>

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.

6. DIVIDEND

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Final Proposed – HK1 cent per ordinary share (2004: HK1 cent)	<u>4,240</u>	<u>4,240</u>

The final dividend proposed after the year end is subject to the approval of shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share is based on the 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.

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

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.

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.

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.

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 31st March, 2005.

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.

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.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

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

Hong Kong, 27th July, 2005

As at the date of this announcement, the executive directors of the Company are Ms. Chan Oi Ling, Maria Olimpia, Mr. Lam Yu Ho, Daniel, Mr. Cheng Lok Hing, Mr. Cheng Chun Kit and Ms. Ji Hong and the independent non-executive directors of the Company are Mr. Wong Yui Leung, Larry, Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam.