MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability) *(Stock Code: 136)*

ANNUAL REPORT 2007

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors
Chan Oi Ling, Maria Olimpia *(Chairperson)*
Lam Yu Ho, Daniel *(Managing Director)*
Au Yeung Kai Chor
Wong, Dickie

Independent Non-Executive Directors
Wong Yui Leung, Larry
Lui Wai Shan, Wilson
Cheung Ngai Lam
Chan Sze Hung

COMPANY SECRETARY

Chiu Wing Keung, Frank

QUALIFIED ACCOUNTANT

Chiu Wing Keung, Frank

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
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia Limited, Guang Zhou Branch
DBS Bank (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu

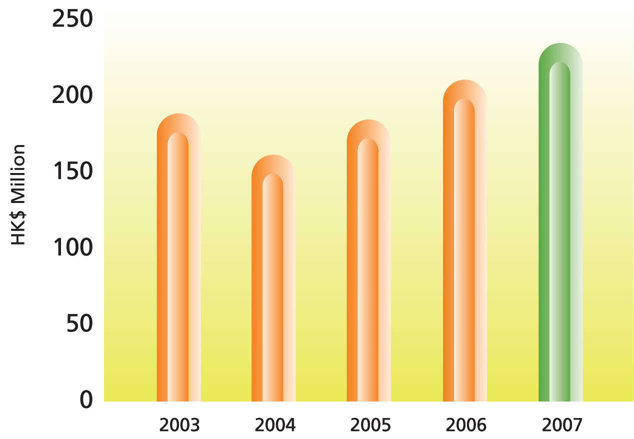
SHARE REGISTRARS

Bermuda
Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

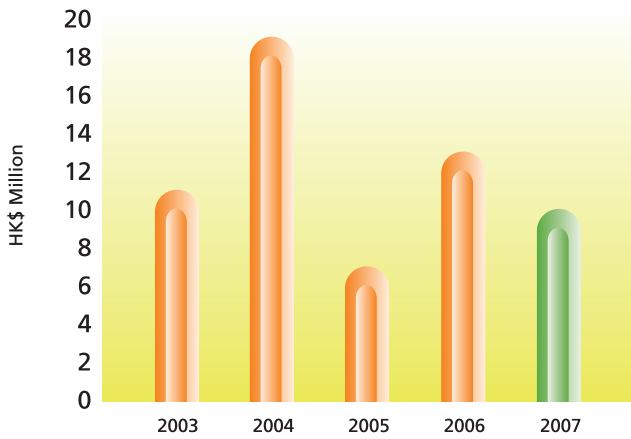
Hong Kong
Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

FINANCIAL HIGHLIGHTS

TURNOVER

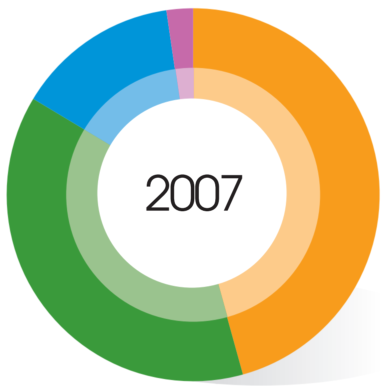


NET PROFIT



TURNOVER BY PRODUCT/ACTIVITY

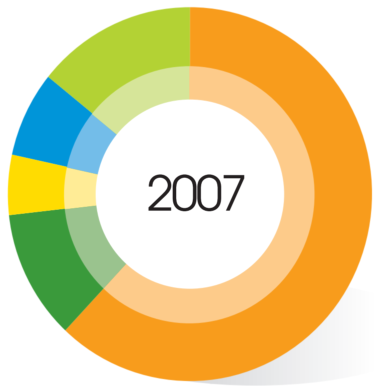
(Year ended 31 March 2007)



Accessories for multimedia products	46%
Accessories for photographic products	38%
Accessories for electrical products	14%
Rental income from investment properties	2%

TURNOVER BY GEOGRAPHICAL AREAS

(Year ended 31 March 2007)



Europe	62%
United States of America	11%
Hong Kong	5%
Other regions in the PRC	8%
Others	14%

CHAIRMAN'S STATEMENT

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

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 per share).

OUTLOOK

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.

CHAIRMAN'S STATEMENT

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.

APPRECIATION

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

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

Hong Kong, 25 July 2007

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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%).

CURRENCY RISK MANAGEMENT

The Group's largest sale market is Europe, which alone accounts for around 60% of the Group's sale turnover. In safeguarding the volatile Euro Dollars currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting US Dollar quoted sale orders, which in turn the management can maintain a stable currency exchange condition for normal trading business development.

Certain bank loans of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy in respect of foreign currency debt. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2007, 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.

EXECUTIVE DIRECTORS

Ms. CHAN Oi Ling, Maria Olimpia, aged 63, is the Chairperson and an executive Director of the Company and the founder of the Group. She is responsible for the overall management, strategic planning and development and financial function of the Group. Ms. Chan has over 40 years' experience in the manufacture and sale of accessories for photographic products.

Mr. LAM Yu Ho, Daniel, aged 69, is the Managing Director and an executive Director of the Company and has been with the Group since early 1970s. He oversees the Group's operation and is responsible for product design and development. Mr. Lam has over 40 years' experience in the manufacture and sale of accessories for photographic products.

Mr. AU YEUNG Kai Chor, aged 54, an executive Director, joined the Group on 6 June 2007. He is responsible for the operation and administration in the PRC operation as well as investment and business development activities of the Company. He has over 20 years of experience in casino business and is a member of the senior management of a casino operator. He had engaged in the daily operations of VIP rooms within several casinos in Macau, namely, Neptune VIP Club (澳門葡京海王會貴賓廳), Sands Shing Dao VIP Club (澳門金沙成都會貴賓廳), Wynn Victory VIP Club (澳門永利勝利會貴賓廳) and Neptuno VIP Club (澳門星際海王星貴賓廳), and another casino on board a vessel, Neptune Cruises (澳門海王星郵輪), which operates in international waters.

Ms. WONG, Dickie, aged 36, an executive Director, joined the Group in March 1996. She is responsible for general administration, manufacturing and sale of goods division and the management information system. She holds a bachelor's degree in Economics/System Science from University of California, Los Angeles and a master's degree in Engineering/Economics System from Stanford University. Ms. Wong worked for two international investment banks in Hong Kong for three years prior to joining the Group. Ms. Wong is the daughter of Ms. Chan Oi Ling, Maria Olimpia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Yui Leung, Larry, aged 38, has been an independent non-executive Director since 29 September 1998. He 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 42. He has over 18 years of experience in the formation 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 38, is a member of the American Institute of Certified Public Accountants and CPA Australia. Mr. Cheung obtained a Bachelor Degree in Social Sciences from the University of Hong Kong in 1991, a Master of Accounting Degree from Curtin University of Technology, Perth, Australia in 1997 and a Master of Science (Investment Management) Degree in Finance from the Hong Kong University of Science and Technology in 2001. He is currently an independent non-executive director of Hong Long Holdings Limited; a listed company on the Hong Kong Stock Exchange. Mr. Cheung has extensive experience in accounting and capital markets, he served at Deloitte Touche Tohmatsu from August 1991 to March 1994, vice president and executive vice president of Daiwa Securities and Japan Asia Securities from March 1994 to March 2005 respectively.

Mr. CHAN Sze Hung, aged 55, has over 20 years of experience in the legal profession and is a consultant of Chan, Lau & Wai, a firm of solicitors in Hong Kong. Mr. Chan is currently the independent non-executive directors of Asia Orients Holdings Limited, Heritage International Holdings Limited and Radford Capital Investment Limited, all of these companies listed on the Stock Exchange of Hong Kong Limited. Mr. Chan graduated from the University of Hong Kong with a degree in law.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

SENIOR MANAGEMENT

Mr. GAO Zhi Qing, aged 71, joined the Group in April 1994. He is responsible for the sales and marketing operation in the PRC. He has over 40 years' experience in the manufacture of photographic products in the PRC.

Mr. DOERINGER, Tobias Christian, aged 34, joined the Group in March 1996. He is the Marketing Director of the Group and is responsible for overall international sales and marketing activities of the Group. Mr. Doeringer studied at Lancester University Management School and the Otto Beisheim Graduate School of Management, holding a BBA in European Management/German. He has over 16 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.

Mr. CHIU Wing Keung, Frank, aged 41, joined the Group in August 2006. He is the financial controller of the Group and is also the secretary of the Company. Mr. Chiu is a Certified Public Accountant (Practising), Fellow of both HKICPA and ACCA. He holds a Bachelor's degree in science from the University of Hong Kong and a degree of Master of Business Administration from University of Leicester. He was previously the Finance Director and Company Secretary of a Hong Kong publicly listed company and has extensive experience in auditing, finance and accounting.

CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance practices of the Company are crucial to the smooth and effective operation of the Group and safeguarding the interests of the shareholders. The Company has compiled with the code provisions which set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2007, except for certain deviations as explained below.

BOARD OF DIRECTORS

The Board currently comprises four Executive Directors and four Independent Non-Executive Directors. The brief biographic details of the directors is set out in the Directors and Senior Management Profiles on pages 7 to 8 of this Annual Report. The Board has established two Board Committees, namely Audit Committee and Remuneration Committee. The Board meets regularly to discuss on overall strategy and review the financial and operating performance of the Group. Attendance of the Board Meetings and the meetings of the Board Committees for the year ended 31 March 2007 is set out below:

	No. of meetings attended/held		
	Board Meeting	**Audit Committee**	**Remuneration Committee**
Executive Directors			
Chan Oi Ling, Maria Olimpia *(Chairperson)*	5/5	–	–
Lam Yu Ho, Daniel *(Managing Director)*	5/5	–	–
Cheng Lok Hing (resigned on 31 January 2007)	5/5	–	–
Cheng Chun Kit (resigned on 31 January 2007)	5/5	–	–
Ji Hong (resigned on 31 January 2007)	5/5	–	–
Au Yeung Kai Chor (appointed on 6 June 2007)	–	–	–
Wong, Dickie (appointed on 6 June 2007)	–	–	–
Independent Non-Executive Directors ("INEDs")			
Wong Yui Leung, Larrry	5/5	2/2	1/1
Lui Wai Shan, Wilson	5/5	2/2	1/1
Cheung Ngai Lam	5/5	2/2	1/1
Chan Sze Hung (appointed on 6 June 2007)	–	–	–

The Board determines the overall strategies, monitors and controls operating and financial performance, analyse and formulate strategies to manage risks in pursuit of the Group's strategic objectives. The Board also decides on matters such as annual and interim results, dividend policy, director appointments, significant changes in accounting policy, material contracts and major investments. The Board has delegated the authority and responsibility of overseeing the Group's day-to-day operations to management executives.

The Company confirmed it has received from each of its INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and the Company considers them to be independent.

CORPORATE GOVERNANCE REPORT

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 provides that the roles of Chairperson and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The Company does not at present 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.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board currently has four INEDs. Three of the INEDs hold appropriate professional qualifications, or accounting or related financial management expertise under Rule 3.10 of the Listing Rules.

Code Provision A.4.1 provides that non-executive directors should be appointed for specific term, subject to re-election. The 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.

REMUNERATION COMMITTEE

The remuneration committee is principally responsible for formulating the Group's policy and structure for all remunerations of the directors and senior management and providing advice and recommendations to the Board of the Company. The Remuneration Committee comprises three INEDs, namely Mr. Wong Yui Leung, Larry (Chairman of Remuneration Committee), Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam.

During the year ended 31 March 2007, the Remuneration Committee held one meeting. The Remuneration Committee reviewed the remuneration policies and the salary packages of the Executive Directors. The Remuneration Committee ensures that no director is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee are consistent with the terms set out in the relevant section of the Code.

AUDIT COMMITTEE

The Audit Committee is principally responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board of the Company. The Audit Committee comprises three INEDs, namely Mr. Wong Yui Leung, Larry (Chairman of Audit Committee), Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam.

During the year ended 31 March 2007, the Audit Committee held two meetings. The Audit Committee has, among other things, reviewed the financial statements of the Group for the year ended 31 March 2006 and for the six months ended 30 September 2006, and recommended such financial statements to the Board for approval. The terms of reference of the Audit Committee are consistent with the terms set out in the relevant section of the Code.

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee for the appointment of directors.

In accordance with Company's Bye-laws, the Board is empowered at any time to appoint any person as a director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any director so appointed shall retire and be eligible for re-election at the next following annual general meeting. The criteria for selecting a director are mainly based on the candidate's quality which includes, but not limited to, his/her qualification, experience, professional knowledge, ethics and integrity. During the year ended 31 March 2007, no new directors were appointed either to fill a casual vacancy or as an addition to the Board.

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.

AUDITORS' REMUNERATION

For the year ended 31 March 2007, the remuneration paid/payable to Deloitte Touche Tohmatsu for audit services and taxation services rendered to the Group amounted to approximately HK$930,000 and HK$65,000 respectively.

FINANCIAL REPORTING

The Board acknowledges that they are responsible for the preparation of the Company's accounts which give a true and fair view of the financial position of the Company as of 31 March 2007 and of the results of its operations and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and for ensuring that appropriate accounting policies are selected and applied consistently.

The reporting responsibilities of the external auditor, Deloitte Touche Tohmastu, are set out in the Independent Auditor's Report on page 17.

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate system of internal control and for reviewing its effectiveness. During the year ended 31 March 2007, the Board has reviewed the effectiveness of the existing system of internal control with a view to safeguard the investment of the Company's shareholders and the Group's assets.

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited consolidated financial statements for the year ended 31 March 2007.

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 and property investment.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2007 are set out in the consolidated income statement on page 18.

The directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 26 to the consolidated financial statements.

INVESTMENT PROPERTIES

During the year, the Group acquired investment properties of HK$158,935,167 and all of the investment properties of the Group were fair valued as at 31 March 2007. The net increase in fair value of investment properties amounting to HK$1,872,833 has been credited directly to consolidated income statement.

Details of these and other movements during the year in the investment properties of the Group are set out in note 15 to the consolidated financial statements.

Particulars of the investment properties of the Group are set out on page 59.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of HK$2,962,619.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserve available for distribution to shareholders as at 31 March 2007 were as follows:

	2007	2006
	HK$	*HK$*
Contributed surplus	**67,960,971**	67,960,971
Accumulated losses	**(50,352,126)**	(43,669,408)
	17,608,845	24,291,563

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the 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 would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

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	*(Chairperson)*
Mr. Lam Yu Ho, Daniel	*(Managing Director)*
Mr. Au Yeung Kai Chor	*(appointed on 6 June 2007)*
Ms. Wong, Dickie	*(appointed on 6 June 2007)*
Mr. Cheng Lok Hing	*(resigned on 31 January 2007)*
Mr. Cheng Chun Kit	*(resigned on 31 January 2007)*
Ms. Ji Hong	*(resigned on 31 January 2007)*

Independent Non-Executive Directors:

Mr. Wong Yui Leung, Larry	
Mr. Lui Wai Shan, Wilson	
Mr. Cheung Ngai Lam	
Mr. Chan Sze Hung	*(appointed on 6 June 2007)*

In accordance with Clauses 86(2) and 87 of the Company's Bye-laws, Mr. Au Yeung Kai Chor, Ms. Wong, Dickie, Mr. Lui Wai Shan, Wilson, Mr. Cheung Ngai Lam and Mr. Chan Sze Hung retire by rotation 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 independent 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

Saved as disclosed in note 35 to the consolidated 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' INTERESTS IN SECURITIES

At 31 March 2007, the interests of the directors and their associates in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "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 Issuers contained in the Rules Governing the Listing of Securities (the "Listing Rules"), were as follows:

Long positions

Name of director	Number of issued ordinary shares held: Personal interests	Other interests *(Note)*	Percentage of issued share capital of the Company
Ms. Chan Oi Ling, Maria Olimpia	–	193,340,000	43.55%
Mr. Lam Yu Ho, Daniel	17,076,000	–	3.85%
Mr. Cheng Lok Hing	5,664,000	–	1.28%
Mr. Cheng Chun Kit	6,300,000	–	1.42%

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.

DIRECTORS' REPORT

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, chief executive, nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as at 31 March 2007.

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 31 March 2007, so far as was known to the directors, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors or chief executive, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

Name	Nature of interests	Number of shares	% of shareholding (approximate)
Honeyard Corporation *(Note 1)*	Beneficial interests	193,340,000	43.55%
Golden Mount Limited *(Note 2)*	Beneficial interests	111,380,000	25.09%

Note:

(1) These shares are held by Honeyard Corporation, the entire issued share capital of which is held by The Honeyard Trust, a discretionary trust of which the family members of Ms. Chan Oi Ling, Maria Olimpia, Chairperson of the Company and an executive Director, are discretionary beneficiaries.

(2) A company controlled by Mr. Chim Pui Chung who is the independent third party.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2007.

DEALINGS IN 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.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2007, aggregate amount of sales attributable to the Group's five largest customers accounted for approximately 44.14% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 18.07% of the Group's total turnover. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 40.42% of the Group's total purchases and the amount of purchases attributable to the Group's largest supplier was approximately 15.67% 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.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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 Listing Rules. The Company considers all of the independent non-executive directors are independent.

EMOLUMENT POLICY

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

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

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.

SUFFICIENCY OF PUBLIC FLOAT

The Company announced on 26 September 2006 that the Company obtained on 26 September 2006 Disclosure of Interests Forms filed pursuant to Part XV of the SFO notifying that Mr. Chim Pui Chung and his controlled corporation, Golden Mount Limited increased its shareholding interests in the Company to 104,100,000 shares of the Company. The aggregate shareholding interests of the directors, controlling shareholder and Mr. Chim and his controlled corporation was approximately 79.72% of the total issued share capital of the Company, thereby resulting in the public float below 25% as required under Rule 13.32(1) of the Rules Governing the Listing of Securities on the Stock Exchange.

On 31 January 2007, the Company had been notified by Mr. Lam Yu Ho, Daniel that in order to restore the minimum 25% public float of the Company, he had disposed of 7,300,000 shares to two independent persons. The aggregate shareholding interests of the directors, controlling shareholder and Mr. Chim and his controlled corporation was approximately 74.99% of the total issued share capital of the Company, and the public float was at 25.01%.

Save as disclosed in above, based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 March 2007.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$103,600.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 34 to the consolidated financial statements.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March 2007 with all the provisions of the code on Corporate Governance practices as set out in Appendix 14 of the Listing Rules except that the roles of the chairman and chief executive officer of the Company were not separate and was performed by the same individual and the independent non-executive directors 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.

AUDITOR

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

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

Hong Kong, 25 July 2007

Deloitte.
德勤

TO THE SHAREHOLDERS OF MASCOTTE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Mascotte Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 18 to 57, which comprise the consolidated balance sheet as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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

25 July 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Notes	2007 HK$	2006 HK$
Turnover	6	**232,495,986**	209,396,075
Cost of sales		**(162,376,080)**	(151,247,840)
Gross profit		**70,119,906**	58,148,235
Other income	8	**1,277,518**	1,729,243
Selling and distribution costs		**(7,444,937)**	(6,939,820)
Administrative expenses		**(43,790,021)**	(32,219,270)
Impairment loss on goodwill		**(4,242,843)**	(2,799,172)
Gain (loss) on fair value changes on investment properties		**1,872,833**	(21,177)
Finance costs	9	**(2,941,632)**	(1,703,769)
Profit before taxation	10	**14,850,824**	16,194,270
Income tax expense	12	**(4,545,643)**	(3,452,580)
Profit for the year		**10,305,181**	12,741,690
Attributable to:			
Equity holders of the Company		**10,540,043**	12,472,177
Minority interests		**(234,862)**	269,513
		10,305,181	12,741,690
Dividend paid	13	**4,240,001**	4,240,001
Earnings per share	14		
Basic		**HK2.4 cents**	HK2.9 cents

CONSOLIDATED BALANCE SHEET

At 31 March 2007

	Notes	2007 HK$	2006 HK$
Non-current assets			
Investment properties	15	**210,575,000**	34,650,000
Property, plant and equipment	16	**47,479,261**	47,438,399
Prepaid lease payments	17	**5,927,024**	4,694,326
Goodwill	18	**–**	4,242,843
Deposits paid	19	**–**	18,000,000
		263,981,285	109,025,568
Current assets			
Inventories	20	**12,764,156**	8,666,837
Prepaid lease payments	17	**588,183**	434,703
Trade and bills receivables	21	**38,898,292**	27,098,051
Loan receivables	22	**6,884,950**	46,710,000
Other receivables and prepayments		**7,187,720**	12,050,688
Income tax recoverable		**21,819**	–
Bank balances and cash	23	**14,895,312**	44,735,963
		81,240,432	139,696,242
Current liabilities			
Trade payables	24	**13,535,064**	13,677,218
Other payables and accrued charges		**14,024,848**	10,203,502
Income tax payable		**8,915,190**	6,538,779
Bank borrowings	25	**28,740,106**	16,298,108
Bank overdrafts		**223,035**	116,565
		65,438,243	46,834,172
Net current assets		**15,802,189**	92,862,070
		279,783,474	201,887,638
Capital and reserves			
Share capital	26	**44,400,010**	42,400,010
Reserves		**192,115,081**	148,173,719
Equity attributable to equity holders of the Company		**236,515,091**	190,573,729
Minority interests		**3,037,543**	3,204,909
Total equity		**239,552,634**	193,778,638
Non-current liability			
Bank borrowings	25	**40,230,840**	8,109,000
		279,783,474	201,887,638

The consolidated financial statements on pages 18 to 57 were approved and authorised for issue by the Board of Directors on 25 July 2007 and are signed on its behalf by:

Chan Oi Ling, Maria Olimpia	**Lam Yu Ho, Daniel**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

	Attributable to equity holders of the Company									
	Share capital HK$	Share premium HK$	Special reserve HK$	Translation reserve HK$	Reserve fund HK$	Enterprise expansion reserve HK$	Retained profits HK$	Total HK$	Minority interests HK$	Total HK$
At 1 April 2005	42,400,010	66,672,487	14,900,773	(1,119,604)	1,083,258	1,083,258	56,225,671	181,245,853	2,853,245	184,099,098
Exchange movement during the year recognised directly in equity	–	–	–	1,095,700	–	–	–	1,095,700	82,151	1,177,851
Profit for the year	–	–	–	–	–	–	12,472,177	12,472,177	269,513	12,741,690
Total recognised income for the year	–	–	–	1,095,700	–	–	12,472,177	13,567,877	351,664	13,919,541
Divided paid	–	–	–	–	–	–	(4,240,001)	(4,240,001)	–	(4,240,001)
At 31 March 2006	42,400,010	66,672,487	14,900,773	(23,904)	1,083,258	1,083,258	64,457,847	190,573,729	3,204,909	193,778,638
Exchange movement during the year recognised directly in equity	–	–	–	(2,289,117)	–	–	–	(2,289,117)	67,496	(2,221,621)
Profit for the year	–	–	–	–	–	–	10,540,043	10,540,043	(234,862)	10,305,181
Total recognised income for the year	–	–	–	(2,289,117)	–	–	10,540,043	8,250,926	(167,366)	8,083,560
Divided paid	–	–	–	–	–	–	(4,240,001)	(4,240,001)	–	(4,240,001)
Issue of share	2,000,000	6,600,000	–	–	–	–	–	8,600,000	–	8,600,000
Acquisition of assets and liabilities through acquisition of a subsidiary	–	–	33,330,437	–	–	–	–	33,330,437	–	33,330,437
At 31 March 2007	44,400,010	73,272,487	48,231,210	(2,313,021)	1,083,258	1,083,258	70,757,889	236,515,091	3,037,543	239,552,634

The special reserve at 31 March 2006 represented the difference between the nominal amount of the share capital issued by the Company and the aggregate nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation on 5 September 1997. On 24 July 2006, the Group acquired assets and liabilities from the substantial shareholder of the Group by way of acquisition of a subsidiary at a discount of HK$33,330,437, which represented the excess of fair value of assets and liabilities acquired through the acquisition of a subsidiary over the consideration paid and was deemed as capital contribution from the substantial shareholder and credited to special reserve (note 27).

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007

	Note	**2007**	2006
		HK$	*HK$*
OPERATING ACTIVITIES			
Profit before taxation		**14,850,824**	16,194,270
Adjustments for:			
Interest expenses		**2,941,632**	1,703,769
Impairment loss on receivables		**5,669,243**	1,332,671
Allowance for inventories		**1,017,365**	3,915
Release of prepaid lease payments		**452,091**	434,703
Depreciation of property, plant and equipment		**2,740,432**	2,359,997
Loss on disposal of property, plant and equipment		**58,674**	29,732
Loss on disposal of investment property		**–**	47,758
Interest income		**(879,942)**	(1,075,957)
Impairment loss on goodwill		**4,242,843**	2,799,172
(Gain) loss on fair value changes on investment properties		**(1,872,833)**	21,177
Operating cash flows before movements in working capital		**29,220,329**	23,851,207
Increase in inventories		**(4,818,551)**	(239,981)
Increase in trade and bills receivables		**(16,791,879)**	(3,829,793)
Decrease in other receivables and prepayments		**4,926,796**	2,733,107
(Decrease) increase in trade payables		**(1,090,305)**	4,540,135
(Decrease) increase in other payables and accrued charges		**(5,734,160)**	1,451,039
Cash generated from operations		**5,712,230**	28,505,714
Hong Kong Profits Tax paid		**(2,410,655)**	(1,404,944)
Hong Kong Profits Tax refunded		**–**	144,268
Tax paid in other jurisdictions		**(134,300)**	(80,118)
NET CASH FROM OPERATING ACTIVITIES		**3,167,275**	27,164,920
INVESTING ACTIVITIES			
Purchase of investment properties		**(4,582,000)**	(5,535,600)
Purchase of property, plant and equipment		**(2,927,255)**	(1,316,623)
Purchase of prepaid lease land		**(1,633,108)**	–
Proceeds from disposal of investment properties		**–**	1,432,242
Proceeds from disposal of property, plant and equipment		**300,885**	16,258
New loan receivables raised		**(13,000,000)**	–
Repayment of loan receivables		**52,488,050**	–
Interest received		**879,942**	175,957
Acquisition of assets and liabilities through acquisition of subsidiaries	27	**(101,874,096)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(70,347,582)**	(5,227,766)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007

	2007 *HK$*	2006 *HK$*
FINANCING ACTIVITIES		
New bank loans raised	**67,487,085**	12,505,999
Repayment of bank loans	**(23,130,335)**	(17,563,295)
Dividend paid	**(4,240,001)**	(4,236,841)
Interest paid	**(2,941,632)**	(1,703,769)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**37,175,117**	(10,997,906)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(30,005,190)**	10,939,248
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**44,619,398**	33,605,484
Effect of foreign exchange rate changes	**58,069**	74,666
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**14,672,277**	44,619,398
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**14,895,312**	44,735,963
Bank overdrafts	**(223,035)**	(116,565)
	14,672,277	44,619,398

1. GENERAL

The Company is a public company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the directory of the annual report.

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, and property investment.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

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 ("HKICPA") 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. SIGNIFICANT ACCOUNTING POLICIES

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 on 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, as explained in the accounting policies set out below. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Goodwill

Capitalised goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of completion. For previously capitalised goodwill arising on acquisitions of subsidiaries after 1 January 2001, the Group has discontinued amortisation from 1 April 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

Impairment testing on capitalised goodwill

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the Group's relevant cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal, the attributable amount of goodwill capitalised is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

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

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

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at costs including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at its fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment, over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Impairment (other than goodwill (see the accounting policy in respect of goodwill))

At each balance sheet date, the Group reviews the carrying amounts of its tangible 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.

Borrowing costs

All borrowings cost are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

Leasehold land and building

The land and building elements of a lease of land and building are considered separately the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and bills receivables, loan receivables, other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment loss. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Bank borrowings are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Other financial liabilities

Other financial liabilities including trade payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

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

Taxation

Income tax expense represents 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 profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 consolidated 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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollars using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (translation reserve). Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefit costs

Payments to defined contribution retirement benefit plans/state-managed retirement benefit scheme/the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the entity's accounting policies, which are described in note 3, management has made the following estimation that has the most significant effect on the amounts recognised in the consolidated financial statements of the next year.

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates. In relying on the valuation report, the directors of the Group have exercised their judgment and are satisfied that the method of valuation of is reflective of the current market conditions.

5. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's major financial instruments include loans and receivables, bank borrowings and other financial liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial statements and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain bank borrowings of the Group are denominated in foreign currencies (note 25). The Group currently does not have a foreign currency hedging policy in respect of foreign currency debt. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Cash flow interest rate risk

The Group has exposures to interest rate risk as its bank borrowings are subject to floating interest rates. Currently, interest rate risk is not hedged. However, from time to time, if interest rate fluctuates significantly, interest rate swaps may be used to convert some of the floating interest rates borrowings to fixed rates to manage interest rate exposure.

The interest rate risk for bank balances exposed is considered minimal as such amounts are placed in banks with maturity less than three months.

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

The Group's credit risk is primarily attributable to its loan receivables and trade receivables. The Group is exposed to concentration of credit risk as full amount of its loan receivables and a substantial portion of its trade receivables is generated from a limited number of counterparties and customers respectively. As at 31 March 2007, the top five customers of the Group accounted for about 44% of the Group's trade receivables. The Group manages its credit risk by closely monitoring the granting of credit period.

The Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are licensed banks.

Other than the above, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rates.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. TURNOVER

	2007 HK$	2006 HK$
Gross rental income	**5,454,328**	3,098,642
Sales of goods	**227,041,658**	206,297,433
	232,495,986	209,396,075

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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

Consolidated income statement for the year ended 31 March 2007

	Manufacture and sales of goods HK$	Property investment HK$	Consolidated HK$
TURNOVER			
To external customers	**227,041,658**	**5,454,328**	**232,495,986**
Segment results	**25,863,886**	**3,033,401**	**28,897,287**
Unallocated other income			**879,942**
Unallocated corporate expenses			**(11,984,773)**
Finance costs			**(2,941,632)**
Profit before taxation			**14,850,824**
Income tax expense			**(4,545,643)**
Profit for the year			**10,305,181**

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Consolidated balance sheet at 31 March 2007

	Manufacture and sales of goods HK$	Property investment HK$	Consolidated HK$
ASSETS			
Segment assets	78,977,573	215,906,834	294,884,407
Unallocated corporate assets			50,337,310
Consolidated total assets			345,221,717
LIABILITIES			
Segment liabilities	23,720,359	2,220,553	25,940,912
Unallocated corporate liabilities			79,728,171
Consolidated total liabilities			105,669,083

Other information for the year ended 31 March 2007

	Manufacture and sales of goods HK$	Property investment HK$	Unallocated HK$	Consolidated HK$
Allowance for inventories	1,017,365	–	–	1,017,365
Capital additions	2,469,994	158,973,311	454,481	161,897,786
Depreciation of property, plant and equipment	1,540,152	55,828	1,144,452	2,740,432
Gain on fair value changes on investment properties	–	1,872,833	–	1,872,833
Impairment loss on goodwill	4,242,843	–	–	4,242,843
Impairment loss on receivables	5,332,243	–	337,000	5,669,243
Loss on disposal of property, plant and equipment	58,674	–	–	58,674
Release of prepaid lease payments	452,091	–	–	452,091

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Consolidated income statement for the year ended 31 March 2006

	Manufacture and sales of goods *HK$*	Property investment *HK$*	Consolidated *HK$*
TURNOVER			
To external customers	206,297,433	3,098,642	209,396,075
Segment results	24,100,506	1,567,146	25,667,652
Unallocated other income			1,075,957
Unallocated corporate expenses			(8,845,570)
Finance costs			(1,703,769)
Profit before taxation			16,194,270
Income tax expense			(3,452,580)
Profit for the year			12,741,690

Consolidated balance sheet at 31 March 2006

	Manufacture and sales of goods *HK$*	Property investment *HK$*	Consolidated *HK$*
ASSETS			
Segment assets	64,795,459	54,946,588	119,742,047
Unallocated corporate assets			128,979,763
Consolidated total assets			248,721,810
LIABILITIES			
Segment liabilities	22,922,852	300,428	23,223,280
Unallocated corporate liabilities			31,719,892
Consolidated total liabilities			54,943,172

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Other information for the year ended 31 March 2006

	Manufacture and sales of goods *HK$*	Property investment *HK$*	Unallocated *HK$*	Consolidated *HK$*
Allowance for inventories	3,915	–	–	3,915
Capital additions	1,248,425	5,903,798	–	7,152,223
Depreciation of property, plant and equipment	1,565,394	53,078	741,525	2,359,997
Impairment loss on goodwill	2,799,712	–	–	2,799,712
Impairment loss on receivables	432,671	–	900,000	1,332,671
Loss on disposal of investment property	–	47,758	–	47,758
Loss on disposal of property, plant and equipment	29,732	–	–	29,732
Loss on fair value changes on investment properties	–	21,177	–	21,177
Release of prepaid lease payments	434,703	–	–	434,703

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 is carried out in Hong Kong and other regions in the PRC.

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

	2007 ***HK$***	2006 *HK$*
Europe	**144,230,581**	131,600,913
United States of America	**26,142,551**	24,330,261
Hong Kong	**12,150,703**	18,518,005
Other regions in the PRC	**17,051,948**	8,114,328
Others	**32,920,203**	26,832,568
	232,495,986	209,396,075

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments *(Continued)*

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

	Carrying amount of segment assets		Additions to property, plant and equipment		Additions to investment properties	
	2007	2006	**2007**	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Hong Kong	**97,463,788**	85,127,518	**2,504,359**	983,349	**20,830,167**	5,835,600
Other regions in the PRC	**197,420,619**	34,614,529	**458,260**	333,274	**138,105,000**	–
	294,884,407	119,742,047	**2,962,619**	1,316,623	**158,935,167**	5,835,600

8. OTHER INCOME

	2007	2006
	HK$	*HK$*
Bank interest income	**257,992**	175,957
Other interest income	**621,950**	900,000
Exchange gain, net	**–**	164,172
Sundry income	**397,576**	489,114
	1,277,518	1,729,243

9. FINANCE COSTS

	2007	2006
	HK$	*HK$*
Interest on:		
Bank borrowings wholly repayable within five years	**2,440,319**	1,142,036
Bank borrowings not wholly repayable within five years	**501,313**	561,733
	2,941,632	1,703,769

10. PROFIT BEFORE TAXATION

	2007 HK$	2006 HK$
Profit before taxation has been arrived at after charging:		
Allowance for inventories	**1,017,365**	3,915
Auditor's remuneration	**930,000**	950,000
Cost of inventories recognised as expenses	**161,358,715**	151,243,925
Depreciation of property, plant and equipment	**2,740,432**	2,359,997
Exchange loss, net	**1,897,771**	–
Impairment loss on receivables	**5,669,243**	1,332,671
Loss on disposal of investment property	**–**	47,758
Loss on disposal of property, plant and equipment	**58,674**	29,732
Minimum lease payments for operating leases in respect of rented premises	**2,191,341**	2,110,942
Release of prepaid lease payments	**452,091**	434,703
Staff costs including directors' emoluments and contributions to retirement benefits schemes	**35,356,563**	32,245,326
and after crediting:		
Gross rental income from investment properties	**5,454,328**	3,098,642
Less: direct operating expenses that generated rental income	**(1,391,681)**	(637,311)
	4,062,647	2,461,331

11. DIRECTORS' EMOLUMENTS AND HIGHEST PAID EMPLOYEES

Directors' emoluments

The emoluments paid or payable to each of the directors are as follows:

	Chan Oi Ling, Maria Olimpia HK$	Lam Yu Ho, Daniel HK$	Cheng Lok Hing HK$	Cheng Chun Kit HK$	Ji Hong HK$	Wong Yui Leung, Larry HK$	Lui Wai Shan, Wilson HK$	Cheung Ngai Lam HK$	Total HK$
2007									
Fees	**–**	**–**	**–**	**–**	**–**	**80,000**	**50,000**	**50,000**	**180,000**
Other emoluments									
Salaries and other benefits	**3,900,000**	**1,720,000**	**471,329**	**471,329**	**46,729**	**–**	**–**	**–**	**6,609,387**
Retirement benefits scheme contribution	**12,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,000**
Rental paid/rateable value in respect of quarters provided	**871,800**	**–**	**–**	**–**	**15,323**	**–**	**–**	**–**	**887,123**
Total emoluments	**4,783,800**	**1,720,000**	**471,329**	**471,329**	**62,052**	**80,000**	**50,000**	**50,000**	**7,688,510**
2006									
Fees	–	–	–	–	–	80,000	50,000	50,000	180,000
Other emoluments									
Salaries and other benefits	3,600,000	1,700,000	390,000	390,000	56,075	–	–	–	6,136,075
Retirement benefits scheme contribution	12,000	–	–	–	–	–	–	–	12,000
Rental paid/rateable value in respect of quarters provided	769,200	–	–	–	47,020	–	–	–	816,220
Total emoluments	4,381,200	1,700,000	390,000	390,000	103,095	80,000	50,000	50,000	7,144,295

11. DIRECTORS' EMOLUMENTS AND HIGHEST PAID EMPLOYEES *(Continued)*

Highest paid employees

The five highest paid individuals of the Group included two (2006: two) executive directors, details of whose emoluments are set out above. The emoluments of the remaining three (2006: three) highest paid individuals are as follows:

	2007	2006
	HK$	*HK$*
Salaries and other benefits	**2,887,073**	2,452,423
Retirement benefits scheme contributions	**20,000**	24,000
Rentals paid/rateable value in respect of quarters provided	**252,600**	316,200
	3,159,673	2,792,623

The emoluments were within the following bands:

	No. of employees	
	2007	2006
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	1
	3	3

12. INCOME TAX EXPENSE

	2007	2006
	HK$	*HK$*
The charge comprises:		
Current year		
Hong Kong	**3,285,714**	3,048,270
Other regions in the PRC	**1,201,879**	353,190
	4,487,593	3,401,460
(Over)underprovision in prior years		
Hong Kong	**(1,062)**	(808)
Other regions in the PRC	**59,112**	51,928
	58,050	51,120
	4,545,643	3,452,580

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.

12. INCOME TAX EXPENSE *(Continued)*

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, one of the Company's PRC subsidiaries is 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.

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

	2007 ***HK$***	2006 *HK$*
Profit before taxation	**14,850,824**	16,194,270
Tax at the domestic income tax rate of 17.5% (2006: 17.5%)	**2,598,894**	2,833,997
Tax effect of expenses not deductible for tax purpose	**3,138,314**	835,800
Tax effect of income not taxable for tax purpose	**(1,618,829)**	(25,822)
Tax effect of offshore manufacturing profits on 50/50 apportionment basis	**(54,700)**	(72,088)
Underprovision in prior years	**58,050**	51,120
Tax effect of tax losses not recognised	**92,114**	122,701
Tax effect of utilisation of deductible temporary differences previously not recognised	**(53,301)**	(217,954)
Effect of tax exemption granted to a PRC subsidiary	**–**	(241,582)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**430,912**	142,542
Others	**(45,811)**	23,866
Income tax expense for the year	**4,545,643**	3,452,580

At 31 March 2007, the Group has unused tax losses of HK$11,022,746 (2006: HK$10,496,377) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. All losses may be carried forward indefinitely.

At 31 March 2007, the Group has deductible temporary differences of HK$1,563,165 (2006: HK$1,867,743) 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. All deductible temporary difference may be carried forward indefinitely.

13. 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.

No dividend (2006: HK$4,240,001) has been proposed by the directors.

14. 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	2006
	HK$	*HK$*
Earnings for the purpose of basic earnings per share	**10,540,043**	12,472,177

	Number of shares	
	2007	2006
Weighted average number of ordinary shares for the purpose of basic earnings per share	**431,068,593**	424,000,100

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

15. INVESTMENT PROPERTIES

	2007	2006
	HK$	*HK$*
AT FAIR VALUE		
At beginning of the year	**34,650,000**	29,880,000
Exchange adjustments	**(2,883,000)**	435,577
Acquisition of assets through acquisition of subsidiaries	**154,353,167**	–
Additions	**4,582,000**	5,835,600
Transferred from deposit paid *(note 19)*	**18,000,000**	–
Disposal	**–**	(1,480,000)
Gain (loss) on fair value changes	**1,872,833**	(21,177)
At end of the year	**210,575,000**	34,650,000

The carrying values of the Group's investment properties at 31 March 2007 are analysed as follows:

	2007	2006
	HK$	*HK$*
Situated in Hong Kong held under long leases	**40,065,000**	17,300,000
Situated in other regions in the PRC held under medium-term leases	**170,510,000**	17,350,000
	210,575,000	34,650,000

All of the Group's property interests in land held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

All of the Group's investment properties have been fair valued as at 31 March 2007 on the basis carried out at that date by Chung, Chan & Associates, Chartered Surveyors, an independent qualified professional valuer not connected with the Group. Chung, Chan & Associates, Chartered Surveyors is a member of Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of properties in the relevant locations. The valuation, which conforms to Hong Kong Institute of Surveyors Valuation Standards, was arrived at using two primary methods, namely the comparison approach and the income capitalisation approach.

Certain of the Group's investment properties are rented out under operating leases.

Details of the investment properties are set out on page 59.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$	Leasehold improvements HK$	Furniture, fixtures and equipment HK$	Plant and machinery HK$	Motor vehicles HK$	Total HK$
COST						
At 1 April 2005	56,056,627	3,104,343	3,400,086	20,760,636	5,223,987	88,545,679
Exchange adjustments	167,760	8,496	2,525	432,605	35,404	646,790
Additions	–	–	274,759	356,739	685,125	1,316,623
Disposals	–	(23,559)	–	–	(93,214)	(116,773)
At 31 March 2006	56,224,387	3,089,280	3,677,370	21,549,980	5,851,302	90,392,319
Exchange adjustments	239,338	11,724	4,022	624,865	55,139	935,088
Acquisition of assets through acquisition of a subsidiary	–	15,011	20,353	–	–	35,364
Additions	–	489,521	280,549	209,353	1,947,832	2,927,255
Disposals	–	–	(246,448)	–	(984,840)	(1,231,288)
At 31 March 2007	56,463,725	3,605,536	3,735,846	22,384,198	6,869,433	93,058,738
DEPRECIATION						
At 1 April 2005	11,000,273	2,406,454	2,686,022	19,710,760	4,347,597	40,151,106
Exchange adjustments	60,864	7,768	2,485	415,518	26,965	513,600
Provided for the year	1,267,287	173,258	220,508	399,016	299,928	2,359,997
Eliminated on disposals	–	(13,301)	–	–	(57,482)	(70,783)
At 31 March 2006	12,328,424	2,574,179	2,909,015	20,525,294	4,617,008	42,953,920
Exchange adjustments	98,349	11,396	3,687	600,736	42,686	756,854
Provided for the year	1,278,804	205,835	216,099	380,684	659,010	2,740,432
Eliminated on disposals	–	–	(169,948)	–	(701,781)	(871,729)
At 31 March 2007	13,705,577	2,791,410	2,958,853	21,506,714	4,616,923	45,579,477
CARRYING VALUES						
At 31 March 2007	42,758,148	814,126	776,993	877,484	2,252,510	47,479,261
At 31 March 2006	43,895,963	515,101	768,355	1,024,686	1,234,294	47,438,399

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above item of property, plant and equipment are depreciated on straight-line basis at the following rates per annum:

Leasehold land and 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 carrying values of the Group's leasehold land and buildings at 31 March 2007 are analysed as follows:

	2007	2006
	HK$	*HK$*
Situated in Hong Kong held under long leases	**11,399,677**	11,631,284
Situated in Hong Kong held under medium-term leases	**26,519,235**	27,234,986
Situated in other regions in the PRC held under medium-term leases	**4,839,236**	5,029,693
	42,758,148	43,895,963

17. PREPAID LEASE PAYMENTS

	2007	2006
	HK$	*HK$*
Leasehold interests in land in other regions in the PRC under medium-term lease	**6,515,207**	5,129,029
Analysed for reporting purposes as:		
Current	**588,183**	434,703
Non-current	**5,927,024**	4,694,326
	6,515,207	5,129,029

18. GOODWILL

	HK$
COST	
At 1 April 2005, 1 April 2006 and 31 March 2007	7,042,015
IMPAIRMENT	
At 1 April 2005	–
Impairment loss recognised	2,799,172
At 31 March 2006	2,799,172
Impairment loss recognised	4,242,843
At 31 March 2007	7,042,015
CARRYING AMOUNT	
At 31 March 2007	–
At 31 March 2006	4,242,843

For the purpose of impairment testing, goodwill is allocated to an individual cash generating unit (CGU) which is engaged in manufacture and sales of goods and is expected to benefit from that business combination.

The basis of the recoverable amounts of the CGU and its major underlying assumption is summarised below:

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses the estimation of the cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 10%. The discount rate represented the expected return of the CGU with reference to the market. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development.

Expected future cash flow dropped mainly due to reduction in budgeted future sales as the Group decided to focus its productions through its other production lines. Accordingly, during the year ended 31 March 2007, the Group recognised an impairment loss of HK$4,242,843 (2006: HK$2,799,172).

19. DEPOSITS PAID

	2007	2006
	HK$	*HK$*
Deposit for acquisition of a property in the PRC *(Note a)*	–	18,000,000
Deposit for acquisition of an interest in a property development project *(Note b)*	–	6,000,000
	–	24,000,000
Less: amounts due within one year shown under other receivables and prepayments	–	(6,000,000)
	–	18,000,000

Notes:

(a) The amount had been transferred to investment properties during the year per note 15 to the consolidated financial statements.

(b) The amount was fully settled during the year pursuant to a settlement agreement signed between the Group and the vendor on 28 January 2005.

20. INVENTORIES

	2007	2006
	HK$	*HK$*
Raw materials	**6,310,889**	5,667,890
Work in progress	**1,014,571**	748,715
Finished goods	**5,438,696**	2,250,232
	12,764,156	8,666,837

21. TRADE AND BILLS RECEIVABLES

	2007 HK$	2006 HK$
Aged analysis of trade receivables:		
Within 60 days	**14,779,000**	23,504,215
61 – 150 days	**22,632,207**	2,389,250
More than 150 days	**–**	44,190
	37,411,207	25,937,655
Discounted bills receivables aged within 60 days	**1,487,085**	1,160,396
	38,898,292	27,098,051

The Group allowed a credit period ranging from 30 days to 150 days to its trade customers.

22. LOAN RECEIVABLES

	2007 HK$	2006 HK$
Loans advanced for property development projects *(Note a)*	**–**	46,710,000
Loans advanced for management of investment properties *(Note b)*	**6,884,950**	–
	6,884,950	46,710,000

Notes:

(a) The loans were unsecured, carried a total return of 10% over the loan period of four years and were fully settled during the year. The average effective interest rate was 2.34% per annum for both years.

(b) Pursuant to various agreements signed between the Group and certain companies which developed and managed the investment properties of the Group in the PRC on 29 September 2006 and 7 November 2006, the Group advanced totalling HK$13,000,000 to those companies for property management purpose. The loans outstanding at 31 March 2007 amounted to HK$6,884,950. The loans were unsecured, bearing interest at The People's Bank of China lending rate per annum and repayable within one year. The average effective interest rate ranging from 6.12% to 6.39% per annum for the year.

23. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits which carry fixed interest rate ranging from 1.90% to 1.95% (2006: 0.25% to 2.50%) per annum with an original maturity of three months or less.

24. TRADE PAYABLES

	2007	2006
	HK$	*HK$*
Aged analysis of trade payables:		
Within 60 days	**13,535,064**	13,645,033
61 – 150 days	**–**	31,685
More than 150 days	**–**	500
	13,535,064	13,677,218

25. BANK BORROWINGS

	2007	2006
	HK$	*HK$*
Bank borrowings comprise the following:		
Bank loans – secured	**57,483,861**	17,437,000
– unsecured	**11,487,085**	6,970,108
	68,970,946	24,407,108
The bank borrowings are repayable as follows:		
Within one year	**28,740,106**	16,298,108
More than one year and not more than two years	**6,500,377**	2,328,000
More than two years and not more than three years	**6,768,752**	2,328,000
More than three years and not more than four years	**5,851,389**	2,328,000
More than four years and not more than five years	**5,030,399**	1,125,000
More than five years	**16,079,923**	–
	68,970,946	24,407,108
Less: Amounts due within one year shown under current liabilities	**(28,740,106)**	(16,298,108)
Amounts due after one year	**40,230,840**	8,109,000

The directors believe that the fair values of the bank borrowings estimated by discounting their future cash flows at the prevailing market borrowing rates at 31 March 2007 approximate to the corresponding carrying amounts.

The average effective interest rates of the borrowings are ranging from 4.96% to 8.14% (2006: 3.56% to 6.47%) per annum.

25. BANK BORROWINGS *(Continued)*

The carrying amounts of the Group's borrowings are analysed as follows:

Denominated in	2007 *HK$*	2006 *HK$*	Interest rate
Hong Kong dollars	**19,113,800**	18,437,000	Hong Kong Inter-bank Offered Rate plus 1.5% to 2.25%
Hong Kong dollars	**39,857,146**	1,160,396	Hong Kong Prime Rate or Hong Kong Prime Rate minus 1.5%
Renminbi	**10,000,000**	4,809,712	5% discount on The People's Bank of China lending rate
	68,970,946	24,407,108	

At 31 March 2007, there were bank borrowings amounting to approximately HK$40,370,000 (2006: HK$7,000,000) denominated in Hong Kong dollars which was not the functional currency of those subsidiaries.

26. SHARE CAPITAL

Movements during the year in the share capital of the Company were as follows:

	Number of shares		Nominal value	
	2007	2006	**2007** ***HK$***	2006 *HK$*
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 of the year	**424,000,100**	424,000,100	**42,400,010**	42,400,010
Shares issued	**20,000,000**	–	**2,000,000**	–
At end of the year	**444,000,100**	424,000,100	**44,400,010**	42,400,010

On 23 November 2006, the Company issued 20,000,000 ordinary shares to a third party (the "Vendor") at HK$0.43 per share, with a total amount of HK$8,600,000 as part of the consideration for acquiring assets and liabilities through acquisition of a company from the Vendor. Details of such acquisition are disclosed in note 27(b) to the consolidated financial statements.

All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

27. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

(a) On 24 July 2006, the Group acquired an investment property in the PRC and its related assets and liabilities, at a consideration of HK$90,259,019 from the substantial shareholder of the Group. The purchase was by way of acquisition of the entire issued share capital of Jet Star Industries Limited. This transaction has been reflected as a purchase of assets and liabilities.

	HK$
Net assets acquired:	
Investment property	133,523,000
Property, plant and equipment	35,364
Trade receivables	302,230
Other receivables, deposits and prepayments	47,302
Bank balances and cash	601,090
Trade payables	(929,926)
Payables, deposits received and accrued charges	(9,668,050)
Income tax payable	(321,554)
	123,589,456
Contribution from the substantial shareholder credited to special reserve	(33,330,437)
	90,259,019
Total consideration satisfied by cash	90,259,019
Net cash outflow arising on acquisition:	
Bank balances and cash acquired	601,090
Cash consideration paid	(90,259,019)
	(89,657,929)

Note: The amount which represented the excess of fair value of assets and liabilities acquired through the acquisition of a subsidiary over the consideration paid or payable is deemed as capital contribution from the substantial shareholder and is credited to special reserve.

27. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) On 23 November 2006, the Group acquired an investment property in Hong Kong and its related assets and liabilities, at a consideration of HK$20,819,802 from an independent third party. The purchase was by way of acquisition of the entire issued share capital of Hop Shing Trading Limited. This transaction has been reflected as a purchase of assets and liabilities.

	HK$
Net assets acquired:	
Investment property	20,830,167
Bank balance	3,635
Accrued charges	(14,000)
	20,819,802
Total consideration satisfied by:	
Cash consideration	12,219,802
Shares issued *(Note)*	8,600,000
	20,819,802
Net cash outflow arising on acquisition:	
Bank balances	3,635
Cash consideration paid	(12,219,802)
	(12,216,167)

Note: As part of the consideration, 20,000,000 ordinary shares of the Company with par value of HK$0.10 each were issued at market price HK$0.43 per share at the date of the acquisition with a total amount of HK$8,600,000.

28. MAJOR NON-CASH TRANSACTIONS

As disclosed in note 27(b), the Company issued 20,000,000 ordinary shares on 23 November 2006 with a total amount of HK$8,600,000 as part of the consideration for acquiring an investment property in Hong Kong and its related asset and liabilities.

29. OPERATING LEASE ARRANGEMENTS

The Group as lessee:

At 31 March 2007, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2007	2006
	HK$	*HK$*
Within one year	680,790	946,168
In the second to fifth year inclusive	–	375,084
	680,790	1,321,252

Leases are negotiated for terms of one year (2006: one to three years) with fixed monthly rentals over the lease terms.

The Group as lessor:

At 31 March 2007, 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:

	2007	2006
	HK$	*HK$*
Within one year	4,729,936	2,663,300
In the second to fifth year inclusive	6,746,416	7,309,828
Over five years	400,960	1,360,000
	11,877,312	11,333,128

Leases are negotiated for terms ranging from one to seven years (2006: one to eight years) with fixed monthly rentals over the lease terms.

30. CAPITAL COMMITMENT

At 31 March 2007, the Group had the following capital commitment in respect of acquisition of investment properties and property, plant and equipment:

	2007	2006
	HK$	*HK$*
Contracted but not provided for in the consolidated financial statements	–	4,043,000

31. PLEDGE OF ASSETS

At 31 March 2007, the Group had the following pledges over its assets to secure banking facilities granted to the Group.

(a) Investment properties with an aggregate carrying value of HK$154,170,000 (2006: HK$29,030,000).

(b) Leasehold land and buildings with an aggregate carrying value of HK$26,645,549 (2006: HK$22,150,254).

(c) Prepaid lease payments with an aggregate carrying value of HK$6,515,207 (2006: HK$5,129,029).

32. SHARE OPTION SCHEME

Pursuant to the Company's share option scheme (the "Scheme") adopted on 21 August 2003, for the primary purpose of providing incentive to directors and eligible employees, and which will expire 10 years after the date of adoption (the "Option Period"), 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 of (i) the closing price of the shares of the Stock Exchange on the date of grant of the option, which must be a trading day or (ii) the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the options or (iii) 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 30% of the total number of the issued share of the Company from time to time. The maximum number of shares in respect of which options may be granted to each participant (including both exercised and outstanding options) in any 12-month period cannot exceed 1% of the total number of the issued share of the Company. Upon acceptance of option, the grantee shall pay HK$1 to the Company by way of consideration of the grant. An option may be exercised at any time during the Option Period.

No share option was granted or exercised during the two years ended 31 March 2007 and there are no share options outstanding as at 31 March 2007 and 2006.

33. RETIREMENT BENEFIT SCHEME

Prior to 1 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 1 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 consolidated 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$657,957 (2006: HK$698,216).

As at 31 March 2007 and 2006, there were no 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.

34. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date:

(a) The Group disposed of investment properties and leasehold building with carrying value of approximately HK$30,400,000 and HK$18,708,000 to independent third parties at consideration of HK$30,000,000 and HK$29,000,000 respectively.

(b) The Company placed 64,800,000 shares at a price of HK$0.45 per share.

(c) The authorised share capital of the Company is increased 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.

(d) On 17 July 2007, the Company entered into a placing agreement to place 104,960,000 shares at a price of HK$0.45 per share.

(e) On 17 July 2007, the Company entered into a convertible notes placing agreement to procure the placing for convertible notes with principal amount up to HK$500,000,000. The notes are convertible into shares of the Company at HK$0.40 per share. The agreement is subject to the approval of shareholders of the Company in a special general meeting.

35. RELATED PARTY TRANSACTIONS

Other than the acquisition of a subsidiary from the Chairman of the Group as disclosed in note 27(a), during the year, the following related party transactions took place:

(i) Transactions with directors' related companies:

Name of party	Directors who have interest	Nature of transactions	2007 *HK$*	2006 *HK$*
Dawnvast Ltd.	Mr. Cheng Lok Hing Mr. Cheng Chun Kit	Rental expense	**308,000**	369,000
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	**192,000**	192,000

(ii) Transactions with a minority shareholder:

Name of party	Nature of transaction	2007 *HK$*	2006 *HK$*
東莞市橋光實業集團公司 Dongguan City Qiao Guang Industrial Group Company	Rental expenses	**926,815**	891,168

(iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2007 *HK$*	2006 *HK$*
Short-term benefits	**9,012,319**	8,128,098
Post-employment benefits	**24,000**	24,000
	9,036,319	8,152,098

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

36. SUBSIDIARIES

Particulars of the subsidiaries at 31 March 2007 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
Direct subsidiary				
Mascotte Group Limited	British Virgin Islands/ Hong Kong	US$100	100%	Investment holding
Indirect subsidiaries				
東莞德雅皮具製品廠有限公司 Dongguan Tak Ya Leather Goods Manufactory Limited *(note a)*	PRC	HK$8,000,000	70% *(note b)*	Manufacture of accessories for photographic, electrical and multimedia products
Hop Shing Trading Limited	British Virgin Islands/ Hong Kong	HK$8	100%	Property holding
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
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
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 a)*	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

36. SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries at 31 March 2007 are as follows: *(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 Photographic Trading Limited	British Virgin Islands/ Macau	US$1	100%	Inactive
Newland Kingdom Limited	Hong Kong	HK$9,998 HK$2*	100%	Inactive
Jet Star Industries Limited	Hong Kong/PRC	HK$998 HK$2*	100%	Property holding
Tak Ya Leather Goods Manufactory Limited	British Virgin Islands/ PRC	US$1	100%	Investment holding
Wave Mark Limited	Hong Kong	HK$1	100%	Property holding

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

Notes:

(a) These companies are equity joint ventures.

(b) 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 profits derived from its operations up to 31 December 2011.

(c) These deferred shares, which are not held by the Group, practically carry no rights 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.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2003	2004	2005	2006	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	186,707	159,832	182,661	209,396	**232,496**
Profit before taxation	21,495	20,372	12,279	16,194	**14,851**
Income tax expenses	(10,511)	(1,121)	(5,519)	(3,452)	**(4,546)**
Profit for the year	10,984	19,251	6,760	12,742	**10,305**
Attributable to:					
Equity holders of the Company	10,865	18,904	6,560	12,472	**10,540**
Minority interests	119	347	200	270	**(235)**
	10,984	19,251	6,760	12,742	**10,305**

ASSETS AND LIABILITIES

	At 31 March				
	2003	2004	2005	2006	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	235,443	249,868	236,869	248,722	**345,222**
Total liabilities	(73,146)	(68,320)	(52,769)	(54,943)	**(105,669)**
	162,297	181,548	184,100	193,779	**239,553**
Equity attributable to equity holders of the Company	159,991	178,895	181,246	190,574	**236,515**
Minority interests	2,306	2,653	2,854	3,205	**3,038**
	162,297	181,548	184,100	193,779	**239,553**

2005 figures have been adjusted to reflect the change in accounting policy for the adoption of HKAS 17 and 40, which are effective for accounting period beginning on or after 1 January 2005. No restatement of financial statements for 2003 and 2004 was made for the adoption of HKAS 17 and 40 as the Company considered it is not practical to do so.

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
No. 2, Hau Wo Street, Western District	Long Lease	100%	Commercial
No. 4, Hau Wo Street, Western District	Long Lease	100%	Commercial
Shop Space No. S97, 2nd Floor, Red Mall of Malahon Apartments, No. 509 Jaffe Road	Long lease	100%	Commercial
Shop Space No. S18, 2nd Floor, Red Mall of Malahon Apartments, No. 509 Jaffe Road	Long lease	100%	Commercial

PARTICULARS OF INVESTMENT PROPERTIES

Location	Lease term	Group's interest	Type
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
Ji Fu Building, No. 103 Shibafu Road, Liwan District, Guangzhou Province	Medium-term lease	100%	Commercial
Level 2, Glittery Garden, No. 66-87 Qian Jin Road, Haizhu District, Guangzhou, Guangzhou Province	Medium-term lease	100%	Commercial
Units 1502 and 1503 on level 15, Pacific Trade Building, Jia Bin Road, Shenzhen, Guangdong Province	Medium-term lease	100%	Commercial