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Directors

Mr LEUNG Kai Ching, Kimen (*Chairman*)
Mr LEUNG Wai Sing, Wilson
Mr KUOK Kun Man, Andrew
Mr WONG Po Yan, G.B.M., J.P.*
The Hon LI Wah Ming, Fred, J.P.*
Mr LAU Wang Yip, Derrick*

* *Independent non-executive directors*

Company Secretary

Mr KUOK Kun Man, Andrew

Principal Bankers

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
China Construction Bank
DBS Bank (Hong Kong) Limited

Auditors

PricewaterhouseCoopers

Legal Advisers to the Company

Kwok & Yih

Legal Advisers on Bermuda Law

Conyers, Dill & Pearman

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

**Head Office
and Principal Place of Business**

11th Floor
Zung Fu Industrial Building
1067 King's Road
Quarry Bay
Hong Kong

Principal Registrars

The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

Registrars in Hong Kong

Abacus Share Registrars Limited
G/F, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

Website

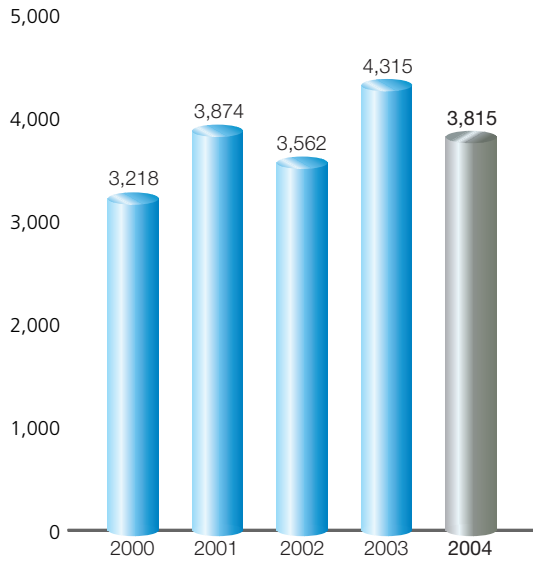
<http://www.alco.com.hk>

Stock Code

328

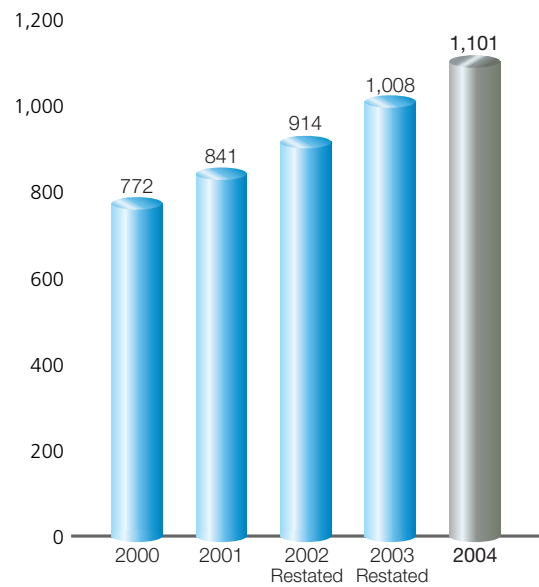
TURNOVER

(HK\$ million)



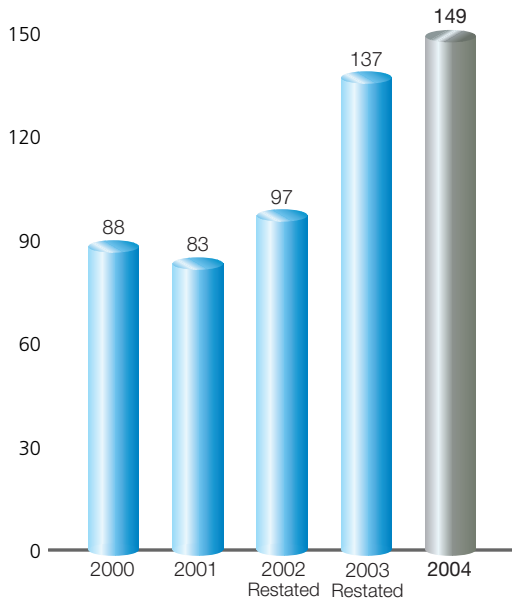
SHAREHOLDERS' FUNDS

(HK\$ million)

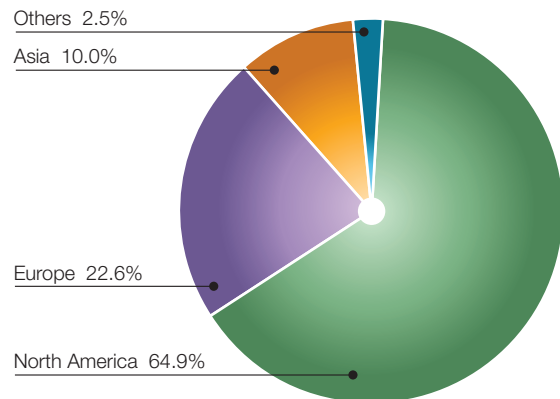


PROFIT ATTRIBUTABLE TO SHAREHOLDERS

(HK\$ million)



TURNOVER BY GEOGRAPHICAL SEGMENT IN 2004





Chairman
LEUNG Kai Ching, Kimen

RESULTS AND DIVIDENDS

On behalf of the Board of Directors, I am pleased to announce the annual results for the year ended 31st March 2004.

During the year under review, the Group recorded a turnover of approximately HK\$3.8 billion (2003: HK\$4.3 billion). Profit attributable to shareholders rose from HK\$137 million to HK\$149 million, an increase of 9%. Earnings per share recorded an increase of 6%, from HK26.9 cents to HK28.5 cents.

The Board of Directors recommended a final dividend of HK8.0 cents (2003: HK6.0 cents) per ordinary share and a special dividend of HK3.0 cents (2003: HK5.0 cents) per ordinary share for the year ended 31st March 2004. Together with the interim dividend paid of HK3.0 cents (2003: HK2.0 cents) per ordinary share, we will pay a total dividend of HK14.0 cents (2003: HK13.0 cents) per ordinary share for this financial year.

The final and special dividends will be payable on 13th September 2004 to shareholders of the Company, subject to shareholders' approval of payment of the final and special dividends at the forthcoming Annual General Meeting.

BUSINESS REVIEW

Audio-visual Products



In the past year, audio-visual products, led by digital audio and digital video products, remained as the Group's most substantial contributor of revenue. With strong focus on digital products, the Group was able to capture the rise in demand for high-value digital audio-visual products and attained satisfactory levels of business.

During the second half of the year, the global economic conditions improved and there was increase in demand for digital electronic products subsequently. Despite the negative impact of Severe Acute Respiratory Syndrome and global economy downturn in the first half of the year, the Group's business started to pick up in the second half of the year. Products that received positive market response included solid-state-memory based audio, DVD-related products such as high-powered Home Theatre Systems, portable TFT-LCD displays and video players, home-use TFT-LCD TV with DVD players, as well as the Group's traditional products such as 20-CD Home Audio Systems.

During the year, prices of raw materials, in particular, of memory integrated circuits and plastic resins, increased the pressure on the Group's costs. However, the Group had been able to mitigate the effect of such costs pressure to the Group's financial performance by enhancing continuous cost control measures and operational efficiency. Such materials cost increases are expected to ease towards the end of 2004 and early 2005, and hence hopefully bring back a more healthy cost environment.

Production Facilities



The Group enhanced its ability to manufacture sophisticated high-end products such as DVD recorder drives, TFT-LCD displays and video players by expanding its "clean zone" facilities and establishing a lead-free soldering environment within its production plant. During the year, the Group continued to invest in advanced Surface Mount Technology ("SMT") facilities, and is committed to investing more in 2005. It enables the Group to further diversify its product range and boosts its ability to attract more potential EMS business.

Recently, power shortages in the PRC have become prevalent. Equipped with more than fifty power generators in the Group's plants over the past years, the Group is able to provide sufficient electricity for its smooth and uninterrupted operations.

Last year, the Group achieved the much sought-after ISO9000:2000 certification, thanks to the ongoing efforts and commitment of its Quality Committee and staff members, who have worked hard to ensure that products are of consistently superb quality. This achievement is evidence of the Group's quality control procedures meeting stringent international standards. To continue our efforts, the Group has also been taking steps to improve the environmental friendliness of each production process, and has secured ISO14000 certification during the year under review.



Markets and Customers

During the year under review, North America and Europe remained as the Group's major markets. Turnover from the North American and European markets represented 65% and 22% of the Group's turnover respectively. With the recovery of the global economy, and more promising market outlook, the Group expects its market share for the private label products continuing to grow in the long run. Although the Group saw steady growth in OEM orders, the competitive market environment in this business exerted pressure on profit margin, which fortunately has been able to be compensated, to certain extent, by the profit margin achieved by the Group's private label products.



Chairman's Statement

PROSPECTS



Looking ahead, determined to maintain its reputation as a provider of high quality products and services, the Group will strive to stay abreast of changes in the dynamic market and develop sophisticated new products with strong market potential. It will continue to focus on the development of high-end and high value products such as solid-state-memory, Hard Disc and TFT-LCD-related products. The Group is all geared up to take advantage of the immense potential of and growing demand for such sophisticated digital products, both in existing markets and in emerging markets with promising business opportunities.

The Group will also continue to consolidate its presence in the North American and European markets where solid foundations have been laid for its private label products. To further broaden its customer base and diversify its source of revenue, the Group is committed to strengthening its strategic partnerships with existing OEM customers as well as forging ties with new ones with good growth potential.

With these initiatives plus Alco's constant quest for quality and cost efficiency, the Group is confident that it will continue to bring healthy rewards to its shareholders in the coming year.



APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to our staff, management and shareholders for their continuous dedication, commitment and support over the past year.

LEUNG Kai Ching, Kimen

Chairman

Hong Kong, 13th July 2004

Biographical Details of Directors and Senior Management

Executive Directors

Mr LEUNG Kai Ching, Kimen, aged 71, is the founder and Chairman of the Group. He has more than 37 years of experience and is one of the pioneers in the electronics industry in Hong Kong. He has in-depth knowledge in the electronics field and is responsible for formulating the Group's overall strategy and development.

Mr LEUNG Wai Sing, Wilson, aged 44, joined the Group in 1985. He is the son of the Chairman of the Group. He oversees product design and development. He holds a master of science degree in electrical engineering from Queen's University, Canada.

Mr KUOK Kun Man, Andrew, aged 50, joined the Group in 1990 and is the Company Secretary and Finance Director of the Group. He holds a master degree in business administration and has more than 27 years of experience in finance and accounting with multinational organisations.

Independent Non-executive Directors

Mr WONG Po Yan, G.B.M., J.P., aged 81, joined the Group in 1992 and is the chairman of United Oversea Enterprises Limited, the vice-chairman of The Committee for the Basic Law of the Hong Kong Special Administrative Region under the Standing Committee of the National People's Congress, the chairman of the Nuclear Safety Consultative Committee for Guangdong Daya Bay and Ling Ao Nuclear Power Stations, the chairman of the Advisory Board of One Country Two Systems Research Institute Limited, the honorary president of The Chinese Manufacturers' Association of Hong Kong and the chairman of the Board of Asia Television Limited.

The Hon LI Wah Ming, Fred, J.P., aged 49, joined the Group in 1992 and is a member of the Legislative Council. He holds a bachelor degree in arts from the University of Waterloo, Canada and a master degree in social work from the University of Toronto, Canada.

Mr. LAU Wang Yip, Derrick, aged 43, joined the Group in 2000 and is the chief executive officer of a financial institution. Holding a master degree of management science in accounting, he has extensive experience in corporate finance.

Senior Management

Mr Colin Frederick LIVERMORE, aged 49, joined the Group in 1991 and is the managing director of Alco International Limited. He has over 24 years of experience in the marketing of consumer electronic products and is responsible for formulating the marketing strategy primarily to European customers.

Mr YEUNG Kai Hong, Thomas, aged 57, joined the Group in 1972 and is the Group's production manager with responsibility for the Group's production planning and control. He holds a diploma in management studies and has more than 32 years of experience in the electronics industry.

Mr LEUNG Wai Ming, Jimmy, aged 35, joined the Group in 1993 and is the Group's purchasing manager. He has more than 11 years of experience in the field of audio electronic products.

Biographical Details of Directors and Senior Management

Senior Management (continued)

Ms PANG Siu Mui, Wendy, aged 53, joined the Group in 1971 and is the assistant to the Chairman. She is responsible for the scheduling of production and administration for the Group.

Mr CHOW Koon Shing, Stephen, aged 53, joined the Group in 1972 and is the shipping manager of Alco Electronics Limited. He has over 29 years of experience in shipping.

Mr LEUNG Kam Fai, Peter, aged 47, joined the Group in 1979. He is the Group's material planning and control manager. He has over 25 years of experience in the audio field.

Mr LEONG Ue Cheong, aged 46, joined the Group in 1978 and is the shipping manager of Alco International Limited. He has over 26 years of experience in shipping.

Mr WONG Chung Fei, aged 63, joined the Group in 1975 and is the production manager of Commusonic Industries Limited. He has over 28 years of experience in production management of consumer electronic products.

Mr LAU Kwok Wai, Francis, aged 53, joined the Group in 1986 and is a director of Alco Plastic Products Limited. He has over 19 years of experience in the plastics industry and is responsible for the operations of the plastics factory.

Mr HO Man Shuen, Francis, aged 45, joined the Group in 1999. He is the general manager of quality assurance and is responsible for the Group's restructuring of quality management systems. He holds a master of science degree in manufacturing and business management and has over 22 years of experience in research and development, manufacturing and quality control of electronic products.

Mr CHOW Tung Yiu, Tony, aged 34, joined the Group in 1997 and is the Group's management information system manager. He holds a bachelor degree in science and has over 11 years of experience in developing manufacturing systems.

The directors submit their report together with the audited accounts for the year ended 31st March 2004.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the design, manufacture and sale of consumer audio-visual, telecommunication and plastic products.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 2 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 18.

The directors have declared an interim dividend of HK3.0 cents per ordinary share, totalling HK\$15,977,000, which was paid on 15th January 2004.

The directors recommend the payment of a final dividend of HK8.0 cents per ordinary share and a special dividend of HK3.0 cents per ordinary share, totalling HK\$58,622,000.

LIQUIDITY AND FINANCIAL RESOURCES

The cash position of the Group remained strong. As at 31st March 2004, cash and deposits amounted to HK\$586 million. After deducting the interest bearing debts of HK\$267 million, the Group had a net surplus cash of HK\$319 million, as compared with last year's HK\$284 million. The increase in net surplus cash is mainly due to profit generated from operations and with less capital expenditure incurred during the year.

The low interest rate environment helped lower interest expense from HK\$11 million last year to HK\$7 million this year. Surplus cash on hand was used to pay off higher interest-bearing debts or invested in higher yield capital-secured deposits. Interest income generated during the year increased from HK\$5 million to HK\$14 million.

Inventories increased from last year's HK\$422 million to HK\$597 million this year, indicative of stronger business activities compared with the corresponding period of last year. Total interest bearing debts increased to HK\$267 million, as compared with HK\$124 million last year. Total interest bearing debts (before netting of cash) as a ratio to shareholders' equity increased from 12% to 24%. Interest coverage for the year was over 24 times.

Exercising tight control on risk management, the Group continuously reviews the credit quality of its customers and limits individual credit exposures accordingly. Inventory level is closely monitored and goods are only produced based on orders from customers. Foreign exchange exposure is well managed, as sales and purchases, as well as interest bearing debts are denominated substantially in HK dollars and US dollars.

The Group's policy is to finance its operations by a combination of retained profits and bank borrowings. As at the end of March, total banking facilities granted to the Group amounted to HK\$1,056 million, of which HK\$264 million were used. The Group believes that its strong cash position and support from the banks not only safeguard the smooth running of its operations but also enable it to exploit potential investment opportunities.

EMPLOYEES

As at 31st March 2004, we had approximately 14,000 employees in Hong Kong and the PRC. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. We also provide other benefits including medical insurance, provident fund and education subsidies to all eligible staff.

MAJOR SUPPLIERS AND CUSTOMERS

The purchases and sales attributable to the Group's major suppliers and customers expressed as a percentage of total purchases and sales of the Group for the year ended 31st March 2004 are as follows:

Purchases	
the largest supplier	8%
five largest suppliers combined	30%
Sales	
the largest customer	23%
five largest customers combined	70%

None of the directors, their associates or shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest at any time during the year in the major suppliers or customers noted above.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 21 to the accounts.

FIXED ASSETS

Details of the movements in fixed assets of the Group and the Company are set out in note 11 to the accounts.

PRINCIPAL PROPERTIES

Details of the principal properties held for investment purposes of the Group are set out on page 55.

SHARE CAPITAL AND BONUS WARRANTS

Details of the movements in share capital and bonus warrants of the Company are set out in note 20 to the accounts.

BANK LOANS AND OTHER BORROWINGS

An analysis of the Group's bank loans and other borrowings at 31st March 2004 is set out below:

	Trust receipt loans		Obligations under finance leases		Bank loans	
	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	152,638	43,912	2,813	6,795	57,143	22,500
In the second year	–	–	206	2,812	34,286	37,500
In the third to fifth year	–	–	–	213	20,000	10,000
	152,638	43,912	3,019	9,820	111,429	70,000

PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY

Details of the Company's principal subsidiaries and jointly controlled entity at 31st March 2004 are set out in notes 31 and 14 to the accounts respectively.

RETIREMENT BENEFIT SCHEMES

Details of the Company's retirement benefit schemes are set out in note 24 to the accounts.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st March 2004 amounted to HK\$46,220,000 (2003: HK\$46,114,000), comprising retained profits and contributed surplus.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 56.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

DIRECTORS

The directors during the year were:

Mr LEUNG Kai Ching, Kimen

Mr LEUNG Wai Sing, Wilson

Mr KUOK Kun Man, Andrew

Mr WONG Po Yan, G.B.M., J.P. *

The Hon LI Wah Ming, Fred, J.P. *

Mr LAU Wang Yip, Derrick *

* *Independent non-executive directors*

All directors retire in accordance with clause 87 of the Company's Bye-laws but, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

On 1st April 2004, each of the executive directors entered into a service contract with the Company for a term of 3 years and shall continue until terminated by either party giving to the other not less than 6 months notice in writing.

The independent non-executive directors do not have any service contracts with the Company or its subsidiaries.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on pages 7 and 8.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business 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 or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors of the Company has an interest in a business which competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31st March 2004, the interests of the Directors in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company under Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

	Number of ordinary shares			Total interests
	Personal interests	Corporate interests	Family interests	
Mr LEUNG Kai Ching, Kimen	17,200,000	35,356,000 (note a)	170,018,000 (note b)	222,574,000
Mr LEUNG Wai Sing, Wilson	43,640,000	–	170,018,000 (note b)	213,658,000
Mr KUOK Kun Man, Andrew	200,000	–	–	200,000

	Number of bonus warrants			Total interests
	Personal interests	Corporate interests	Family interests	
Mr LEUNG Kai Ching, Kimen	1,000,000	3,535,600 (note a)	17,001,800 (note b)	21,537,400
Mr LEUNG Wai Sing, Wilson	1,000,000	–	17,001,800 (note b)	18,001,800

Notes:

- (a) These shares and bonus warrants were owned by Shundeau Investments Limited, a company incorporated in the British Virgin Islands with limited liability, of which Mr LEUNG Kai Ching, Kimen is the sole shareholder.
- (b) These shares and bonus warrants were owned by Kimen Leung UT Limited, a company incorporated in the British Virgin Islands as the trustee of The Kimen Leung Unit Trust which is beneficially owned by The Kimen Leung Family Trust. Mr LEUNG Wai Sing, Wilson and other family members of Mr LEUNG Kai Ching, Kimen are the beneficiaries of The Kimen Leung Family Trust which is a discretionary trust.

Save as disclosed above, as at 31st March 2004, other than one ordinary share each in the Hong Kong incorporated subsidiaries of the Company held in trust for the Group by Mr LEUNG Kai Ching, Kimen, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

The Company has complied with the Code of Best Practice except that independent non-executive directors are not appointed for a specific term as recommended under Appendix 14 of the Listing Rules. According to the Bye-laws of the Company, independent non-executive directors of the Company will retire every year and their appointments will be reviewed when they are due for re-election. In the opinion of the Company, this meets the same objective as the Code of Best Practice.

AUDIT COMMITTEE

The terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the group audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The Committee comprises three independent non-executive directors, namely Mr WONG Po Yan, G.B.M., J.P., the Hon LI Wah Ming, Fred, J.P. and Mr LAU Wang Yip, Derrick. The Audit Committee has reviewed the financial statements of the Group for the year ended 31st March 2004.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

LEUNG Kai Ching, Kimen

Chairman

Hong Kong, 13th July 2004



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central
Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF ALCO HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the accounts on pages 18 to 54 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

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

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

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13th July 2004

Consolidated Profit and Loss Account

For the year ended 31st March 2004

	Note	2004 HK\$'000	Restated 2003 HK\$'000
Turnover	2	3,814,781	4,314,503
Cost of sales		(3,482,935)	(3,946,584)
Gross profit		331,846	367,919
Other revenues	2	22,327	11,748
Selling expenses		(90,202)	(97,552)
Administrative expenses		(82,707)	(81,147)
Other operating expenses		(7,506)	(27,873)
Operating profit	3	173,758	173,095
Finance costs	4	(7,002)	(11,569)
Share of loss of a jointly controlled entity		(318)	(481)
Profit before taxation		166,438	161,045
Taxation	5	(15,378)	(19,965)
Profit after taxation		151,060	141,080
Minority interests		(1,695)	(3,751)
Profit attributable to shareholders	6	149,365	137,329
Dividends	7	74,599	66,480
Earnings per share – basic	8	28.5 cents	26.9 cents
– diluted	8	27.4 cents	26.6 cents

Consolidated Balance Sheet

As at 31st March 2004

	Note	2004 HK\$'000	Restated 2003 HK\$'000
Fixed assets	11	427,523	449,272
Deferred development costs	12	16,398	20,175
Investment in a jointly controlled entity	14	–	–
Investment in security	15	39,682	40,365
Other investment	16	–	1,934
Long-term bank deposits		119,200	–
Current assets			
Inventories	17	596,828	421,913
Trade receivables	18	333,321	203,786
Other receivables, prepayments and deposits		18,560	26,449
Bank balances and cash		466,679	407,524
		1,415,388	1,059,672
Current liabilities			
Trade payables	19	458,555	260,638
Other payables and accrued charges		128,945	122,083
Trust receipt loans		152,638	43,912
Taxation payable		13,607	6,591
Obligations under finance leases	22	2,813	6,795
Bank loans – current portion	23	57,143	22,500
		813,701	462,519
Net current assets		601,687	597,153
Total assets less current liabilities		1,204,490	1,108,899
Financed by:			
Share capital	20	53,292	51,138
Reserves	21	1,048,011	957,187
Shareholders' funds		1,101,303	1,008,325
Minority interests		19,204	19,109
Obligations under finance leases	22	206	3,025
Bank loans – long-term portion	23	54,286	47,500
Deferred taxation	25	29,491	30,940
		1,204,490	1,108,899

On behalf of the Board

LEUNG Kai Ching, Kimen
Director

LEUNG Wai Sing, Wilson
Director

Balance Sheet

As at 31st March 2004

	Note	2004 HK\$'000	2003 HK\$'000
Fixed assets	11(d)	-	-
Investments in subsidiaries	13	329,598	308,161
Investment in a jointly controlled entity	14	-	-
Current assets			
Other receivables, prepayments and deposits		106	105
Tax recoverable		-	58
Bank balances and cash		118	79
		224	242
Current liabilities			
Other payables and accrued charges		665	498
Taxation payable		37	-
		702	498
Net current liabilities		(478)	(256)
Total assets less current liabilities		329,120	307,905
Financed by:			
Share capital	20	53,292	51,138
Reserves	21	275,828	256,767
Shareholders' funds		329,120	307,905

On behalf of the Board

LEUNG Kai Ching, Kimen
Director

LEUNG Wai Sing, Wilson
Director

Consolidated Statement of Changes in Equity

For the year ended 31st March 2004

	Note	2004 HK\$'000	Restated 2003 HK\$'000
Total equity as at 1st April, as previously stated		1,016,403	915,877
Changes in accounting policy	21	(8,078)	(2,070)
Total equity as at 1st April, as restated		1,008,325	913,807
Exchange differences arising on translation of foreign subsidiaries	21	(3,449)	275
Profit for the year	21	149,365	137,329
Dividends	21	(74,047)	(33,240)
Deficit on revaluation	21	-	(9,847)
Exercise of bonus warrants			
Increase in share capital	20	2,154	-
Increase in share premium	21	18,955	1
Total equity as at 31st March		1,101,303	1,008,325

Consolidated Cash Flow Statement

For the year ended 31st March 2004

	Note	2004 HK\$'000	2003 HK\$'000
Net cash inflow generated from operations	26(a)	186,161	420,464
Interest received		14,447	4,966
Interest paid		(6,836)	(10,927)
Interest element of finance leases		(166)	(642)
Dividends paid		(74,047)	(33,240)
Dividends paid to minority shareholders in a subsidiary		(1,600)	–
Hong Kong profits tax paid		(9,811)	(16,055)
Net cash inflow from operations		108,148	364,566
Investing activities			
Purchase of fixed assets		(81,810)	(153,246)
Proceeds from disposal of fixed assets		1,303	1,060
Deferred development costs paid		(13,549)	(14,757)
Purchase of investment in security		–	(40,365)
Increase in long-term bank deposits		(119,200)	–
Advance to a jointly controlled entity		(200)	(400)
Increase in bank balance with maturity more than three months		(41,769)	(30,000)
Net cash outflow from investing activities		(255,225)	(237,708)
Net cash (outflow)/inflow before financing		(147,077)	126,858
Financing	26(b)		
New bank loans raised		170,000	56,322
Repayment of bank loans and trust receipt loans		(139,893)	(168,707)
Repayment of capital element of finance leases		(6,801)	(15,069)
Exercise of bonus warrants		21,109	1
Net cash inflow/(outflow) from financing		44,415	(127,453)
Decrease in cash and cash equivalents		(102,662)	(595)
Cash and cash equivalents at 1st April		344,934	345,529
Cash and cash equivalents at 31st March		242,272	344,934
Analysis of balances of cash and cash equivalents			
Bank balances and cash		466,679	407,524
Less: bank balances with maturity more than three months		(71,769)	(30,000)
Trust receipt loans repayable within three months		(152,638)	(32,590)
		242,272	344,934

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with the Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants ("HKSA"). They have been prepared under the historical cost convention as modified by the revaluation of certain investment properties.

In the current year, the Group adopted the SSAP 12 (revised) "Income Taxes" issued by the HKSA which is effective for accounting periods commencing on or after 1st January 2003.

The adoption of SSAP 12 (revised) represents a change in accounting policy with retrospective effect and the effect of the adoption is set out in note 1 (l) below.

(b) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

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

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(b) Group accounting *(continued)*

(ii) Jointly controlled entity

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the Group's share of the results of the jointly controlled entity for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entity.

In the Company's balance sheet, the investment in jointly controlled entity is stated at cost less provision for impairment losses. The results of jointly controlled entity are accounted for by the Company on the basis of dividends received and receivable.

(c) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the consolidated profit and loss account.

The balance sheet of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

(d) Fixed assets

(i) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties held on leases with unexpired periods of greater than 20 years are valued annually by independent valuers. The valuations are on an open market value basis related to individual property and separate value is not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)***(d) Fixed assets** *(continued)**(ii) Leasehold land and buildings*

Leasehold land and buildings are stated at cost less accumulated depreciation.

Depreciation of leasehold land is calculated to write off its cost on a straight-line basis over the unexpired period of the lease. The principal annual rate used for this purpose is 2%.

Depreciation of leasehold buildings is calculated to write off their cost on a straight-line basis over their expected useful lives of 40 years.

(iii) Moulds

Moulds are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation of moulds is calculated to write off their cost on a straight-line basis over their expected useful lives to the Group. The principal annual rate used for this purpose is 25%.

(iv) Other fixed assets

Other fixed assets, comprising leasehold improvements, furniture, fixtures and equipment, plant and machinery and motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses. They are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives to the Group on the reducing balance basis. The principal annual rates are as follows:

Leasehold improvements	20%
Furniture, fixtures and equipment	20%
Plant and machinery	14.5% – 20%
Motor vehicles	20%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the consolidated profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(d) Fixed assets *(continued)*

(v) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the consolidated profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

(e) Deferred development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as deferred development costs where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such deferred development costs are recognised as an asset and amortised on a straight-line basis over a period of 30 months to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Where an indication of impairment exists, the carrying amount of deferred development costs is assessed and written down immediately to its recoverable amount.

(f) Assets under leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The finance charges are charged to the consolidated profit and loss account over the lease periods.

Assets held under finance leases are depreciated over their estimated useful lives to the Group.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(f) Assets under leases *(continued)*

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the consolidated profit and loss account on a straight-line basis over the lease periods.

(g) Investment in security

Investment in security represents held-to-maturity debt security which is stated in the consolidated balance sheet at cost less any premium amortised to date. The premium is amortised over the period to maturity and included as expense in the consolidated profit and loss account. Provision is made when there is a diminution in value other than temporary.

The carrying amount of the held-to-maturity debt security is reviewed at the balance sheet date in order to assess the credit risk and whether the carrying amount is expected to be recovered. Provision is made when carrying amount is not expected to be recovered and is recognised in the consolidated profit and loss account as an expense immediately.

(h) Other investment

Other investment is stated at cost less any provision for impairment losses.

The carrying amount of the other investment is reviewed at each balance sheet date to assess whether the fair value has declined below the carrying amount. When a decline, other than temporary, has occurred, the carrying amount of such other investment would be reduced to its fair value. The amount of the reduction is recognised as an expense in the consolidated profit and loss account.

(i) Inventories

Inventories comprise raw materials, work in progress and finished goods and are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(j) Trade receivables

Provision is made against trade receivables to the extent which they are considered to be doubtful. Trade receivables in the consolidated balance sheet are stated net of such provision.

(k) Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and trust receipt loans repayable within three months.

(l) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and jointly controlled entity, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

In prior year, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the SSAP 12 (revised) represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

Under the restatement, opening retained earnings at 1st April 2002 and 2003 have reduced by HK\$2,070,000 and HK\$8,078,000 respectively, which represent the unprovided deferred tax liabilities. Taxation for the year ended 31st March 2003 has increased by HK\$6,008,000.

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(n) Revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Rental income is recognised on a straight-line basis over the periods of the respective leases.

(o) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to eligible employees, the assets of which are held in separate trustee-administered funds. The retirement plans are generally funded by contributions from employees and by the relevant Group companies, calculated at a percentage of employees' salaries.

The Group's contributions to the defined contribution retirement plans are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions, where appropriate.

(p) Borrowing costs

During the year, no borrowing costs are directly attributable to the acquisition of assets. All the borrowing costs are charged to the consolidated profit and loss account in the year in which they are incurred.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(a) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segment be presented as the primary reporting format and geographical segment as the secondary reporting format.

Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of deferred development costs, fixed assets, long-term bank deposits, inventories, receivables and operating cash, and mainly exclude other investment and investment in security. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to deferred development costs and fixed assets.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

2 TURNOVER, REVENUES AND SEGMENT INFORMATION

The Group is principally engaged in the design, manufacture and sale of consumer audio-visual, telecommunication and plastic products. Revenues recognised during the year are as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Turnover		
Consumer audio-visual products	3,709,503	4,240,279
Telecommunication products	72,461	26,717
Plastic products	32,817	47,507
	3,814,781	4,314,503
Other revenues		
Interest income	14,447	4,966
Rental income from investment properties	2,676	2,175
Others	5,204	4,607
	22,327	11,748
Total revenues	3,837,108	4,326,251

2 TURNOVER, REVENUES AND SEGMENT INFORMATION (continued)**(a) Primary reporting format – business segment**

The Group mainly operates in the People's Republic of China (the "PRC") and Hong Kong in two main business segments:

- Consumer electronic products – Design, manufacture and sale of consumer audio-visual and telecommunication products
- Plastic products – Manufacture and sale of plastic and packing products

	2004				Restated 2003			
	Consumer electronic products HK\$'000	Plastic products HK\$'000	Elimination HK\$'000	Group HK\$'000	Consumer electronic products HK\$'000	Plastic products HK\$'000	Elimination HK\$'000	Group HK\$'000
Turnover								
External sales	3,781,964	32,817	-	3,814,781	4,266,996	47,507	-	4,314,503
Inter-segment sales	-	254,038	(254,038)	-	-	310,312	(310,312)	-
	3,781,964	286,855	(254,038)	3,814,781	4,266,996	357,819	(310,312)	4,314,503
Segment results	172,933	707		173,640	169,935	3,079		173,014
Unallocated revenues less expenses				118				81
Operating profit				173,758				173,095
Segment assets	1,904,316	74,193		1,978,509	1,412,033	117,086		1,529,119
Unallocated assets				39,682				42,299
Total assets				2,018,191				1,571,418
Segment liabilities	714,817	28,340		743,157	405,745	30,708		436,453
Unallocated liabilities				173,731				126,640
Total liabilities				916,888				563,093
Capital expenditure	84,677	10,682		95,359	156,911	11,092		168,003
Depreciation	67,205	9,628		76,833	82,746	15,337		98,083
Amortisation charges and write-off on deferred development costs	17,326	-		17,326	23,950	-		23,950
Impairment charges on fixed assets	24,306	-		24,306	23,989	3,516		27,505

2 TURNOVER, REVENUES AND SEGMENT INFORMATION *(continued)*

(b) Secondary reporting format – geographical segment

	Turnover	
	2004 HK\$'000	2003 HK\$'000
North America	2,474,800	2,663,351
Europe	862,109	973,946
Asia	381,678	441,768
Africa	45,653	36,318
Australia and New Zealand	37,965	52,193
South America	12,576	146,927
	3,814,781	4,314,503

The analysis of turnover by geographical segment is based on the destination to which the shipments are made. No analysis of the contribution by geographical segment has been presented as the ratios of profit to turnover achieved for the above geographical segments are not substantially out of line with the Group's overall ratio of profit to turnover. Most of its assets and capital expenditure for the years ended 31st March 2004 and 2003 were located or utilised in the PRC and Hong Kong.

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	Group	
	2004 HK\$'000	2003 HK\$'000
Amortisation of deferred development costs	12,485	18,391
Amortisation of premium on investment in security	683	–
Auditors' remuneration	1,443	1,335
Cost of inventories	2,892,633	3,375,547
(Surplus)/deficit on revaluation of investment properties	(780)	6,570
Depreciation of fixed assets held under finance leases	2,657	6,916
Depreciation of owned fixed assets	74,176	91,167
Impairment charges on fixed assets	24,306	27,505
Loss on disposal of fixed assets	1,897	677
Operating lease rental in respect of land and buildings	36,045	34,814
Provision for other investment	1,934	–
Total research and development costs	77,874	72,965
Less: amount capitalised in deferred development costs and moulds	(46,510)	(47,204)
	31,364	25,761
Total staff costs (including directors' emoluments)	273,090	273,455
Less: amount capitalised in deferred development costs	(12,286)	(11,357)
Staff costs (note 9)	260,804	262,098
Write-off of deferred development costs	4,841	5,559

4 FINANCE COSTS

	Group	
	2004 HK\$'000	2003 HK\$'000
Interest on bank loans wholly repayable within five years	6,836	10,927
Interest element of finance leases	166	642
	7,002	11,569

5 TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profit for the year. In 2003, the government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Group	
	2004 HK\$'000	Restated 2003 HK\$'000
Current taxation:		
Hong Kong profits tax	16,898	15,822
Over-provision in prior years	(71)	(3,159)
Deferred taxation relating to the origination and reversal of temporary differences (note 25)	(1,449)	7,302
Taxation charges	15,378	19,965

There was no share of taxation attributable to a jointly controlled entity for the year (2003: nil). No overseas taxation has been provided as the Group's subsidiaries in Canada and the PRC have no estimated assessable profits during the year.

Notes to the Accounts

31st March 2004

5 TAXATION (continued)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2004 HK\$'000	Restated 2003 HK\$'000
Profit before taxation	166,438	161,045
Calculated at a taxation rate of 17.5% (2003: 16%)	29,127	25,767
Effect of different taxation rates in other countries	(1,276)	(534)
Income not subject to taxation	(16,718)	(9,346)
Expenses not deductible for taxation purposes	1,860	3,300
Over-provision in prior years	(71)	(3,159)
Tax losses not recognised	2,456	1,272
Increase in deferred tax liabilities resulting from an increase in expected tax rate	–	2,665
Taxation charges	15,378	19,965

6 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$74,153,000 (2003: HK\$32,855,000).

7 DIVIDENDS

	Company 2004 HK\$'000	2003 HK\$'000
Interim, paid, of HK3.0 cents (2003: HK2.0 cents) per ordinary share	15,977	10,228
Final, proposed, of HK8.0 cents (2003: HK6.0 cents) per ordinary share	42,634	30,683
Special, proposed, of HK3.0 cents (2003: HK5.0 cents) per ordinary share	15,988	25,569
	74,599	66,480

At a meeting held on 13th July 2004, the directors proposed a final dividend of HK8.0 cents per ordinary share and a special dividend of HK3.0 cents per ordinary share.

8 EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders for the year ended 31st March 2004 of HK\$149,365,000 (2003 restated: HK\$137,329,000). The basic earnings per share is based on the weighted average of 523,486,059 (2003: 511,382,099) ordinary shares in issue during the year.

The diluted earnings per share is based on 546,017,321 (2003: 516,836,174) ordinary shares which is the weighted average of ordinary shares in issue during the year plus the weighted average of 22,531,262 (2003: 5,454,075) ordinary shares deemed to be issued at no consideration if all outstanding bonus warrants had been exercised.

9 STAFF COSTS

	Group	
	2004	2003
	HK\$'000	HK\$'000
Wages and salaries	240,420	238,991
Pension costs – defined contribution retirement schemes (note 24(a))	3,657	3,499
Long service payments (note 24(b))	2,067	6,579
Other staff benefits	14,660	13,029
	260,804	262,098

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

- (a) The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	Group	
	2004	2003
	HK\$'000	HK\$'000
Fees	360	360
Other emoluments:		
Basic salaries, housing allowances, other allowances and benefits in kind	7,083	5,331
Discretionary bonuses	7,300	4,940
Contributions to pension schemes	316	240
	15,059	10,871

Directors' fees disclosed above include HK\$360,000 (2003: HK\$360,000) paid to independent non-executive directors.

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

The emoluments of directors fell within the following bands:

Emolument bands	Number of directors	
	2004	2003
HK\$Nil – HK\$1,000,000	3	3
HK\$2,500,001 – HK\$3,000,000	1	2
HK\$4,500,001 – HK\$5,000,000	–	1
HK\$5,500,001 – HK\$6,000,000	1	–
HK\$6,000,001 – HK\$6,500,000	1	–

No directors waived emoluments in respect of the years ended 31st March 2004 and 2003.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2003: three) directors whose emoluments are reflected in the analysis presented above.

The emoluments payable to the remaining two (2003: two) highest paid individuals during the year are as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	3,182	3,568
Discretionary bonuses	1,500	1,500
Contributions to pension schemes	132	78
	4,814	5,146

The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	2004	2003
HK\$1,000,001 – HK\$1,500,000	1	–
HK\$2,000,001 – HK\$2,500,000	–	1
HK\$3,000,001 – HK\$3,500,000	1	1

During the year, no emoluments have been paid by the Group to the directors or the five highest paid individuals as an inducement or upon joining the Group, or as compensation for loss of office (2003: nil).

11 FIXED ASSETS

	Group							Total HK\$'000
	Investment properties HK\$'000	Leasehold land and buildings HK\$'000	Moulds HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	
	Cost or valuation							
At 1st April 2003	29,480	87,303	269,125	79,296	272,490	450,544	19,942	1,208,180
Additions	-	-	32,961	6,304	15,778	24,133	2,634	81,810
Revaluation surplus	780	-	-	-	-	-	-	780
Disposals	-	-	-	(413)	(10,376)	(6,191)	(2,937)	(19,917)
At 31st March 2004	30,260	87,303	302,086	85,187	277,892	468,486	19,639	1,270,853
Accumulated depreciation								
At 1st April 2003	-	13,319	231,812	55,574	206,618	238,338	13,247	758,908
Charge for the year	-	2,002	16,538	5,611	15,270	35,786	1,626	76,833
Impairment charges	-	-	24,306	-	-	-	-	24,306
Disposals	-	-	-	(245)	(8,046)	(5,661)	(2,765)	(16,717)
At 31st March 2004	-	15,321	272,656	60,940	213,842	268,463	12,108	843,330
Net book value								
At 31st March 2004	30,260	71,982	29,430	24,247	64,050	200,023	7,531	427,523
At 31st March 2003	29,480	73,984	37,313	23,722	65,872	212,206	6,695	449,272

The analysis of the cost or valuation of the above assets is as follows:

At 31st March 2004								
At cost	-	87,303	302,086	85,187	277,892	468,486	19,639	1,240,593
At valuation	30,260	-	-	-	-	-	-	30,260
	30,260	87,303	302,086	85,187	277,892	468,486	19,639	1,270,853
At 31st March 2003								
At cost	-	87,303	269,125	79,296	272,490	450,544	19,942	1,178,700
At valuation	29,480	-	-	-	-	-	-	29,480
	29,480	87,303	269,125	79,296	272,490	450,544	19,942	1,208,180

Notes to the Accounts

31st March 2004

11 FIXED ASSETS (continued)

- (a) The net book values of investment properties, leasehold land and buildings comprise:

	Group	
	2004 HK\$'000	2003 HK\$'000
In Hong Kong, held on:		
Leases of over 50 years	63,169	64,427
Leases of between 10 to 50 years	16,685	16,041
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	22,388	22,996
	102,242	103,464

- (b) Investment properties were revalued as at 31st March 2004 on the basis of their open market value by Chung, Chan & Associates Chartered Surveyors, an independent firm of professional valuers. The surplus arising on revaluation of investment properties amounted to HK\$780,000 (2003: deficit of HK\$16,417,000). The surplus arising on revaluation of investment properties was charged to the consolidated profit and loss account. As at 31st March 2003, the deficit arising on revaluation of investment properties was first offset against the investment properties revaluation reserve of HK\$9,847,000 and the remaining balance of HK\$6,570,000 was charged to the consolidated profit and loss account.
- (c) As at 31st March 2004, the total cost and accumulated depreciation of fixed assets held under finance leases were HK\$18,259,000 (2003: HK\$30,162,000) and HK\$8,827,000 (2003: HK\$11,480,000) respectively which have been included in plant and machinery category.
- (d) As at 31st March 2004, the Company's fixed assets comprised furniture, fixtures and equipment with a total cost of HK\$41,000 (2003: HK\$41,000) and accumulated depreciation of HK\$41,000 (2003: HK\$41,000).

12 DEFERRED DEVELOPMENT COSTS

	Group	
	2004 HK\$'000	2003 HK\$'000
At 1st April	20,175	29,368
Additions	13,549	14,757
Amortisation charges	(12,485)	(18,391)
Write-off	(4,841)	(5,559)
At 31st March	16,398	20,175
Cost	98,684	112,012
Accumulated amortisation and write-off	(82,286)	(91,837)
Net book amount	16,398	20,175

13 INVESTMENTS IN SUBSIDIARIES

	Company	
	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost (note (a))	67,586	67,586
Amounts due from subsidiaries (note (b))	262,012	240,575
	329,598	308,161

Notes:

- (a) Details of principal subsidiaries are set out in note 31 to the accounts.
- (b) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Notes to the Accounts

31st March 2004

14 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost (note (a))	-	-	-	-
Share of net liabilities	(1,626)	(1,308)	-	-
Advance to a jointly controlled entity (note (b))	1,700	1,500	1,700	1,500
Less: provision	(74)	(192)	(1,700)	(1,500)
	-	-	-	-

Notes:

(a) As at 31st March 2004, the Group had an interest in the following company:

Company	Place of incorporation	Principal activities	Particulars of issued share capital	Equity interest held directly
E-Global Electronics Trading Platform Limited	British Virgin Islands	Operation of an electronic component transaction platform	100 ordinary shares of US\$1 each	25%

(b) The advance to a jointly controlled entity represents the equal proportional amount from the respective investors based on their percentage of equity interest held. The amount is unsecured, interest-free and has no fixed terms of repayment.

15 INVESTMENT IN SECURITY

	Group	
	2004 HK\$'000	2003 HK\$'000
Held-to-maturity debt security		
Listed in overseas, at cost	40,365	40,365
Less: accumulated amortisation of the premium	(683)	-
	39,682	40,365
Quoted market value of listed held-to-maturity debt security as at 31st March	40,878	40,404

16 OTHER INVESTMENT

	Group	
	2004 HK\$'000	2003 HK\$'000
Contributed capital, at cost	1,934	1,934
Less: provision	(1,934)	–
	–	1,934

As at 31st March 2004, the Group had an interest in the following company:

Company	Place of establishment	Nature of business	Issued and fully paid registered capital	Equity interest held
Guilin Alco Electronics Limited ("GAEL")	The PRC	Inactive	US\$500,000	50%

The directors are of the opinion that the Group has no significant influence over GAEL.

17 INVENTORIES

	Group	
	2004 HK\$'000	2003 HK\$'000
Raw materials	307,866	258,084
Work in progress	54,004	25,983
Finished goods	234,958	137,846
	596,828	421,913

As at 31st March 2004, the carrying amount of inventories that were carried at net realisable value amounted to HK\$136,798,000 (2003: HK\$43,730,000).

Notes to the Accounts

31st March 2004

18 TRADE RECEIVABLES

At 31st March 2004, the ageing analysis of the trade receivables based on invoiced date is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
0 – 30 days	227,222	139,436
31 – 60 days	90,641	57,513
61 – 90 days	7,639	4,619
Over 90 days	7,819	2,218
	333,321	203,786

The credit terms given vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

19 TRADE PAYABLES

At 31st March 2004, the ageing analysis of the trade payables based on invoiced date is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
0 – 30 days	307,447	153,146
31 – 60 days	117,940	66,531
61 – 90 days	27,182	40,479
Over 90 days	5,986	482
	458,555	260,638

20 SHARE CAPITAL

	Company Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 31st March 2003 and 2004	800,000,000	80,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 1st April 2002	511,381,854	51,138
Exercise of bonus warrants (note)	880	–
At 31st March 2003 and 1st April 2003	511,382,734	51,138
Exercise of bonus warrants (note)	21,540,754	2,154
At 31st March 2004	532,923,488	53,292

Note:

On 11th July 2002, the directors proposed to grant bonus warrants to the shareholders (other than overseas shareholders) whose names appeared on the register of members of the Company on 22nd August 2002 on the basis of one warrant for every ten ordinary shares of HK\$0.10 each in the issued share capital of the Company held.

On 22nd August 2002, bonus warrants conferring rights to subscribe for 51,138,185 ordinary shares at HK\$0.98 each were granted by the Board of Directors. The bonus warrants are exercisable at any time from 2nd September 2002 to 1st September 2005, both days inclusive.

During the year ended 31st March 2004, 21,540,754 (2003: 880) ordinary shares of HK\$0.10 each of the Company were issued at a subscription price of HK\$0.98 per share to bonus warrant holders on the exercise of their bonus warrants for a total cash consideration of HK\$21,109,939 (2003: HK\$862).

Details of the movement and outstanding bonus warrants as at 31st March 2004 were as follows:

Subscription price per share	Number of bonus warrants outstanding as at 31st March 2003	Number of bonus warrants exercised during the year	Number of bonus warrants outstanding as at 31st March 2004
HK\$0.98	51,137,305	21,540,754	29,596,551

Subsequent to the year end, 46,000 bonus warrants were exercised, resulting in the issue of 46,000 ordinary shares of HK\$0.10 each by the Company at the subscription price of HK\$0.98 per share for a total cash consideration of HK\$45,080.

Notes to the Accounts

31st March 2004

21 RESERVES

	Group					Total HK\$'000
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Investment properties revaluation reserve HK\$'000	Retained earnings HK\$'000	
At 1st April 2003, as previously stated	210,182	471	281	-	754,331	965,265
Prior year adjustment for SSAP 12 (revised)	-	-	-	-	(8,078)	(8,078)
At 1st April 2003, as restated	210,182	471	281	-	746,253	957,187
2004 interim dividends	-	-	-	-	(15,977)	(15,977)
2003 final and special dividends	-	-	-	-	(56,252)	(56,252)
Adjustment of prior year dividends	-	-	-	-	(1,818)	(1,818)
Exercise of bonus warrants	18,955	-	-	-	-	18,955
Exchange differences arising on translation of foreign subsidiaries	-	-	(3,449)	-	-	(3,449)
Profit for the year	-	-	-	-	149,365	149,365
At 31st March 2004	229,137	471	(3,168)	-	821,571	1,048,011
At 1st April 2002, as previously stated	210,181	471	6	9,847	644,234	864,739
Prior year adjustment for SSAP 12 (revised)	-	-	-	-	(2,070)	(2,070)
At 1st April 2002, as restated	210,181	471	6	9,847	642,164	862,669
2003 interim dividends	-	-	-	-	(10,228)	(10,228)
2002 final dividends	-	-	-	-	(23,012)	(23,012)
Exercise of bonus warrants	1	-	-	-	-	1
Deficit on revaluation	-	-	-	(9,847)	-	(9,847)
Exchange differences arising on translation of foreign subsidiaries	-	-	275	-	-	275
Profit for the year, as restated	-	-	-	-	137,329	137,329
At 31st March 2003	210,182	471	281	-	746,253	957,187

21 RESERVES (continued)

	Company				Total HK\$'000
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	
	At 1st April 2003	210,182	471	40,586	
2004 interim dividends	-	-	-	(15,977)	(15,977)
2003 final and special dividends	-	-	-	(56,252)	(56,252)
Adjustment of prior year dividends	-	-	-	(1,818)	(1,818)
Exercise of bonus warrants	18,955	-	-	-	18,955
Profit for the year	-	-	-	74,153	74,153
At 31st March 2004	229,137	471	40,586	5,634	275,828
At 1st April 2002	210,181	471	40,586	5,913	257,151
2003 interim dividends	-	-	-	(10,228)	(10,228)
2002 final dividends	-	-	-	(23,012)	(23,012)
Exercise of bonus warrants	1	-	-	-	1
Profit for the year	-	-	-	32,855	32,855
At 31st March 2003	210,182	471	40,586	5,528	256,767

The contributed surplus of the Company, which arose from a corporate reorganisation in November 1992, represents the difference between the nominal value of the Company's shares issued in exchange for the issued ordinary shares of Alco Investments (B.V.I.) Limited and the value of net assets of the underlying subsidiaries acquired as at 6th November 1992. Under the Companies Act 1981 of Bermuda (as amended), a company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. At Group level, the contributed surplus is classified into its components of reserves of the underlying subsidiaries.

22 OBLIGATIONS UNDER FINANCE LEASES

At 31st March 2004, the Group's finance lease liabilities were repayable as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Within one year	2,838	6,981
In the second year	207	2,857
In the third to fifth year	-	214
	3,045	10,052
Future finance charges on finance leases	(26)	(232)
Present value of finance lease liabilities	3,019	9,820

Notes to the Accounts

31st March 2004

22 OBLIGATIONS UNDER FINANCE LEASES *(continued)*

The present value of finance lease liabilities is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Within one year	2,813	6,795
In the second year	206	2,812
In the third to fifth year	–	213
	206	3,025
Present value of finance lease liabilities	3,019	9,820

23 BANK LOANS

	Group	
	2004 HK\$'000	2003 HK\$'000
Bank loans, unsecured (note 27)	111,429	70,000

The unsecured bank loans are supported by corporate guarantees given by the Company.

The above bank loans are repayable in the following periods:

	Group	
	2004 HK\$'000	2003 HK\$'000
Within one year	57,143	22,500
In the second year	34,286	37,500
In the third to fifth year	20,000	10,000
	54,286	47,500
	111,429	70,000

24 RETIREMENT BENEFIT COSTS

	Group	
	2004	2003
	HK\$'000	HK\$'000
Obligations on:		
– defined contribution retirement schemes (note (a))	557	589
– long service payments (note (b))	8,646	6,579
	9,203	7,168

(a) Defined contribution retirement schemes

Before 1st December 2000, the Group has been operating a defined contribution retirement scheme (“the ORSO Scheme”) in Hong Kong for all qualified employees. The rate of contribution payable by the Group is 5% of the individual employee’s basic salary.

With effect from 1st December 2000, the Mandatory Provident Fund Scheme (the “MPF Scheme”) was set up under the MPF Scheme Ordinance for existing staff who opt for this scheme and eligible staff recruited on or after that date. The ORSO Scheme has remained in place with the introduction of the MPF Scheme. Under the MPF Scheme, eligible employees and the Group are required to contribute 5% on the employees’ monthly net salaries with a maximum monthly contribution of HK\$1,000.

Contributions to the ORSO Scheme and MPF Scheme charged to the consolidated profit and loss account for the year amounted to HK\$3,657,000 (2003: HK\$3,499,000). Forfeited contributions in respect of the defined contribution retirement scheme of approximately HK\$56,000 (2003: HK\$169,000) were utilised during the year, leaving HK\$135,000 (2003: HK\$39,000) available as at 31st March 2004 to reduce future contributions.

Contributions totalling HK\$557,000 (2003: HK\$589,000) were payable to the ORSO Scheme and MPF Scheme at the year end and were included in other payables and accrued charges.

(b) Long service payments

Long service payments provision is calculated in accordance with Section 31V of the Hong Kong Employment Ordinance at two-thirds of the employee’s last full month’s wages, or the two-thirds of HK\$22,500, whichever is lower, with the total provision for each employee limited to HK\$390,000. The provision balance is set-off against the Company’s accumulated contributions to the ORSO and MPF Schemes.

25 DEFERRED TAXATION

Deferred taxation are calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2003: 17.5%).

The movement on the deferred tax liabilities account is as follows:

	Group	Restated
	2004	2003
	HK\$'000	HK\$'000
At 1st April	30,940	23,638
Deferred taxation (credited)/charged to consolidated profit and loss account (note 5)	(1,449)	7,302
At 31st March	29,491	30,940

Deferred income tax assets are recognised for tax loss carry forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$15,192,000 (2003: HK\$9,422,000) to carry forward against future taxable income.

25 DEFERRED TAXATION (continued)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax liabilities

	Accelerated tax depreciation		Deferred development costs		Others		Total	
	2004 HK\$'000	Restated 2003 HK\$'000	2004 HK\$'000	Restated 2003 HK\$'000	2004 HK\$'000	Restated 2003 HK\$'000	2004 HK\$'000	Restated 2003 HK\$'000
At 1st April	29,389	22,884	1,878	2,435	1,323	1,291	32,590	26,610
(Credited)/charged to profit and loss account	(1,343)	6,505	(61)	(557)	(990)	32	(2,394)	5,980
At 31st March	28,046	29,389	1,817	1,878	333	1,323	30,196	32,590

Deferred tax assets

	Tax losses	
	2004 HK\$'000	Restated 2003 HK\$'000
At 1st April	(1,650)	(2,972)
Charged to profit and loss account	945	1,322
At 31st March	(705)	(1,650)

	Group	
	2004 HK\$'000	Restated 2003 HK\$'000
Deferred tax liabilities	30,196	32,590
Deferred tax assets	(705)	(1,650)
	29,491	30,940

26 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to net cash inflow generated from operations

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	166,438	161,045
Interest income	(14,447)	(4,966)
Interest expense on bank loans	6,836	10,927
Interest element of finance leases	166	642
Share of loss of a jointly controlled entity	318	481
Reversal of provision for advance to a jointly controlled entity	(118)	(81)
Amortisation of deferred development costs	12,485	18,391
Write-off of deferred development costs	4,841	5,559
Amortisation of premium on investment in security	683	–
Loss on disposal of fixed assets	1,897	677
Depreciation of owned fixed assets	74,176	91,167
Depreciation of fixed assets held under finance leases	2,657	6,916
Impairment charges on fixed assets	24,306	27,505
(Surplus)/deficit on revaluation of investment properties	(780)	6,570
Provision for other investment	1,934	–
Exchange differences arising on translation of foreign subsidiaries	(3,449)	275
Operating profit before working capital changes	277,943	325,108
(Increase)/decrease in inventories	(174,915)	88,506
(Increase)/decrease in trade receivables, other receivables, prepayments and deposits	(121,646)	147,774
Increase/(decrease) in trade payables, other payables and accrued charges	204,779	(140,924)
Net cash inflow generated from operations	186,161	420,464

26 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)**(b) Analysis of changes in financing during the year**

	Share capital including premium		Trust receipt loans repayable over three months and bank loans				Obligations under finance leases	
	2004	2003	2004	2003	Minority interests		2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April	261,320	261,319	81,322	193,707	19,109	15,358	9,820	24,889
Cash inflow/(outflow) from financing	21,109	1	30,107	(112,385)	-	-	(6,801)	(15,069)
Minority interests' share of profits	-	-	-	-	1,695	3,751	-	-
Dividends paid to minority shareholders	-	-	-	-	(1,600)	-	-	-
At 31st March	282,429	261,320	111,429	81,322	19,204	19,109	3,019	9,820

27 BANKING FACILITIES

As at 31st March 2004, banking facilities of approximately HK\$1,056 million (2003: HK\$1,052 million) were granted by banks to the Group, of which approximately HK\$264 million (2003: HK\$114 million) have been utilised by the Group, which were supported by corporate guarantees given by the Company.

28 CONTINGENT LIABILITIES

The Company provided guarantees in favour of certain banks to secure general banking facilities granted to certain of its subsidiaries (note 27).

29 COMMITMENTS**(a) Operating lease commitments**

At 31st March 2004, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Not later than one year	34,987	34,797
Later than one year and not later than five years	65,378	94,664
Later than five years	22,405	25,531
	122,770	154,992

Notes to the Accounts

31st March 2004

29 COMMITMENTS (continued)

(b) Capital commitments

	Group	
	2004 HK\$'000	2003 HK\$'000
Contracted but not provided for: Moulds, plant and machinery	1,690	11,620
Authorised but not contracted for: Moulds, plant and machinery	–	648
	1,690	12,268

30 FUTURE OPERATING LEASE ARRANGEMENTS

As at 31st March 2004, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Not later than one year	1,506	2,584
Later than one year and not later than five years	358	1,753
	1,864	4,337

31 PRINCIPAL SUBSIDIARIES

As at 31st March 2004, the Company held interests in the following principal subsidiaries:

Name	Place of Incorporation/ establishment	Issued and fully paid share capital/ registered capital	Percentage of equity held by the Company		Principal activities
			Direct	Indirect	
Alco Investments (B.V.I.) Limited	British Virgin Islands	Ordinary US\$50,000	100	–	Investment holding and provision of management services to its subsidiaries
Advance Packaging Limited	Hong Kong	Ordinary HK\$500,000	–	100	Manufacture and sale of polyfoam and packing products
Alco Communications Limited	Hong Kong	Ordinary HK\$10,000	–	100	Manufacture of consumer audio and telecommunication products
Alco Digital Devices Limited	Hong Kong	Ordinary HK\$1,000,000	–	100	Software development and trading of electronic products
Alco Electronics Inc.	Canada	Ordinary C\$500,000	–	100	Trading of consumer audio-visual products
Alco Electronics Limited	Hong Kong	Ordinary HK\$1,000 Non-voting deferred HK\$5,000,000	–	100	Design, manufacture and sale of consumer audio-visual and telecommunication products
Alco Electronics (Shenzhen) Limited	The PRC	Registered capital HK\$8,000,000	–	100	Provision of design and logistic services to group companies
Alco International Limited	Hong Kong	Ordinary HK\$500,000	–	100	Trading of consumer audio-visual and telecommunication products

Notes to the Accounts

31st March 2004

31 PRINCIPAL SUBSIDIARIES (continued)

Name	Place of Incorporation/ establishment	Issued and fully paid share capital/ registered capital	Percentage of equity held by the Company		Principal activities
			Direct	Indirect	
Alco Plastic Products Limited	Hong Kong	Ordinary HK\$3,000,000	–	80	Manufacture and sale of plastic products
Alco Properties Limited	Hong Kong	Ordinary HK\$10,000	–	100	Property investment
Alco Technologies Limited	Hong Kong	Ordinary HK\$10,000	–	100	Investment holding
Commusonic Industries Limited	Hong Kong	Ordinary HK\$400,000	–	100	Manufacture of consumer audio products

The above table lists out the principal subsidiaries of the Company as at 31st March 2004 which, in the opinion of the directors, principally affected the results for the year or form a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

32 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 13th July 2004.

Principal properties held for investment purposes

Location	Lot number	Type	Lease term
Workshops A to J, on 7th Floor of Block 1, Kwai Tak Industrial Centre, Nos. 15-33 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong	Kwai Chung Town Lot Nos. 322, 323 and 324	Industrial	2047
Lot Nos. 593 and 595 in Demarcation District No. 106, Off Kam Sheung Road, Ng Ka Tsuen, Kam Tin, Yuen Long, New Territories, Hong Kong	Lot Nos. 593 and 595 in Demarcation District No. 106	Industrial	2047
9th Floor, Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong	Sub-section 2 of Section E of Quarry Bay Marine Lot No. 2 and the Extension thereto	Industrial	2899

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is as follows:

	2004	Restated 2003	Restated 2002	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3,814,781	4,314,503	3,562,025	3,873,945	3,218,023
Profit attributable to the shareholders	149,365	137,329	96,823	83,387	88,003
Total assets	2,018,191	1,571,418	1,784,575	1,608,227	1,531,560
Total liabilities	(916,888)	(563,093)	(870,768)	(767,392)	(759,977)
Shareholders' funds	1,101,303	1,008,325	913,807	840,835	771,583

The figures as at and for the years ended 31st March 2003 and 31st March 2002 have been restated pursuant to the adoption of SSAP 12 (revised). The figures as at and for the years ended 31st March 2001 and 31st March 2000 have not been restated as it would involve delay and expenses would be out of proportion to the benefit of shareholders.