MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2012

RESULTS

The Board of Directors (the "Board") of Mascotte Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2012 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover			
Sales of goods		**172,121**	189,451
Cost of sales		**(136,540)**	(142,551)
		35,581	46,900
Investment income	5	**30,981**	8,549
Rental income		**1,373**	1,347
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		**(306,816)**	(187,603)
		(238,881)	(130,807)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012 — continued

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Other income		**3,836**	3,739
Other gains and losses		**(57,300)**	1,668
Selling and distribution costs		**(8,771)**	(8,246)
Administrative expenses		**(95,221)**	(106,946)
Other expenses		**(41,419)**	—
Finance costs		**(192,130)**	(401)
Loss before tax		**(629,886)**	(240,993)
Income tax credit (expense)	*4*	**9,096**	(3,320)
Loss for the year	*5*	**(620,790)**	(244,313)
Other comprehensive (expense) income for the year			
Exchange differences on translating foreign operations		**(62,459)**	1,150
Change in fair value of available-for-sale investments		**(11,132)**	—
Impairment loss on available-for-sale investments reclassified to loss for the year		**11,132**	—
		(62,459)	1,150
Total comprehensive expense for the year		**(683,249)**	(243,163)
Loss for the year attributable to:			
Owners of the Company		**(621,254)**	(244,800)
Non-controlling interests		**464**	487
		(620,790)	(244,313)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(683,858)**	(243,815)
Non-controlling interests		**609**	652
		(683,249)	(243,163)
Basic and diluted loss per share	*7*	**HK$2.53**	HK$2.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**334,819**	4,795
Investment properties		**26,175**	22,150
Intangible asset	*8*	**2,434,796**	—
Prepaid lease payments		**3,514**	4,068
Goodwill		—	—
Available-for-sale investments	*9*	**69,868**	81,000
Restricted bank deposits		**5,492**	—
Deposits paid for acquisition of property, plant and equipment		**7,671**	—
Derivative financial instrument	*11*	**392,792**	—
Rental deposits		**633**	—
		3,275,760	112,013
Current assets			
Financial assets at fair value through profit or loss	*10*	**154,795**	546,005
Inventories		**8,446**	11,804
Trade receivables	*12*	**25,750**	36,825
Other receivables, deposits and prepayments	*12*	**13,280**	54,944
Loans and interest receivables	*13*	**33,359**	30,978
Prepaid lease payments		**692**	669
Tax recoverable		**21**	144
Bank balances and cash		**208,181**	16,805
		444,524	698,174
Current liabilities			
Trade payables	*14*	**12,804**	11,589
Other payables and accrued charges		**36,731**	25,516
Borrowings	*15*	**28,724**	526
Tax payable		**17,174**	14,951
		95,433	52,582
Net current assets		**349,091**	645,592
Total assets less current liabilities		**3,624,851**	757,605

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012 — continued

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Non-current liabilities			
Convertible bonds	*16*	**1,123,127**	—
Consideration bonds	*17*	**1,182,297**	—
Deferred tax liabilities		**46,888**	635
Borrowings	*15*	**41,331**	—
		2,393,643	635
NET ASSETS		**1,231,208**	756,970
Capital and reserves			
Share capital		**456,678**	230,478
Reserves		**769,605**	522,176
Equity attributable to owners of the Company		**1,226,283**	752,654
Non-controlling interests		**4,925**	4,316
TOTAL EQUITY		**1,231,208**	756,970

EXTRACT OF INDEPENDENT AUDITOR'S REPORT:

The followings are extracted from the independent auditor's report with modification:

Basis for Disclaimer of Opinion

Included in the consolidated statement of financial position as at 31 March 2012 are an intangible asset and certain property, plant and equipment (collectively referred to as the "Assets") with carrying amounts of approximately HK$2,434,796,000 and HK$242,342,000 respectively, which were acquired by the Group through acquisition of 100% equity interest in Sun Mass Energy Limited ("Sun Mass") by two tranches of 50.1% and 49.9% on 15 July 2011 and 4 January 2012 respectively. The intangible asset represents technology for manufacturing of solar grade polycrystalline silicon further explained in note 18 to the consolidated financial statements (the "Core Technology") and the property, plant and equipment represents factory premises and machinery purchased for production of solar grade polycrystalline silicon.

Whether the Assets attributable to the Core Technology are able to generate future economic benefits to the Group is dependent on the successful launch of commercial production of solar grade polycrystalline silicon. Although Sun Mass has achieved certain milestones as set out in note 2 to the consolidated financial statements, Sun Mass has not been able to start commercial production as at the date of issuance of these consolidated financial statements. The Core Technology, which is not yet in the condition necessary for it to be capable of operating in the manner intended by the management, is required to be tested for impairment at least annually, and whenever there is an indication that they may be impaired, in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" issued by the HKICPA. As set out in note 18 to the consolidated financial statements, the directors of the Company are unable to prepare a reliable estimation of the future cash flows the Group expects to derive from the Core Technology since the relevant dates of acquisition and as at 31 March 2012. Accordingly, we are unable to determine whether the Core Technology will generate sufficient future economic benefits to the Group to support the total costs of HK$2,494,113,000 recognised since the relevant dates of acquisition. In addition, for the same reason, we are unable to determine the recoverable amounts of the Assets as at 31 March 2012 and the relevant amount of impairment loss if necessary for the year ended 31 March 2012. Any adjustments to the carrying amounts of the Assets would affect the net assets of the Group as at 31 March 2012 and the loss for the year then ended.

As set out in note 2 to the consolidated financial statements, in the event that the commercial production of solar grade polycrystalline silicon is unable to be successfully launched, the Group may not be able to generate adequate funds from other existing principal businesses to repay its debts when they fall due, including the convertible bonds and consideration bonds of HK$1,123,127,000 and HK$1,182,297,000 as at 31 March 2012 respectively. These matters indicate the existence of material uncertainties which cast significant doubt about the Group's ability to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made in foreseeable future to reflect the situation that assets may need to be realised other than at the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the delay of commercial production of solar grade polycrystalline silicon by its subsidiary, Sun Mass Energy Limited ("Sun Mass").

As set out in the circular issued by the Company dated 20 May 2011, Sun Mass produced certain sample products of solar grade polycrystalline silicon at its existing plant for the purposes of fulfilling the qualification requirement of its customers in November 2010. The circular also stated that the commercial production of solar grade polycrystalline silicon by Sun Mass would commence on or before 31 May 2011. However, as at the date of issuance of these consolidated financial statements, Sun Mass is still in the process of improving the production technology and enhancing the production efficiency for the purpose of commercial production and the commercial production has not been started.

During the week of 23 April 2012, a milestone towards achieving commercial production was achieved. Sun Mass produced certain sample products. The first run was to align and test the coordination of the system. The second run was to simulate real production conditions and successfully concluded. This is a milestone for the Group representing the full coordination of the entire production system and production of initial samples out of the commercial production line. The byproducts generated from the production process, sodium fluoride and hydrofluoric acid, are large in quantity and are currently stored in local holding tanks. In order to properly treat and recycle the byproducts, Sun Mass has to implement the designed recycling facility before commencing formal large-scale production.

On 25 May 2012, Sun Mass completed the negotiation process with the contractor of the new facility building and commenced with the groundbreaking of the facility on 7 June 2012. Sun Mass completed discussions with the respective vendor in relation to the facility piping and is also currently continuing discussions with other vendors for their work on the new building. The new building will house Sun Mass recycling facility and provide additional processing capability for the production of silicon tetrafluoride, a major raw material being used in the production process. It is expected that the enhancement work will be completed by early 2013, and commercial production will commence in the first half of 2013.

In the opinion of the directors of the Company, upon successful launch for the commercial production of solar grade polycrystalline silicon, the Group will have sufficient cash resources generated from the sales of solar grade polycrystalline silicon to repay its debts when they fall due, and other financing requirements in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvement to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HK(IFRIC) — INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments

The adoption of the new and revised HKFRSs has had no material effect on consolidated financial statements of the Group for current or prior accounting periods.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	*Annual improvements to HKFRSs 2009-2011 cycle*[2]
HKFRS 7 (Amendments)	*Disclosures — Transfers of financial assets*[1]
HKFRS 7 (Amendments)	*Disclosures — Offsetting financial assets and financial liabilities*[2]
HKFRS 9	*Financial instruments*[3]
HKFRS 9 & HKFRS 7 (Amendments)	*Mandatory effective date of HKFRS 9 and transition disclosures*[3]
HKFRS 10	*Consolidated financial statements*[2]
HKFRS 11	*Joint arrangements*[2]
HKFRS 12	*Disclosure of interests in other entities*[2]
HKFRS 13	*Fair value measurement*[2]
HKAS 1 (Amendments)	*Presentation of items of other comprehensive income*[5]
HKAS 12 (Amendments)	*Deferred tax: Recovery of underlying assets*[4]
HKAS 19 (as revised in 2011)	*Employee benefits*[2]
HKAS 27 (as revised in 2011)	*Separate financial statements*[2]
HKAS 28 (as revised in 2011)	*Investments in associates and joint ventures*[2]
HKAS 32 (Amendments)	*Offsetting financial assets and financial liabilities*[6]
HK(IFRIC) — INT 20	*Stripping costs in the production phase of a surface mine*[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the year beginning 1 April 2015. Except for the Group's available-for-sale investments, the adoption of HKFRS 9 is not likely to impact on amounts reported in respect of the classification and measurement of the Group's other financial assets and financial liabilities as at 31 March 2012. In the opinion of directors, it is not practicable to provide a reasonable estimate of the effect on the Group's available-for-sale investments until a detailed review has been completed.

New and revised Standards on consolidation and disclosures

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) — INT 12 "Consolidation — Special purpose entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

HKFRS 10 and HKFRS 12 are effective for annual periods beginning on or after 1 January 2013.

The directors anticipate that HKFRS 10 and HKFRS 12 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of HKFRS 10 will have no material impact on the consolidated financial statements. The application of HKFRS 12 may result in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad and it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard may result in more extensive disclosures about fair value measurements in the Group's consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group for the annual period beginning 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred tax — Recovery of underlying assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for the Group for annual period beginning 1 April 2012. If the presumption is not rebutted, the directors anticipate that the application of the amendments to HKAS 12 in future accounting periods will affect the deferred tax liabilities recognised in respect of the fair value adjustments of investment properties. However, the impact on the result and the financial position of the Group is not expected to be material.

Other than as described above, the directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focusing on types of goods or services delivered or provided. During the year, the Group acquired the assets and liabilities associated with development of solar grade polycrystalline silicon through acquisition of Sun Mass and this becomes a new reportable and operating segment in current year.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Solar grade polycrystalline silicon: Development of solar grade polycrystalline silicon

(ii) Investments: Trading of investments

(iii) Loan financing: Provision of loan financing services

(iv) Property investment: Holding properties for rental and capital appreciation

(v) Manufacture and sales of accessories: Manufacture and trading of accessories for photographic, electrical and multimedia products

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 March 2012

	Solar grade polycrystalline silicon *HK$'000*	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sale of accessories *HK$'000*	Consolidated *HK$'000*
Segment revenue						
Sales of goods	—	—	—	—	172,121	172,121
Investment income						
Dividend income on held-for-trading investments	—	4,585	—	—	—	4,585
Interest income on loans receivable	—	—	26,396	—	—	26,396
Rental income	—	—	—	1,373	—	1,373
Change in fair value of financial assets at FVTPL *(Note)*	—	(306,816)	—	—	—	(306,816)
Intra-group rental income	—	—	—	588	—	588
	—	(302,231)	26,396	1,961	172,121	(101,753)
Elimination						(588)
						(102,341)
Segment (loss) profit	(40,477)	(311,848)	26,786	1,438	(8,973)	(333,074)
Unallocated corporate expenses						(42,385)
Unallocated other income						97
Other expenses – costs incurred for acquiring of a subsidiary						(17,602)
Unallocated finance costs						(190,263)
Change in fair value of derivative financial instrument						(16,961)
Loss on early redemption of consideration bonds						(29,698)
Loss before tax						(629,886)

Segment revenue and results

For the year ended 31 March 2011

	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sale of accessories *HK$'000*	Consolidated *HK$'000*
Segment revenue					
Sales of goods	—	—	—	189,451	189,451
Investment income					
Dividend income on held-for-trading investments	2,598	—	—	—	2,598
Interest income on loans receivable	—	5,951	—	—	5,951
Rental income	—	—	1,347	—	1,347
Change in fair value of financial assets at FVTPL *(Note)*	(187,603)	—	—	—	(187,603)
	(185,005)	5,951	1,347	189,451	11,744
Segment (loss) profit	(185,007)	5,939	749	10,097	(168,222)
Unallocated corporate expenses					(76,088)
Unallocated other income					3,718
Finance costs					(401)
Loss before tax					(240,993)

Segment revenue includes proceeds from sales of goods, dividend income on held-for-trading investments, interest income on loans receivable and rental income. In addition, the chief operating decision makers also consider change in fair value of financial assets at FVTPL (excluding derivative financial instrument) as segment revenue.

Intra-group rental income is charged with reference to market rate.

Segment (loss) profit represents the loss from/profit earned by each segment without allocation of certain other income, change in fair value of derivative financial instrument, unallocated corporate expenses, costs incurred for acquiring a subsidiary, loss on early redemption of consideration bonds and certain finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Note:

The change in fair value of financial assets at FVTPL included realised loss of HK$266,152,000 (2011: HK$95,974,000) and unrealised loss of HK$40,664,000 (2011: HK$91,629,000).

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

As at 31 March 2012

	Solar grade polycrystalline silicon *HK$'000*	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sale of accessories *HK$'000*	Consolidated *HK$'000*
ASSETS						
Segment assets	2,694,637	226,656	33,359	112,707	48,911	3,116,270
Unallocated property, plant and equipment						194
Unallocated other receivables, deposits and prepayments						2,826
Derivative financial instrument						392,792
Tax recoverable						21
Bank balances and cash						208,181
Consolidated total assets						3,720,284
LIABILITIES						
Segment liabilities	44,288	523	—	27,500	41,340	113,651
Unallocated other payables and accrued charges						5,939
Tax payable						17,174
Convertible bonds						1,123,127
Consideration bonds						1,182,297
Deferred tax liabilities						46,888
Consolidated total liabilities						2,489,076

Segment assets and liabilities

As at 31 March 2011

	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sale of accessories *HK$'000*	Consolidated *HK$'000*
ASSETS					
Segment assets	675,060	30,978	22,250	58,107	786,395
Unallocated property, plant and equipment					53
Unallocated other receivables, deposits and prepayments					6,790
Tax recoverable					144
Bank balances and cash					16,805
Consolidated total assets					810,187
LIABILITIES					
Segment liabilities	526	—	—	26,916	27,442
Unallocated other payables and accrued charges					10,189
Tax payable					14,951
Deferred tax liabilities					635
Consolidated total liabilities					53,217

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain property, plant and equipment, certain other receivables, deposits and prepayments, derivative financial instrument, tax recoverable and bank balances and cash; and

- all liabilities are allocated to reportable and operating segments, other than certain other payables and accrued charges, tax payable, convertible bonds, consideration bonds and deferred tax liabilities.

Other segment information

Amounts included in measure of segment profit or loss or segment assets and liabilities:

For the year ended 31 March 2012

	Solar grade polycrystalline silicon	Investments	Loan financing	Property investment	Manufacture and sale of accessories	Segment total	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Addition to property, plant and equipment	266,920	–	–	87,445	2,366	356,731	166	356,897
Addition to intangible asset	2,494,113	–	–	–	–	2,494,113	–	2,494,113
Allowance for inventory obsolescence	–	–	–	–	1,000	1,000	–	1,000
Allowance for doubtful debts on trade receivables, net	–	–	–	–	562	562	–	562
Depreciation of property, plant and equipment	18,196	–	–	1,013	2,031	21,240	25	21,265
Loss on disposal of property, plant and equipment	–	–	–	–	53	53	–	53
Fair value gain on investment properties	–	–	–	(3,405)	–	(3,405)	–	(3,405)
Amortisation of prepaid lease payments	–	–	–	–	692	692	–	692
Reversal of allowance for doubtful debts of loans receivable	–	–	(1,058)	–	–	(1,058)	–	(1,058)
Impairment loss on available-for-sale investments	–	11,132	–	–	–	11,132	–	11,132
Loss on early redemption of consideration bonds	–	–	–	–	–	–	29,698	29,698
Change in fair value of derivative financial instrument	–	–	–	–	–	–	16,961	16,961

For the year ended 31 March 2011

	Investments	Loan financing	Property investment	Manufacture and sale of accessories	Segment total	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Addition to property, plant and equipment	—	—	—	814	814	31	845
Allowance for inventory obsolescence	—	—	—	506	506	—	506
Allowance for doubtful debts on trade receivables, net	—	—	—	148	148	—	148
Depreciation of property, plant and equipment	—	—	—	1,215	1,215	9	1,224
Gain on disposal of property, plant and equipment	—	—	—	(3)	(3)	—	(3)
Gain on disposal of leasehold land	—	—	—	(1,008)	(1,008)	—	(1,008)
Fair value gain on investment properties	—	—	(1,008)	—	(1,008)	—	(1,008)
Amortisation of prepaid lease payments	—	—	—	684	684	—	684

Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China ("PRC") and Taiwan.

Information about the Group's revenue from external customers is presented based on the location at which the goods or services are delivered or provided. Information about the Group's non-current assets is presented based on the geographical location of the assets.

The Group's total revenue from sales of goods by geographical location are detailed below:

	2012	2011
	HK$'000	*HK$'000*
Europe	**62,306**	74,664
United States of America	**26,282**	41,256
Hong Kong	**30,372**	23,065
PRC	**28,417**	21,039
Japan	**13,186**	12,317
Others	**11,558**	17,110
	172,121	189,451

The Group's non-current assets by geographical location of the assets are detailed below:

	2012	2011
	HK$'000	*HK$'000*
PRC	**34,161**	29,327
Hong Kong	**88,006**	1,686
Taiwan	**2,685,441**	—
	2,807,608	31,013

Note: Non-current assets exclude financial instruments.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of total revenue of the Group are as follows:

	2012	2011
	HK$'000	HK$'000
Customer A[1]	—[2]	21,425
Customer B[1]	**22,872**	—[2]

1 Revenue is generated from manufacture and sale of accessories.

2 The corresponding revenue did not contributed over 10% of total revenue of the Group.

4. INCOME TAX CREDIT (EXPENSE)

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**(366)**	(947)
PRC Enterprise Income Tax	**(1,544)**	(1,747)
	(1,910)	(2,694)
Overprovision in prior years:		
Hong Kong	—	9
Deferred tax credit (charge) for the year	**11,006**	(635)
	9,096	(3,320)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Pursuant to relevant Taiwan Income Tax Law, the corporate income tax rate of the Taiwan subsidiaries is 17%. No provision for Taiwan Income Tax has been made in the consolidated financial statements as the subsidiaries operated in Taiwan had no assessable profit for the year.

The income tax credit (expense) for the year can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2012	2011
	HK$'000	*HK$'000*
Loss before tax	**(629,886)**	(240,993)
Tax at income tax rate of 16.5% (2011: 16.5%)	**103,931**	39,764
Tax effect of expenses not deductible for tax purpose	**(35,287)**	(8,528)
Tax effect of incomes not taxable for tax purpose	**1,090**	438
Overprovision in prior years	**—**	9
Tax effect of tax losses not recognised	**(60,270)**	(34,546)
Effect of different tax rates for subsidiaries operating in other jurisdictions	**(541)**	(810)
Others	**173**	353
Income tax credit (expense) for the year	**9,096**	(3,320)

5. LOSS FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments		
— fees and other emoluments	**11,941**	5,894
Other staff costs		
— salaries, allowances and bonus	**48,099**	34,517
— retirement benefits scheme contributions	**1,254**	1,391
Equity-settled share-based payments	**696**	19,018
	61,990	60,820
Amortisation of prepaid lease payments	**692**	684
Allowance for inventory obsolescence	**1,000**	506
Cost of inventories recognised as expense (including allowance for inventory obsolescence)	**136,540**	142,551
Auditor's remuneration	**2,133**	1,200
Depreciation of property, plant and equipment		
— included in administrative expenses	**3,069**	1,224
— included in other expenses	**18,196**	—
	21,265	1,224
Gross rental income from investment property	**(1,373)**	(1,347)
Less: direct operating expenses from investment property that generate rental income during the year	**783**	666
	(590)	(681)
Research and development costs recognised as an expense (included in other expenses)	**5,621**	—
Investment income		
— dividend income on held-for-trading investments	**(4,585)**	(2,598)
— interest income on loans receivable	**(26,396)**	(5,951)

6. DIVIDENDS

No dividend was paid or proposed for both years, nor has any dividend been proposed since the end of the reporting period.

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(621,254)**	(244,800)

	2012	2011
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**245,293,774**	115,215,719

The computation of diluted loss per share does not assume the conversion of the Company's share options in both years and outstanding convertible bonds in current year since their assumed conversion would result in a decrease in loss per share.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the year ended 31 March 2011 has been adjusted to reflect the impact of the issue of bonus shares effected in July 2010.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the years of 2012 and 2011 have been adjusted to reflect the impact of share consolidation effected subsequent to 31 March 2012.

8. INTANGIBLE ASSET

	Core Technology
	HK$'000
COST AND CARRYING AMOUNT	
At 1 April 2010 and 31 March 2011	—
Acquisition of assets through acquisition of a subsidiary *(Note 18)*	2,494,113
Exchange adjustment	(59,317)
At 31 March 2012	2,434,796

As at 31 March 2012, the intangible asset represents technology for manufacturing of solar grade polycrystalline silicon (the "Core Technology") under the solar grade polycrystalline silicon purchased upon acquisition of Sun Mass as set out in note 18 in current year. The Core Technology is patented in the United States, Europe, Japan, Taiwan and the PRC. No amortisation has been recognised during the year since the intangible asset is not in the condition necessary for it to be capable of operating in the manner intended by the management.

As set out in note 1, Sun Mass is still in the process of improving the production technology and enhancing the production efficiency for the purpose of commercial production and the commercial production has not been started as at the date of issuance of these consolidated financial statements.

In accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" ("HKAS 36") issued by the HKICPA, the Core Technology should be tested for impairment at least annually and whenever there is an indication that may be impaired. However, a reliable estimation of the future cash flows the Group expects to derive from the Core Technology and certain property, plant and equipment with carrying amounts of HK$242,342,000 (collectively referred to as the "Assets"), which are allocated to the cash generating unit of solar grade polycrystalline silicon as at 31 March 2012, is dependent on successful launch of commercial production of solar grade polycrystalline silicon. The directors of the Company are unable to prepare a reliable estimation of the future cash flows since the relevant dates of acquisition and as at 31 March 2012 and assess the recoverable amounts of the Assets as at 31 March 2012 and the relevant amount of impairment loss if necessary for the year ended 31 March 2012 in accordance with HKAS 36. Although the development progress of the Core Technology has been slower than original anticipation, the directors of the Company considered the research and development team of Sun Mass are moving towards the correct direction after achieving the major milestone as set out in note 1, and believed commercial production would be launched eventually in the future.

9. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
	HK$'000	*HK$'000*
Available-for-sale investments comprise:		
Unlisted shares in Hong Kong, at cost	**56,000**	56,000
Unlisted equity fund in Hong Kong, at fair value	**13,868**	25,000
	69,868	81,000

The above unlisted shares represent investments in an unlisted company together with its subsidiaries engaged in security brokerage and provision of finance in Hong Kong. The investment in the unlisted company is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the year ended 31 March 2012, an objective evidence of impairment was considered to exist amid the presence of a significant or prolonged decline in fair value of the available-for-sale investments in unlisted equity fund and accordingly, impairment loss of HK$11,132,000 (2011: nil) has been recognised.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	2011
	HK$'000	*HK$'000*
Financial assets at FVTPL comprise:		
Convertible bonds designated at FVTPL	—	61,180
Held-for-trading investments	**154,795**	484,825
	154,795	546,005

The investments in unlisted convertible bonds are designated at financial assets at FVTPL on initial recognition. During the year ended 31 March 2012, included in the change in fair value for the year is loss of approximately HK$13,500,000 (2011: gain of HK$29,977,000).

Held-for-trading investments comprise of equity securities listed in Hong Kong and their fair values are based on quoted market bid prices. During the year ended 31 March 2012, included in the change in fair value for the year is loss of approximately HK$293,316,000 (2011: loss of HK$217,580,000).

11. DERIVATIVE FINANCIAL INSTRUMENT

	2012
	HK$'000
Derivative component embedded in Consideration Bonds	**392,792**

As set out in note 17, this relates to the derivative component of consideration bonds with principal amount of HK$1,750,000,000 ("Consideration Bonds").

The movement of the derivative component during the year is set out below:

	HK$'000
At the date of issue on 4 January 2012	409,753
Change in fair value	(16,961)
At 31 March 2012	392,792

The fair value of the derivative component is calculated by the difference between the fair value of the Consideration Bonds with exercise of extension option and fair value of Consideration Bonds without exercise of extension option. The fair value of the early redemption option at initial recognition and as at 31 March 2012 is considered minimal. The fair value of the derivative component is determined by Hull-White One-Factor Model and the assumptions of fair value of the derivative component are as follows:

	With exercise of extension option	**Without exercise of extension option**
At the date of issue		
Risk-free rate	1.303%	0.362%
Credit spread	23.067%	22.352%
Short rate volatility	0.61%	0.61%
Maturity	7 years	2 years
At 31 March 2012		
Risk-free rate	0.809%	0.202%
Credit spread	23.036%	23.120%
Short rate volatility	0.66%	0.66%
Maturity	6.8 years	1.8 years

During the year ended 31 March 2012, a loss of HK$16,961,000 was recognised in respect of the change in fair value of derivative financial instrument, which is included in other gains and losses.

12. TRADE RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**28,950**	39,787
Less: Allowance for doubtful debts	**(3,200)**	(2,962)
	25,750	36,825

The Group allows an average credit period range from 60 to 150 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
0 to 60 days	**23,937**	25,243
61 to 150 days	**1,813**	9,841
Over 150 days	**—**	1,741
	25,750	36,825

The Group has policy of allowance for doubtful debts which is based on the evaluation of collectability and age of accounts and on management's judgement including credit worthiness and past collection history of each customer.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$4,408,000 as at 31 March 2011 which are past due as at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2012	2011
	HK$'000	*HK$'000*
61 to 150 days	**—**	2,667
Over 150 days	**—**	1,741
	—	4,408

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors believe that no impairment allowance is necessary in respect of these balances. There has not been a significant change in credit quality and the balances are still considered fully receivable. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts

	2012	2011
	HK$'000	*HK$'000*
Balance at beginning of the year	**2,962**	7,987
Impairment losses recognised on receivables	**801**	148
Amounts written off as uncollectible	**(324)**	(5,173)
Amounts recovered during the year	**(239)**	—
Balance at end of the year	**3,200**	2,962

Included in other receivables is proceeds on sales of held-for-trading investments due from brokers of approximately HK$1,993,000 (2011: HK$48,055,000).

All other receivables are expected to be recovered within one year.

13. LOANS AND INTEREST RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Unsecured, fixed-rate loans receivable	**30,000**	30,000
Unsecured, variable-rate loans receivable	**—**	22,500
	30,000	52,500
Less: Allowance for doubtful debts	**—**	(22,500)
	30,000	30,000
Interest receivables	**3,359**	978
	33,359	30,978

Movement in the allowance for doubtful debts

	2012	2011
	HK$'000	*HK$'000*
Balance at beginning of the year	**22,500**	22,500
Amounts written off as uncollectable during the year	**(21,442)**	—
Impairment losses reversed	**(1,058)**	—
Balance at end of the year	**—**	22,500

The outstanding loans receivable had contractual maturity dates within 1 year for both years. The average interest rates of the fixed-rate loans receivable were ranging from 5% to 24% (2011: 5% to 15%) per annum. At 31 March 2011, the contracted interest rates of the variable-rate loans receivable was the Hongkong and Shanghai Banking Corporation Limited ("HSBC") prime rate plus spread of 6% per annum.

The Group has policy for allowance of doubtful debts which is based on the evaluation of collectability and aging analysis of accounts and on directors' judgement, including the current creditworthiness and the past collection history of each debtor.

In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivable from the date credit was initially granted up to the end of the reporting period. At the end of the reporting period, the creditworthiness and the past collection history of each debtor are satisfactory. Accordingly, the directors of the Company believe that there is no further credit provision required. There were no loans receivable which were past due but not impaired in both years.

14. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2012	2011
	HK$'000	*HK$'000*
0 to 60 days	**12,298**	10,724
61 to 150 days	**138**	768
Over 150 days	**368**	97
	12,804	11,589

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. BORROWINGS

	2012	2011
	HK$'000	*HK$'000*
Secured bank borrowings	**69,532**	—
Secured margin facilities *(Note)*	**523**	526
	70,055	526
Carrying amount of borrowings:		
Within one year	**1,224**	526
Between one to two years	**4,203**	—
Between two to five years	**12,610**	—
Over five years	**24,518**	—
	42,555	526
Carrying amount of bank loans that contain a repayment on demand clause:		
Repayable within one year	**6,000**	—
Not repayable within one year	**21,500**	—
	27,500	—
	70,055	526
Less: Amount due within one year shown under current liabilities	**(28,724)**	(526)
Amount shown under non-current liabilities	**41,331**	—

All the bank borrowings carry variable interest at prime rate in Hong Kong or local bank's deposit rate in Taiwan plus a spread ranging from 1.6% to 5% per annum.

The bank borrowings at 31 March 2012 was secured by the leasehold land and buildings of the Group situated in Hong Kong and Taiwan at carrying amounts of approximately HK$77,694,000 and HK$81,429,000 respectively.

Note: This represents securities margin financing received from securities broking house repayable within one year and were secured by financial assets at FVTPL of the Group. Additional funds or collateral are required if the balance of the borrowings exceeds the eligible margin value of securities pledged to the broking house. The collateral can be sold at the broking house's discretion to settle any outstanding borrowings owed by the Group. The loans bear interest of 7.236% (2011: 7.236%) per annum.

16. CONVERTIBLE BONDS

The Company issued 2,900,000,000 convertible bonds with coupon rate of 5% per annum at an initial conversion price of HK$0.5 each (subject to anti-dilutive adjustments) on 14 July 2011 for a total proceed of HK$1,450,000,000. The convertible bonds are denominated in HK$. The convertible bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the convertible bonds and maturity date on 14 July 2014. If the convertible bonds have not been converted, they will be redeemed on 14 July 2014 at the face value of convertible bonds. Interest of 5% will be paid semi-annually. The Company may redeem the convertible bonds in whole or in part, at principal and interest accrued up to redemption date, anytime before maturity. This early redemption option is closely related to the host liability component. The convertible bonds contain two components, liability and equity elements. The equity element is presented in equity heading convertible bonds equity reserve. The effective interest rate of the liability component is approximately 15.5% per annum. The convertible bonds have been valued as at 14 July 2011 on the basis carried out at the date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group.

On initial recognition, the transaction cost incurred for the issuance of the convertible bonds was allocated into the liability component and the equity component of approximately HK$40,635,000 and HK$13,154,000 respectively in proportion to the allocation of the gross proceeds.

The movement of the liability component of the convertible bonds for the period is set out below:

	HK$'000
Recognition of liability component of convertible bonds	1,095,399
Transaction costs allocated to liability component of convertible bonds	(40,635)
Effective interest expense	127,093
Interest paid	(35,937)
Converted into new ordinary shares during the period	(22,793)
At 31 March 2012	1,123,127

In August 2011, the convertible bonds holder exercised the conversion options with the principal amount of HK$31,000,000 of the convertible bonds.

17. CONSIDERATION BONDS — DEBT COMPONENT

As part of the consideration of the acquisition of additional interest in Sun Mass as detailed in note 18, the Company issued Consideration Bonds with principal amount of HK$1,750,000,000 on 4 January 2012. According to the terms of the Consideration Bonds, the maturity date is two years from the issue date. At the Maturity Date, the Company may elect in its discretion to extend the term for another 5 years. The Consideration Bonds bear interest at 2.5% per annum for the first 2 years and 12.5% per annum afterwards for the extension period of five years. Interest is payable quarterly in arrears. The Company may also redeem part or all of the Consideration Bonds any time during the repayment term at principal amount and interest accrued up to redemption date. The extention option and early redemption option (collectively the derivative component) are considered not closely related to the host debt component. The Consideration Bonds, both the debt component and the derivative component, have been valued as at 4 January 2012 on the basis carried out at that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The effective interest rate of the Consideration Bonds is 23.554% per annum. The Consideration Bonds are freely transferrable by the holders at any time from the date of issue of the Consideration Bonds.

The movement of Consideration Bonds for the year is set out as below:

	HK$'000
At date of issue, at fair value	1,189,805
Effective interest expense	63,170
Interest paid	(376)
Early redemption during the year	(70,302)
As at 31 March 2012	1,182,297

During the year, the Company redeemed part of the Consideration Bonds with principal of HK$100,000,000 and loss on early redemption of HK$29,698,000 is recognised as other gains and losses.

18. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

During the year, the Company acquired 100% interest in Sun Mass. The acquisition arrangement consisted of two tranches as follows:

(i) On 31 December 2010, the Company entered into a sale and purchase agreement with an independent third party ("the Vendor"), pursuant to which the Company acquired 50.1% equity interest in Sun Mass for a total cash consideration of US$150,000,000 (equivalent to HK$1,170,000,000). The transaction was completed on 15 July 2011. The Company also has an option to acquire the remaining 49.9% interest in Sun Mass within the period from 12 months to 36 months after the completion date, at a consideration to be determined with reference to the business valuation of Sun Mass by an independent valuer jointly appointed by the Company and the Vendor at that time.

(ii) On 12 September 2011, the Company entered into a sale and purchase agreement with the Vendor in respect of the acquisition of the remaining 49.9% interest in Sun Mass by means of cash consideration of HK$750,000,000 and issuance of Consideration Bonds with principal amount of HK$1,750,000,000. The transaction was completed on 4 January 2012. The fair values of the debt and derivative component of Consideration Bonds were determined by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group at the date of acquisition.

The principal assets of Sun Mass are property, plant and equipment and intangible asset for development of solar grade polycrystalline silicon in Taiwan. The transaction was accounted for as acquisition of assets.

	HK$'000
Cash consideration	1,920,000
Consideration Bonds, at fair value:	
— Debt component	1,189,805
— Derivative component	(409,753)
Total consideration	2,700,052
Assets acquired and liabilities recognised at date of acquisition are as follows:	
Property, plant and equipment	229,145
Intangible asset	2,494,113
Deposits paid for acquisition of property, plant and equipment	3,719
Rental deposits	545
Restricted bank deposits	5,654
Other receivables, deposits and prepayments	763
Bank balances and cash	91,478
Other payables and accrued charges	(1,579)
Borrowings	(123,786)
Net assets acquired	2,700,052

	HK$'000
Net cash outflow on acquisition of a subsidiary:	
Cash consideration paid	1,920,000
Less: Cash and cash equivalents acquired	(91,478)
	1,828,522

Acquisition-related costs, representing professional fee incurred for preparation of announcement and circular in relation to the acquisition, amounting to HK$17,602,000 have been recognised as other expenses in the current year.

19. EVENT AFTER THE REPORTING PERIOD

On 2 April 2012, the Company proposed to carry out a capital reorganisation (the "Capital Reorganisation") involving (i) every sixteen issued shares of par value of HK$0.10 each be consolidated into one consolidated share of par value of HK$1.60 each; (ii) the nominal value of each issued consolidated shares be reduced from par value of HK$1.60 each to par value of HK$0.01 each by cancellation of the paid-up capital of the Company to the extent of HK$1.59 on each issued consolidated share; (iii) each of the authorised but unissued consolidated shares of HK$1.60 each shall be subdivided into 160 adjusted shares of par value of HK$0.01 each. The proposal for the Capital Reorganisation received shareholders' approval in a special general meeting held on 25 April 2012 and became effective in 26 April 2012.

On 19 June 2012, the Company entered into a placing agreement with an independent placing agent, pursuant to which the placing agent has conditionally agreed to place a total of 57,084,736 new shares on a fully underwritten basis, to not less than six placees, at a price of HK$0.24 per share. The gross proceeds from the placement will be approximately HK$13.4 million which will be used for capital commitment of the solar grade polycrystalline silicon business.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

As anticipated in the Company's announcement issued on 12 April 2012, the Group recorded a substantial increase in loss for the current year as compared to the last year. The loss attributable to shareholders for the year ended 31 March 2012 amounted to HK$621.3 million, as compared to a loss of HK$244.8 million last year. The substantial increase in loss of approximately HK$376.5 million was largely brought about by (i) the increase of loss on change in fair value of financial assets at fair value through profit or loss by HK$119.2 million to HK$306.8 million derived from trading of securities during the year, which represented an increase of realised loss of HK$170.1 million, from HK$96.0 million to HK$266.1 million and a decrease of unrealised loss of HK$50.9 million, from HK$91.6 million to HK$40.7 million; and (ii) the increase in finance costs by approximately HK$191.7 million arising from the interest expenses on bank and other borrowings, amortisation of interest expenses for convertible bonds and Consideration Bonds issued during the year, with the amount of HK$1.4 million, HK$127.1 million and HK$63.2 million charged in consolidated statement of comprehensive income respectively. The basic and diluted loss per share was HK$2.53, as compared to the basic and diluted loss per share of HK$2.12 for the last year. The basic and diluted loss per share have been adjusted to reflect the impact of the share consolidation effected on 26 April 2012. During the year, the Group has purchased a commercial property which is located at Hong Kong. Furthermore, the Company completed the acquisition of 50.1% interest in Sun Mass and its subsidiaries, Lution International Holdings Co., Ltd and Sun Materials Technology Co., Ltd in July 2011 and further acquired the remaining 49.9% interest in Sun Mass. Sun Mass became wholly-owned subsidiary upon completion in January 2012. No material disposal of subsidiaries was noted during the year.

Solar grade polycrystalline silicon

During the year, the Company acquired 50.1% interest of Sun Mass and completed on 15 July 2011, which then became a non-wholly owned subsidiary of the Company. On 4 January 2012, Sun Mass became a wholly owned subsidiary after the Company further acquired the remaining 49.9% interest of Sun Mass. During the year, no turnover was generated from solar grade polycrystalline silicon segment with no commercial production commenced and the operating cost recorded as approximately HK$40.5 million. Further details of Sun Mass are set out in the paragraph "Details of material acquisitions".

Investments

Factors such as the European debt crisis, slow global economic growth and credit tightening policy in PRC market have all contributed to uncertainties in the securities markets. Under such volatile conditions and the adverse change in financial market during the year, the market value of the Group's securities portfolio had declined and the net loss on change in fair value from trading of securities recorded as HK$306.8 million, 63.5% higher than HK$187.6 million as compared with last year. In addition, the dividend income on held-for-trading investments increased by 76.9% to HK$4.6 million from HK$2.6 million as compared with last year.

Loan financing

During the year, interest income from provision of finance significantly increased by 3.4 times to HK$26.4 million from HK$6.0 million as compared with last year, mainly due to increase in number of customers. As all loans receivable and interest were duly settled on time, no provision for non-recovery was considered necessary for the year ended 31 March 2012.

Property investment

During the year, gross rental income from investment property increased from HK$1.3 million to HK$1.4 million, representing an increase of 7.7% as compared with last year. There were no material changes between two years.

Manufacturing and sale of accessories for photographic, electrical and multimedia products

The segment's turnover decreased from HK$189.5 million to HK$172.1 million, representing a decrease of 9.2% as compared with last year. With the continuous increase in material and labour costs and with the provision of the sales value added tax, the segment's result turned from profit of HK$10.1 million to loss of HK$9.0 million.

PROSPECTS

The year ahead is undoubtedly going to be extremely challenging. First, from an operational aspect we need to complete the construction of the recycling facility and to proceed with commercial production of solar grade polycrystalline silicon as soon as possible. Second, from the financial prospective we need to address the Group's future funding needs diligently taking into account our working capital and capital expenditure requirements as well as the maturity profile of the Company's indebtedness.

On a more positive note we are confident that after putting the recycling facility in place Sun Materials' unique technology and process will put it in a strong position from a cost-competitiveness point of view. The price correction of late in the solar grade polycrystalline silicon market is expected to make it difficult for certain higher cost manufacturers to compete and eventually drive them out of the market. The Group is therefore cautiously optimistic that with its highly competitive cost structure Sun Materials will stand to benefit from a global capacity adjustment in the market following the exit of higher cost manufacturers in the near future.

LIQUIDITY AND CAPITAL RESOURCES

The Group primarily financed its operations with internally generated cash flows and by its shareholder's equity. On 14 July 2011, the Company completed a placing of new ordinary shares and convertible bonds with aggregated proceeds of HK$2,330.0 million in which HK$880.0 million was raised from placing of 2,200,000,000 new ordinary shares.

The Group had secured bank borrowings of approximately HK$69.5 million (2011: Nil), of which HK$27.5 million is a 5-year term loan and is denominated in Hong Kong Dollars and approximately HK$42.0 million is a 10-year term loan and is denominated in new Taiwan Dollars (NT$160 million). The bank borrowings carry variable interest at prime rate in Hong Kong or local bank's deposit rate in Taiwan plus a spread ranging from 1.6% to 5% per annum. In addition, the Group had utilised secured margin facilities of approximately HK$0.5 million as at 31 March 2012.

During the year, the Company issued HK$1,750 million in principal amount of 2.5% unsecured bonds to the seller of the Sun Mass as part of the consideration for the acquisition of 49.9% of Sun Mass.

As at 31 March 2012, net current assets of the Group amounted to HK$349.1 million (2011: HK$645.6 million) with bank balances and cash of HK$208.2 million (2011: HK$16.8 million). The total equity of the Group as at 31 March 2012 is HK$1,231.2 million (2011: HK$757.0 million). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing bank and other borrowings plus convertible bonds and Consideration Bonds) over shareholders' funds was 193.7% (31 March 2011: 0.1%).

CHARGE OF ASSETS

As at 31 March 2012, margin facilities of HK$63.2 million (2011: HK$234.2 million) from four regulated securities brokers (2011: three regulated securities brokers) were granted to the Group under which financial assets at fair value through profit or loss of HK$154.8 million (2011: HK$546.0 million) were treated as collateral for the facilities granted. Aggregate of HK$0.5 million (2011: HK$0.5 million) facilities were utilised and the carrying amount of the financial assets at fair value through profit or loss charged under the utilised facilities to a securities broker is HK$21.8 million (2011: HK$28.6 million).

As at 31 March 2012, buildings in Taiwan with carrying amount of approximately of HK$81.4 million (NT$310.0 million) and buildings in Hong Kong with carrying amount of approximately of HK$77.7 million were pledged to secure bank borrowings of approximately HK$42.0 million (NT$160 million) and HK$27.5 million respectively (2011: Nil).

Furthermore, the Group had a restricted bank deposit, approximately to HK$5.5 million (NT$20.9 million) as at 31 March 2012 (2011: Nil), placed to secure the lease agreement in relation to the land located in Taiwan.

CURRENCY RISK MANAGEMENT

The majority of the Group's assets are held in Hong Kong Dollars with no material foreign exchange exposure. The Group's manufacturing business has its overseas market, which alone accounts for around HK$113.3 million of the Group's turnover. Furthermore, the Group also engaged in solar grade polycrystalline silicon business in Taiwan, United Stated Dollar ("US$") will be expected to be the functional currency, no income is yet to be recorded during the year. In safeguarding the volatile Euro Dollars currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting US$ quoted sale orders, which in turn the management can maintain a stable currency exchange condition for normal trading business development. The Group currently does not have a foreign currency hedging policy. During the year, the directors are of the view that the Group's exposure to exchange rate risk is not material, and will continue to monitor it.

COMMITMENT

As at 31 March 2012, the Company and the Group had no material commitment (2011: Nil).

CONTINGENT LIABILITIES

The Company and the Group had not provided corporate guarantee to its subsidiaries or other parties and did not have other contingent liabilities as at 31 March 2012 (2011: Nil).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2012, the Group employed approximately 502 employees, around 75.5% and 12.9% of them were employed in the People's Republic of China for the manufacturing business and in Taiwan for the manufacturing and trading of solar grade polycrystalline silicon business respectively. The remuneration policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme. Total staff costs for the year, including director's emoluments, amount to HK$62.0 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: Nil).

DETAILS OF MATERIAL ACQUISITIONS

During the year, the Company acquired entire interests in Sun Mass from an independent third party for exploring into the renewable energy related business. On 31 December 2010, the Company entered into a sale and purchase agreement with an independent third party, pursuant to which that the Company acquired 50.1% equity interest in Sun Mass at a consideration of HK$1,170 million (US$150 million) which was fully settled by cash and the transaction was completed on 15 July 2011. On 12 September 2011, the Company entered into a sale and purchase agreement with the non-controlling owner of Sun Mass in respect of the acquisition of the remaining 49.9% interest in Sun Mass by mean of cash consideration of HK$750 million and issuance of Consideration Bonds with principal amount of HK$1,750 million and the transaction was completed on 4 January 2012.

The principal business of Sun Materials, an indirect wholly owned subsidiary of Sun Mass, is the manufacture of solar grade polycrystalline silicon. Save as disclosed in the circular dated 19 December 2011, Sun Materials was undergoing enhancement work in the run up to commencement of production to introduce further improvements in efficiency in the production process. It was envisaged that such enhancement would bring about significantly improved yield of silicon tetrafluoride from a key piece of intermediate production equipment with the ultimate benefit of further decreasing overall production costs of solar grade polycrystalline silicon. It was expected that production would commence with the enhanced process before the end of the year 2011. On 30 March 2012, the Company published an announcement in relation to the update on the status of the solar grade polycrystalline silicon business that, after installation of the enhanced production equipment has been completed, the research and development and operation teams of Sun Materials have been debugging and first tuning various delicate components of the new equipment installed. This process has taken a longer period of time than originally anticipated and is currently ongoing and production has therefore not yet commenced. Through continuous development work which is currently being carried out, a milestone level of yield, which translates into a desired level of overall competitiveness of the entire production process, has been set internally, and expected to be within the second quarter of 2012.

On 18 June 2012, the Company announced that during the week of 23 April 2012, a milestone towards achieving commercial production was achieved. Sun Materials conducted two sampling runs. The first run was to align and test the coordination of the system. The second run was to simulate real production conditions and successfully concluded. This is a milestone for the Company representing the full coordination of the entire production system and production of initial samples out of the commercial production line. The byproducts generated from the production process, sodium fluoride and hydrofluoric acid, are large in quantity and are currently stored in local holding tanks. In order to properly treat and recycle the byproducts, Sun Materials has to implement the designed recycling facility before commencing formal large-scale production. On 25 May 2012, Sun Materials completed the negotiation process with the contractor of the new facility building and commenced with the groundbreaking for the facility on 7 June 2012. Sun Materials completed discussions with the respective vendor in relation to the facility piping and is also currently continuing discussions with other vendors for their contribution to new building. The new building will house Sun Materials recycling facility and provide additional processing capability for the production of silicon tetrafluorid. It is expected that the enhancement work will be completed by early 2013, and commercial production will commence in the first half of 2013. The Company has been constantly monitoring the progress of the enhancement and it would be premature to assess whether there is any expected impairment loss relating to the technology deployed by Sun Materials in relation to its solar grade polycrystalline silicon production, as a fair and reasonable assessment can only be performed by taking into account crucial business and operating factors including the outcome of currently ongoing enhancement work and the revised production timeline as referred to above.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

On 14 July 2011, a total of 2,200,000,000 ordinary shares were issued at a price of HK$0.4 per placing share pursuant to the placing agreement entered into on 17 January 2011. Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

CODE ON CORPORATE GOVERNANCE

The Company has complied with the code provisions which set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2012, except for Code Provision A.4.1 provides that non-executive directors should be appointed for specific term, subject to re-election. The independence non-executive directors ("INEDs") of the Company are not appointed for specific term but they are subject to retirement by rotation and re-election at the annual general meetings of the Company. Pursuant to the Clause 87(1) of the Company's Bye-laws, each director shall be subject to retirement by rotation at least once every three years at the annual general meeting. This means that the term of appointment of the directors, including INEDs, cannot exceed three years. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance are no less exacting than those in the Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiries of all directors, all directors confirm that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2012.

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 the three INEDs, namely Mr. Frank H. Miu, Dr. Agustin V. Que and Mr. Robert James Iaia II. The consolidated financial statements for the year ended 31 March 2012 of the Group have been reviewed by the Audit Committee together with the management and the external auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2012 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By Order of the Board
Mascotte Holdings Limited
Lo Yuen Wa Peter
Managing Director

Hong Kong, 28 June 2012

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors
Mr. Peter Temple Whitelam *(Chairman)*
Mr. Lo Yuen Wa Peter *(Managing Director)*
Mr. Eddie Woo
Mr. Suen Yick Lun Philip
Mr. Lau King Hang
Dr. Wu Yi-Shuen

Non-executive Director
Dr. Chuang, Henry Yueheng *(Deputy-Chairman)*

Independent Non-executive Directors
Mr. Frank H. Miu
Dr. Agustin V. Que
Mr. Robert James Iaia II
Dr. Chien, Yung Nelly