MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2013

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 2013 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013	2012
	HK$'000	HK$'000
Turnover		
Sales of goods	**163,270**	172,121
Cost of sales	**(114,194)**	(136,540)
	49,076	35,581
Investment income	**596**	30,981
Rental income	**2,590**	1,373
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")	**(19,843)**	(306,816)
	32,419	(238,881)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013 — continued

	Notes	**2013**	2012
		HK$'000	HK$'000
Other income		**5,871**	3,836
Impairment loss recognised in respect of manufacture of solar grade polycrystalline silicon business	*4*	**(1,935,391)**	–
Other gains and losses		**(592,121)**	(57,300)
Selling and distribution costs		**(9,148)**	(8,771)
Administrative expenses		**(119,603)**	(95,221)
Other expenses		**(41,405)**	(41,419)
Finance costs		**(389,462)**	(192,130)
Loss before tax		**(3,048,840)**	(629,886)
Income tax credit	*5*	**15,654**	9,096
Loss for the year	*6*	**(3,033,186)**	(620,790)
Other comprehensive income (expense) for the year			
Exchange differences on translating foreign operations		**17,866**	(62,459)
Change in fair value of available-for-sale investments		**(3,877)**	(11,132)
Impairment loss on available-for-sale investments reclassified to loss for the year		**3,877**	11,132
		17,866	(62,459)
Total comprehensive expense for the year		**(3,015,320)**	(683,249)
Loss for the year attributable to:			
Owners of the Company		**(3,033,486)**	(621,254)
Non-controlling interests		**300**	464
		(3,033,186)	(620,790)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(3,015,689)**	(683,858)
Non-controlling interests		**369**	609
		(3,015,320)	(683,249)
			(Restated)
Basic and diluted loss per share	*8*	**HK$2.59**	HK$1.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**136,298**	334,819
Investment properties		**23,158**	26,175
Intangible asset	*9*	**707,168**	2,434,796
Prepaid lease payments		**2,856**	3,514
Available-for-sale investments	*10*	**–**	69,868
Restricted bank deposits		**5,611**	5,492
Deposits paid for acquisition of property, plant and equipment		**4,803**	7,671
Derivative financial instrument	*11*	**–**	392,792
Rental deposits		**738**	633
		880,632	3,275,760
Current assets			
Held-for-trading investments	*12*	**–**	154,795
Derivative financial instrument	*11*	**266,790**	–
Inventories		**4,762**	8,446
Trade receivables	*13*	**30,016**	25,750
Other receivables, deposits and prepayments	*13*	**17,316**	13,280
Loans and interest receivables	*14*	**–**	33,359
Prepaid lease payments		**701**	692
Tax recoverable		**–**	21
Bank balances and cash		**52,710**	208,181
		372,295	444,524

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013 — continued

	Notes	**2013**	2012
		HK$'000	HK$'000
Current liabilities			
Trade payables	*15*	**6,434**	12,804
Other payables and accrued charges	*15*	**67,062**	36,731
Borrowings	*16*	**503,272**	28,724
Tax payable		**15,460**	17,174
		592,228	95,433
Net current (liabilities) assets		**(219,933)**	349,091
Total assets less current liabilities		**660,699**	3,624,851
Non-current liabilities			
Convertible bonds	*17*	**77,075**	1,123,127
Consideration bonds - debt component	*18*	**773,174**	1,182,297
Deferred tax liabilities		**3,245**	46,888
Borrowings	*16*	**43,092**	41,331
		896,586	2,393,643
Net (liabilities) assets		**(235,887)**	1,231,208
Capital and reserves			
Share capital		**18,414**	456,678
Reserves		**(259,595)**	769,605
Equity attributable to owners of the Company		**(241,181)**	1,226,283
Non-controlling interests		**5,294**	4,925
Total (deficit) equity		**(235,887)**	1,231,208

EXTRACT OF INDEPENDENT AUDITOR'S REPORT FROM THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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 2013 are an intangible asset and certain property, plant and equipment (collectively referred to as the "Assets") with carrying amounts of HK$707,168,000 (2012: HK$2,434,796,000) and HK$130,085,000 (2012: HK$242,342,000) respectively, which were principally 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, during the year ended 31 March 2012. The intangible asset represents technology for manufacturing of solar grade polycrystalline silicon further explained in note 19 to the consolidated financial statements (the "Core Technology") and property, plant and equipment represents factory premises and machinery purchased for production of solar grade polycrystalline silicon.

During the year, an impairment loss of HK$1,935,391,000 (2012: nil) has been recognised in respect of the Assets. As set out in note 8 to the consolidated financial statements, the directors of the Company determined the recoverable amount of the Assets based on value in use calculations which involve management's estimations including but not limited to commencement of commercial production in the second half of 2013. 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. As Sun Mass repeatedly delayed the commencement of commercial production, and it has been unable to commence commercial production as at the date of issuance of these consolidated financial statements, we are unable to determine whether the Core Technology will generate sufficient future economic benefits to the Group to support the total carrying amounts of the Assets of HK$837,253,000 (2012: HK$2,677,138,000); and whether the impairment losses of HK$1,935,391,000 (2012: nil) recognised during the year ended 31 March 2013 are free from material misstatement. Any adjustments to the carrying amounts of the Assets and impairment losses would affect the net assets of the Group as at 31 March 2013 and 2012 and the losses for the years then ended. This caused us to disclaim our audit opinion on the consolidated financial statements in respect of the year ended 31 March 2012.

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 the preparation of the consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group in light of the Group's net current liabilities and net liabilities position of HK$219,933,000 and HK$235,887,000, respectively, as at 31 March 2013. In the opinion of the directors of the Company, the consolidated financial statements have been prepared on a going concern basis as the Company has completed to issue rights share on 20 May 2013 and received net proceeds of approximately HK$494,876,000 , details of which are set out in note 21; and the Group has currently available and unutilised facilities of HK$11,000,000 from a revolving loan facility of HK$500,000,000 up to 21 November 2014. The directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements in the next twelve months from the end of the reporting date.

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

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

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets; and
Amendments to HKFRS 7	Financial instruments: Disclosures - Transfer of financial assets

The adoption of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[1]
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12, and HKAS 27	Investment entities[4]
HKFRS 9	Financial instruments[2]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[3]
HKAS 19 (Revised 2011)	Employee benefits[1]
HKAS 27 (Revised 2011)	Separate financial statements[1]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[4]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[4]
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine[1]
HK(IFRIC) - INT 21	Levies[4]

1 Effective for annual periods beginning on or after 1 January 2013.

2 Effective for annual periods beginning on or after 1 January 2015.

3 Effective for annual periods beginning on or after 1 July 2012.

4 Effective for annual periods beginning on or after 1 January 2014.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and 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 items of other comprehensive income to be 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 do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for annual period beginning on 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.

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 1 April 2013. The directors anticipate that 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.

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 affect the amounts reported in the Group's consolidated financial statements and result in more extensive disclosures about fair value measurements in the Group's consolidated financial statements in respect of derivative financial instrument.

Other than as described above, the directors anticipate that the application of the other new and revised Standards, Amendments to Standards and 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.

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

(i) Solar grade polycrystalline silicon: Manufacture and sales of solar grade polycrystalline silicon, which has not yet commenced business as at 31 March 2013
(ii) Investments: Investment and trading of securities
(iii) Loan financing: Provision of loan financing services
(iv) Property investment: Holding investment properties for rental and capital appreciation
(v) Manufacture and sale of accessories: Manufacture and sale of accessories for photographic 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 2013

	Solar grade polycrystalline silicon HK$'000	Investments HK$'000	Loan financing HK$'000	Property investment HK$'000	Manufacture and sale of accessories HK$'000	Total HK$'000
Segment revenue						
Sales of goods	–	–	–	–	163,270	163,270
Investment income						
Dividend income on held-for-trading investments	–	41	–	–	–	41
Interest income on loans receivable	–	–	555	–	–	555
Rental income	–	–	–	2,590	–	2,590
Change in fair value of financial assets at FVTPL *(Note)*	–	(19,843)	–	–	–	(19,843)
Intra-group rental income	–	–	–	1,815	–	1,815
	–	(19,802)	555	4,405	163,270	148,428
Elimination						(1,815)
						146,613
Segment (loss) profit	(1,993,940)	(24,105)	543	(1,322)	4,750	(2,014,074)
Unallocated corporate expenses						(64,020)
Unallocated other income						3,605
Unallocated finance costs						(387,664)
Fair value loss on derivative financial instrument						(126,002)
Loss on early redemptions of consideration bonds						(161,237)
Loss on the alteration of terms of convertible bonds						(299,448)
Loss before tax						(3,048,840)

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$'000	Total HK$'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 acquisition 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)

Note: The change in fair value of financial assets at FVTPL included realised loss of HK$19,843,000 (2012: HK$266,152,000). The remaining portion of approximately HK$40,664,000 for the year ended 31 March 2012 was unrealised loss on financial assets at FVTPL. Amounts included were change in fair value loss on held-for-trading investments of HK$19,843,000 (2012: HK$293,316,000) and realised loss on unlisted convertible bonds designated at FVTPL of nil (2012: HK$13,500,000) for the year ended 31 March 2013.

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. Fair value loss on derivative financial instrument, unallocated corporate expenses, costs incurred for acquisition of a subsidiary, loss on early redemptions of consideration bonds, loss on the alteration of terms of convertible 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.

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 2013

	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	856,566	–	–	23,158	46,239	925,963
Unallocated property, plant and equipment						203
Unallocated other receivables, deposits and prepayments						7,261
Derivative financial instrument						266,790
Bank balances and cash						52,710
Consolidated total assets						1,252,927
LIABILITIES						
Segment liabilities	74,939	–	–	–	35,164	110,103
Unallocated other payables and accrued charges						5,757
Unallocated borrowings						504,000
Tax payable						15,460
Convertible bonds						77,075
Consideration bonds						773,174
Deferred tax liabilities						3,245
Consolidated total liabilities						1,488,814

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

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, certain borrowings and deferred tax liabilities.

Other segment information

For the year ended 31 March 2013

	Solar grade polycrystalline silicon HK$'000	Investments HK$'000	Loan financing HK$'000	Property investment HK$'000	Manufacture and sale of accessories HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in measure of segment profit or loss or segment assets and liabilities:								
Addition to property, plant and equipment	**105,383**	**–**	**–**	**–**	**1,895**	**107,278**	**79**	**107,357**
Impairment loss on intangible asset	**1,744,975**	**–**	**–**	**–**	**–**	**1,744,975**	**–**	**1,744,975**
Impairment loss on property, plant and equipment	**190,416**	**–**	**–**	**–**	**–**	**190,416**	**–**	**190,416**
Allowance for inventory obsolescence	**–**	**–**	**–**	**–**	**617**	**617**	**–**	**617**
Allowance for doubtful debts on trade receivables, net	**–**	**–**	**–**	**–**	**3,711**	**3,711**	**–**	**3,711**
Depreciation of property, plant and equipment	**28,365**	**–**	**–**	**1,286**	**1,460**	**31,111**	**42**	**31,153**
Net loss on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**255**	**255**	**30**	**285**
Fair value loss on investment properties	**–**	**–**	**–**	**2,848**	**–**	**2,848**	**–**	**2,848**
Amortisation of prepaid lease payments	**–**	**–**	**–**	**–**	**701**	**701**	**–**	**701**
Impairment loss on disposal of available-for-sale investments	**–**	**3,877**	**–**	**–**	**–**	**3,877**	**–**	**3,877**
Gain on disposal of available–for–sale investments	**–**	**2,009**	**–**	**–**	**–**	**2,009**	**–**	**2,009**
Finance costs	**759**	**39**	**–**	**1,000**	**–**	**1,798**	**387,664**	**389,462**
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets and liabilities:								
Loss on early redemptions of consideration bonds	**–**	**–**	**–**	**–**	**–**	**–**	**161,237**	**161,237**
Loss on the alteration of terms of convertible bonds	**–**	**–**	**–**	**–**	**–**	**–**	**299,448**	**299,448**
Fair value loss on derivative financial instrument	**–**	**–**	**–**	**–**	**–**	**–**	**126,002**	**126,002**

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$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in measure of segment profit or loss or segment assets and liabilities:								
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
Net 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
Finance costs	607	56	600	604	–	1,867	190,263	192,130
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets and liabilities:								
Loss on early redemption of consideration bonds	–	–	–	–	–	–	29,698	29,698
Fair value loss on derivative financial instrument	–	–	–	–	–	–	16,961	16,961

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:

	2013	2012
	HK$'000	HK$'000
Europe	**56,112**	62,306
United States of America	**26,825**	26,282
Hong Kong	**16,048**	30,372
PRC	**39,113**	28,417
Japan	**17,784**	13,186
Others	**7,388**	11,558
	163,270	172,121

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

	2013	2012
	HK$'000	HK$'000
PRC	**31,024**	34,161
Hong Kong	**1,204**	88,006
Taiwan	**842,793**	2,685,441
	875,021	2,807,608

Note: Non-current assets exclude financial instruments.

Information about major customers

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

	2013	2012
	HK$'000	HK$'000
Customer A[1]	**22,466**	– [2]
Customer B[1]	**–** [2]	22,872

[1] Revenue is generated from manufacture and sale of accessories.

[2] The corresponding revenue did not contribute over 10% of total segment revenue of the Group.

4. IMPAIRMENT LOSS RECOGNISED IN RESPECT OF MANUFACTURE OF SOLAR GRADE POLYCRYSTALLINE SILICON BUSINESS

	2013	2012
	HK$'000	HK$'000
Impairment loss on intangible asset	**1,744,975**	–
Impairment loss on property, plant and equipment	**190,416**	–
	1,935,391	–

As a result of several delays in the commercial production of polycrystalline silicon over the past two years and severe and challenging market conditions in the solar industry as well as the drop in the selling prices of the polycrystalline silicon during the year ended 31 March 2013, the management of the Group has performed impairment assessment in relation to the solar grade polycrystalline silicon cash generating unit ("CGU") for the year ended 31 March 2013.

The solar grade polycrystalline silicon CGU contains an intangible asset that represents the technology of manufacturing of solar grade polycrystalline silicon (the "Core Technology") with carrying amount before impairment of HK$2,452,143,000 and property, plant and equipment with carrying amount before impairment of HK$320,501,000 as at 31 March 2013.

For the purpose of impairment testing, the carrying amount of this CGU is compared with the recoverable amount and the recoverable amount has been determined at the higher of the fair value less costs to sell and value in use.

Value in use calculation is carried out by American Appraisal China Limited, independent qualified professional valuer not connected with the Group. The value in use calculation is determined based on the financial budgets approved by the management of the Group covering five-year period and a pre-tax discount rate of 22%. The cash flows beyond the next five years are extrapolated using a nominal growth rate of 3% per annum. Other key assumptions adopted in the value in use calculation include:

(i) an assumption that the operation will commence in July 2013;

(ii) the estimated selling price of polycrystalline silicon of US$22.1/kg in 2013 which is expected to grow by 7% in 2014 and then at 3% annually from 2015 onwards;

(iii) the estimated manufacturing costs of US$13.6/kg which is expected to grow by 3% in 2014 and remain stable thereafter;

(iv) the estimated operating expenses, including selling, general and administrative expenses which amounted to be 6% of the estimated revenue;

(v) the estimated volume produced for the first full year of commercial production will be approximately 2,500 metric tons and gradually increased to 3,000 metric tons per annum from 2014 onwards;

(vi) all polycrystalline silicon produced will be sold in the year of production; and

(vii) pre-tax discount rate of 22% is based on the industry level and the Company-specific risk in the long run.

As the value in use calculation determined based on the above assumptions is less than the carrying amount of the CGU, an impairment loss of HK$1,935,391,000 (2012: nil) has been recognised by the management of the Group during the year ended 31 March 2013. The CGU has not yet commenced operation as at 31 March 2013.

5. INCOME TAX CREDIT

	2013 **HK$'000**	2012 HK$'000
Current tax:		
Hong Kong Profits Tax	**(232)**	(366)
PRC Enterprise Income Tax	**(1,226)**	(1,544)
Overprovision in prior years:		
Hong Kong	**2,522**	–
	1,064	(1,910)
Deferred tax credit for the year	**14,590**	11,006
	15,654	9,096

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

Under the Law of the PRC 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 incorporated in Taiwan had no assessable profit for both years.

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

	2013	2012
	HK$'000	HK$'000
Loss before tax	**(3,048,840)**	(629,886)
Tax at income tax rate of 16.5% (2012: 16.5%)	**503,059**	103,931
Tax effect of expenses not deductible for tax purpose	**(137,102)**	(35,287)
Tax effect of income not taxable for tax purpose	**596**	1,090
Overprovision in prior years	**2,522**	–
Tax effect of deductible temporary difference not recognised	**(319,343)**	–
Tax effect of tax losses not recognised	**(33,715)**	(60,270)
Effect of different tax rates for subsidiaries operating in other jurisdictions	**(363)**	(541)
Others	**–**	173
Income tax credit for the year	**15,654**	9,096

6. LOSS FOR THE YEAR

	2013 HK$'000	2012 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments		
– fees and other emoluments	**24,122**	11,941
Other staff costs		
– salaries, allowances and bonus	**48,481**	48,099
– retirement benefits scheme contributions	**2,288**	1,254
Equity-settled share-based payments (included in administrative expenses)	**7,876**	696
	82,767	61,990
Equity-settled share-based payments granted to consultants (included in other expenses)	**3,823**	–
Amortisation of prepaid lease payments	**701**	692
Cost of inventories recognised as an expense (including allowance for inventory obsolescence amounted to HK$617,000 (2012: HK$1,000,000) for the year ended 31 March 2013)	**114,194**	136,540
Auditor's remuneration	**2,242**	2,133
Depreciation of property, plant and equipment		
– included in administrative expenses	**4,966**	3,069
– included in other expenses*	**26,187**	18,196
	31,153	21,265
Gross rental income from investment property	**(2,590)**	(1,373)
Less: direct operating expenses from investment property that generate rental income during the year	**1,431**	783
	(1,159)	(590)
Research and development cost recognised as an expense (included in other expenses)*	**11,395**	5,621
Investment income		
– dividend income on held-for-trading investment	**(41)**	(4,585)
– interest income on loans receivable	**(555)**	(26,396)

* Included in other expenses are expenses incurred for the solar grade polycrystalline silicon business of HK$37,582,000 (2012: HK$41,419,000).

7. DIVIDENDS

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

8. 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:

	2013	2012
	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)	**(3,033,486)**	(621,254)

Number of shares	**2013**	2012 (Restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,172,110,699**	495,807,400

The computation of diluted loss per share does not assume the conversion of the Company's share options and the outstanding convertible bonds in both years 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 2013 and 2012 have been adjusted to reflect the impact of the rights issue effected subsequently to 31 March 2013 as disclosed in note 21 and the impact of share consolidation effected during the year ended 31 March 2013.

9. INTANGIBLE ASSET

	Core Technology
	HK$'000
COST AND CARRYING AMOUNT	
At 1 April 2011	–
Acquisition of assets through acquisition of a subsidiary *(Note 19)*	2,494,113
Exchange adjustment	(59,317)
At 31 March 2012	2,434,796
Impairment loss for the year *(Note 4)*	**(1,744,975)**
Exchange adjustment	**17,347**
At 31 March 2013	**707,168**

The intangible asset represents Core Technology under the solar grade polycrystalline silicon purchased upon acquisition of Sun Mass Energy Limited ("Sun Mass"), a wholly owned subsidiary of the Company, as set out in note 19 during the year ended 31 March 2012. The Core Technology is patented in the United States, Europe, Japan, Taiwan and the PRC. No amortisation has been recognised since acquisition since the intangible asset is not in the condition necessary for it to be capable of operating in the manner intended by the management. During the year ended 31 March 2013, impairment of HK$1,744,975,000 has been recognised, details is set out in note 4.

10. AVAILABLE-FOR-SALE INVESTMENTS

	2013	2012
	HK$'000	HK$'000
Available-for-sale investments comprise:		
Unlisted shares in Hong Kong, at cost	**–**	56,000
Unlisted equity fund in Hong Kong, at fair value	**–**	13,868
	–	69,868

The above unlisted shares represented 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 was measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates was so significant that the directors of the Company are of the opinion that their fair values could not be measured reliably.

During the year ended 31 March 2013, 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 approximately HK$3,877,000 (2012: HK$11,132,000) had been recognised.

During the year ended 31 March 2013, the Group disposed of all the available-for-sale investments.

11. DERIVATIVE FINANCIAL INSTRUMENT

The derivative financial instrument represents derivative component embedded in consideration bonds, details of which is set out in note 18. 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
Changes in fair value	(16,961)
At 31 March 2012	392,792
Changes in fair value	**(126,002)**
At 31 March 2013	**266,790**

The fair value of the derivative component is calculated by the difference between the fair value of the consideration bonds with extension option and fair value of consideration bonds without extension option. The fair value of the early redemption option 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 extension option	Without extension option
At 31 March 2013		
Risk-free rate	**0.617%**	**0.112%**
Credit spread	**37.867%**	**37.867%**
Short rate volatility	**0.576%**	**0.576%**
Maturity	**5.8 years**	**0.8 years**
At 31 March 2012		
Risk-free rate	0.809%	0.202%
Credit spread	23.036%	23.120%
Short rate volatility	0.660%	0.660%
Maturity	6.8 years	1.8 years
At the date of issue		
Risk-free rate	1.303%	0.362%
Credit spread	23.067%	22.352%
Short rate volatility	0.610%	0.610%
Maturity	7 years	2 years

During the year ended 31 March 2013, a fair value loss of HK$126,002,000 (2012: HK$16,961,000) was recognised, which is included in other gains and losses.

12. HELD-FOR-TRADING INVESTMENTS

	2013	2012
	HK$'000	HK$'000
Held-for-trading investments	**–**	154,795

Held-for-trading investments comprised of equity securities listed in Hong Kong and their fair values were based on quoted market bid prices.

13. TRADE RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	HK$'000
Trade receivables	**36,904**	28,950
Less: Allowance for doubtful debts	**(6,888)**	(3,200)
	30,016	25,750

The Group allows an average credit period range from 60 to 150 days to its trade customers from manufacture and sale of accessories business. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date, which approximate respective revenue recognition dates, at the end of the reporting period:

	2013	2012
	HK$'000	HK$'000
0 to 60 days	**19,012**	23,937
61 to 150 days	**11,004**	1,813
	30,016	25,750

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.

As at 31 March 2013 and 31 March 2012, there is no trade receivables which are past due but not impaired.

Movement in the allowance for doubtful debts

	2013	2012
	HK$'000	HK$'000
Balance at beginning of the year	**3,200**	2,962
Impairment losses recognised	**3,736**	801
Amounts written off as uncollectible	**(23)**	(324)
Amounts recovered during the year	**(25)**	(239)
Balance at end of the year	**6,888**	3,200

As at 31 March 2012, included in other receivables was proceeds on sales of held-for-trading investments due from brokers of approximately HK$1,993,000. The amount was fully settled during the year ended 31 March 2013.

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

14. LOANS AND INTEREST RECEIVABLES

	2013	2012
	HK$'000	HK$'000
Unsecured, fixed-rate loan receivable	**–**	30,000
Interest receivables	**–**	3,359
	–	33,359

Movement in the allowance for doubtful debts

	2013	2012
	HK$'000	HK$'000
Balance at beginning of the year	**–**	22,500
Amounts written off as uncollectable	**–**	(21,442)
Impairment losses reversed	**–**	(1,058)
Balance at end of the year	**–**	–

At 31 March 2012, the outstanding loans receivable had contractual maturity dates within 1 year. The average interest rates of the fixed-rate loans receivable were ranging from 5% to 24% 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 considered any changes in the credit quality of the loans receivable from the date credit was initially granted up to the end of the reporting period. At 31 March 2012, there were no loans receivable which were past due but not impaired.

15. TRADE PAYABLES AND OTHER PAYABLES AND ACCRUED CHARGES

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

	2013	2012
	HK$'000	HK$'000
0 to 60 days	**6,129**	12,298
61 to 150 days	**182**	138
Over 150 days	**123**	368
	6,434	12,804

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.

At 31 March 2013, included in other payables and accrued charges is payable for construction for production plant costs in relation to the solar grade polycrystalline silicon business of HK$31,098,000 (2012: HK$884,000).

16. BORROWINGS

	Notes	**2013**	2012
		HK$'000	HK$'000
Secured bank borrowings	*(i)*	**42,364**	69,532
Secured margin facilities	*(ii)*	**–**	523
Secured other borrowing	*(iii)*	**489,000**	–
Unsecured other borrowings	*(iv)*	**15,000**	–
		546,364	70,055
Carrying amount repayable based on scheduled repayment terms:			
Within one year		**4,272**	1,224
Between one to two years		**4,272**	4,203
Between two to five years		**12,816**	12,610
Over five years		**26,004**	24,518
		47,364	42,555
Carrying amount of borrowings (shown under current liabilities) contain a repayment on demand clause:			
Repayable within one year		**10,000**	6,000
Not repayable within one year		**489,000**	21,500
		499,000	27,500
Total borrowings		**546,364**	70,055
Less: Amount due within one year shown under current liabilities		**(503,272)**	(28,724)
Amount shown under non-current liabilities		**43,092**	41,331

Notes:

(i) Secured bank borrowings carry variable interest at local bank's deposit rate in Taiwan plus a spread ranging from 1.6% to 1.8% per annum (2012: 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 is secured by the leasehold land and buildings of the Group of approximately HK$21,306,000 (2012: HK$159,123,000).

(ii) Secured margin facilities represented securities margin financing received from securities broking house repayable within one year and were secured by held-for-trading investments of the Group. Additional funds or collateral were required if the balance of the borrowings exceeds the eligible margin value of securities pledged to the broking house. The collateral could be sold at the broking house's discretion to settle any outstanding borrowings owed by the Group. The loans bore fixed interest of 7.236% per annum.

(iii) The secured other borrowing, granted from independent third party, carries variable interest at prime rate in Hong Kong plus 5% per annum. It is secured by the shares of Sun Mass, a wholly owned subsidiary of the Company, with the net asset value of Sun Mass at 31 March 2013 amounting to HK$814,123,000.

(iv) The unsecured other borrowings, granted from independent third parties, carry fixed interest rate ranging from 5% to 12% per annum.

17. CONVERTIBLE BONDS

On 14 July 2011, the Company issued 2,900,000,000 convertible bonds with a coupon rate of 5% per annum with an initial conversion price of HK$0.5 each (subsequently adjusted to HK$8.0 each following the capital reorganisation of the Company effective on 26 April 2012) on 14 July 2011 for a total proceed of HK$1,450,000,000 (the "Old Convertible Bonds"). The Old Convertible Bonds are denominated in HK$. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the Old Convertible Bonds and maturity date on 14 July 2014. If the Old Convertible Bonds have not been converted, they will be redeemed on 14 July 2014 at the face value of Old Convertible Bonds. Interest of 5% per annum is payable on a semi-annually basis. The Company may redeem the Old 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 Old Convertible Bonds contain two components, liability and equity components. The equity component is presented in equity heading convertible bonds equity reserve. The effective interest rate of the liability component is approximately 15.5% per annum. The Old Convertible Bonds have been fair valued as at 14 July 2011 on the basis carried out at that 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 Old Convertible Bonds was allocated into the liability component and the equity component of approximately HK$40,635,000 and HK$13,145,000 respectively in proportion to the allocation of the gross proceeds.

On 3 December 2012, the Company and all bondholders entered into deeds pursuant to which the terms of the Old Convertible Bonds were changed and subject to approval by shareholders. The alteration of terms include: (i) the conversion price changed to HK$0.20 per share; (ii) the Company, at its sole and absolute discretion, will have a choice of either paying the outstanding Old Convertible Bonds at its principal together with accrued interest ("Outstanding Debt") by cash or by issuing shares of which the number is determined based on Outstanding Debt divided by the conversion price of HK$0.2; (iii) the early redemption at bondholders' option under certain conditions are deleted in entirety.

On 18 January 2013, the alteration of terms on Old Convertible Bonds were approved by shareholders on the Company's special general meeting. By then, the Old Convertible Bonds were deeply out of money when the market price of the Company's share was HK$0.2. Upon the alteration of terms, the Company extinguished the original liability component and transfer the related equity component to accumulated losses. The revised terms hereinafter referred to as "New Convertible Bonds", were measured at fair value on 18 January 2013, which approximately equal to HK$1,504,000,000 which arrived at the basis carried out by American Appraisal China Limited, an independent qualified professional valuer not connected with the Group.

The New Convertible Bonds contain equity component and liability component. The liability component represents the future coupon interest payments of 5% per annum carried at amortised cost and its effective interest is 22% per annum. The fair value of the equity component of New Convertible Bonds at the time when the terms are modified represents an option at the discretion of the Company to exchange the obligation to pay the Outstanding Debt for a fixed number of shares, which is determined based on the fair value of the Company's shares to be delivered at the time when the terms are modified if the Company chooses to settle the Outstanding Debt by delivering shares, which is equivalent to the closing market price as at 18 January 2013. On 18 January 2013, the difference of HK$299,448,000 between the fair value of the New Convertible Bonds and the liability of Old Convertible Bonds is recognised in profit or loss and is included in other gains and losses for the year ended 31 March 2013.

The movement of the liability component of the convertible bonds during the year is set out below:

	HK$'000
Old Convertible Bonds	
Recognition of the liability component of Old Convertible Bonds	1,095,399
Transaction cost allocated to the liability component of Old Convertible Bonds	(40,635)
Effective interest expense	127,093
Interest paid	(35,937)
Converted into new ordinary shares	(22,793)
At 31 March 2012	1,123,127
Effective interest expense	**152,381**
Interest paid	**(70,957)**
Extinguishment of the liability component of Old Convertible Bonds	**(1,204,551)**
At 31 March 2013	**–**
New Convertible Bonds	
Recognition of the liability component of the New Convertible Bonds	**87,327**
Effective interest expense	**3,307**
Converted into new ordinary shares	**(13,559)**
At 31 March 2013 – Obligation to pay coupon	**77,075**

In January 2013 and August 2011, the bond holder exercised the conversion options with the principal amount of HK$219,000,000 and HK$31,000,000 of the New Convertible Bonds and Old Convertible Bonds, respectively. As at 31 March 2013, the outstanding principle amount of New Convertible Bonds is HK$1,200,000,000 (2012: Old Convertible Bonds was HK$1,419,000,000).

18. CONSIDERATION BONDS — DEBT COMPONENT

As part of the consideration of the acquisition of remaining interest in Sun Mass as detailed in note 19, 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 extension option and early redemption option (collectively the derivative components) 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 the debt component of the 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
Effective interest expense	**211,304**
Interest paid	**(28,664)**
Early redemptions during the year	**(591,763)**
As at 31 March 2013	**773,174**

During the year ended 31 March 2013, the Company early redeemed part of the consideration bonds with principal amount of HK$765,000,000 (2012: HK$100,000,000) and loss on early redemptions of HK$161,237,000 (2012: HK$29,698,000) is recognised as other gains and losses. At the end of the reporting period, the principal amount of the consideration bonds amounted to HK$885,000,000 (2012: HK$1,650,000,000).

19. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

During the year ended 31 March 2012, the Company acquired 100% interest in Sun Mass. The acquisition arrangement consisted of two tranches as follows:

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.

On 12 September 2011, the Company acquired 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 manufacturing 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

	HK$'000
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
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 for the year ended 31 March 2012.

20. DISPOSAL OF SUBSIDIARIES

On 19 November 2012, the Company and Mega Soar Holdings Limited ("Mega Soar"), a wholly owned subsidiary of the Company, entered into a conditional agreement (the "Agreement") with Chung Nam Finance Limited ("Chung Nam"), an independent third party. Pursuant to the Agreement, Mega Soar agreed to sell and Chung Nam agreed to purchase the entire issued share capital of Smart Style Investment Limited ("Smart Style") and Smart Direct Investments Limited ("Smart Direct"), a wholly owned subsidiary of Smart Style (collectively known as "Smart Style Group") for a total consideration of HK$65,000,000, which represented consideration of HK$88,000,000 set out in the Agreement less mortgage loan outstanding at completion date amounting to HK$23,000,000. The transaction of disposal of Smart Style Group was completed on 8 January 2013 after the special general meeting held on the same date. The consideration payable to the Company was set off with the outstanding borrowings of HK$65,000,000 owed by the Company to Chung Nam on the date of completion.

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	**49,394**
Investment properties	**36,170**
Other receivable, deposits and prepayments	**211**
Bank balances and cash	**49**
Other payables and accrued charges	**(49)**
Bank borrowing	**(23,000)**
Net assets	**62,775**
Gain on disposal of Smart Style Group:	
Total consideration	**65,000**
Transaction cost directly attributable to the disposal	**(1,200)**
Carrying amounts of net assets of the Smart Style Group	**(62,775)**
Gain on disposal	**1,025**
Net cash outflows from the disposal are as follow:	
Total consideration	**65,000**
Set off with the outstanding borrowing owned by the Company to Chung Nam	**(65,000)**
Payment for transaction cost directly attributable to the disposal	**(1,200)**
Bank balances of the Smart Style Group upon disposal	**(49)**
Net cash outflows from the disposal	**(1,249)**

21. EVENTS AFTER THE REPORTING PERIOD

On 11 April 2013, the Company announced that it has entered into a sale and purchase agreement with Hao Tian Resources Group Limited ("Hao Tian"), whereby the Company agreed to sell, and Hao Tian agreed to purchase the 531,575 shares of a single class of no par value of Sun Mass Funding Corporation, representing approximately 5.82% of the issued share capital, for a consideration of HK$50,000,000. The difference between the consideration and share of net assets of Sun Mass Funding Corporation (i.e. approximately HK$53,000,000) of approximately HK$3,000,000 will be transferred to other reserve. The transaction has been completed at the date of this announcement.

On 18 April 2013, the shareholders of the Company passed an ordinary resolution in a special general meeting to issue rights share on the basis of four rights shares for every existing share held at subscription price of HK$0.07 per rights share (the "Rights Issue") and 7,365,840,496 rights shares will be issued by the Company upon the completion of the Rights Issue. The Rights Issue is completed on 20 May 2013. The gross proceeds from the Rights Issue of approximately HK$515,609,000 and transaction costs attributable to the Rights Issue of approximately HK$20,733,000 are recognised in equity.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

As anticipated in the Company's announcement issued on 8 May 2013, the Group recorded a loss for the year ended 31 March 2013. The loss attributable to shareholders for the year ended 31 March 2013 amounted to approximately HK$3,033.5 million, which increased by approximately HK$2,412.2 million as compared to a loss of HK$621.3 million for the year ended 31 March 2012. The loss was mainly attributable to:

(i) an impairment of approximately HK$1,935.4 million was made by the Company for the year ended 31 March 2013 (2012: HK$ Nil) against the aggregated carrying value of the investment in Sun Mass Group. The basis of determination of the impairment is primarily based on the valuation report dated 28 June 2013 (the "Report") in respect of the Group's polycrystalline silicon business in Taiwan. The Report indicated that the value in use of business enterprise of the Group's polycrystalline silicon business (on the existing plant scenario) is reasonably stated as approximately HK$795.6 million (USD102.0 million) as of 31 March 2013;

(ii) a recognition of a loss of approximately HK$299.4 million on alteration of terms of the Company's convertible bonds during the year ended 31 March 2013;

(iii) an increase in finance costs by approximately HK$197.4 million, from approximately HK$192.1 million to approximately HK$389.5 million, in which approximately HK$22.5 million arising from interest expenses paid for bank and other borrowings, approximately HK$155.7 million arising from the amortisation of interest expenses for convertible bonds and approximately HK$211.3 million arising from amortisation of interest expenses for consideration bonds during the year ended 31 March 2013;

(iv) an increase in loss on early redemptions of the Company's consideration bonds by approximately HK$131.5 million, from approximately HK$29.7 million to approximately HK$161.2 million;

(v) an increase in fair value losses on derivative financial instrument of the Company's consideration bonds by approximately HK$109.0 million, from approximately HK$17.0 million to approximately HK$126.0 million;

(vi) a fair value losses of approximately HK$19.8 million in financial assets at fair value through profit or loss during the year ended 31 March 2013, which was decreased by approximately HK$287.0 million from approximately HK$306.8 million in last year.

The basic and diluted loss per share was HK$2.59, as compared to the basic and diluted loss per share of HK$1.25 in last year. The basic and diluted loss per share have been adjusted to reflect the impact of the rights issue which became unconditional on 20 May 2013.

During the year ended 31 March 2013, the Company disposed indirectly wholly-owned subsidiaries of Smart Style Investment Limited ("Smart Style") and Smart Direct Investments Limited ("Smart Direct"), a wholly owned subsidiary of Smart Style (collectively known as "Smart Style Group") for a consideration of HK$88.0 million. Details of the disposal are set out in the Company's announcement dated 22 November 2012, the Company's circular dated 28 December 2012 and note 20. No material acquisition of subsidiaries was noted during the year ended 31 March 2013.

Solar grade polycrystalline silicon

Result

No turnover was generated from solar grade polycrystalline silicon segment with no commercial production was commenced during the year ended 31 March 2013 and last year. The segment loss increased by 49.2 times, from approximately HK$40.5 million in last year to approximately HK$1,993.9 million during the year ended 31 March 2013, in which approximately HK$1,935.4 million was arising from the impairment loss on the Group's polycrystalline silicon's business, with amount of approximately HK$1,745.0 million allocated to intangible asset and approximately HK$190.4 million allocated to the property, plant and equipment. Details of the impairment losses are set out in the note 4.

Impairment

As a result of severe and challenging market conditions in the solar industry during the year 2012 and early 2013 which impacted the selling prices of the polysilicon in the industry, the Group carried out a review of the recoverable amount of related CGU during this period, with the assistance from an independent valuation firm.

Hong Kong Accounting Standard 36 – Impairment of Assets ("HKAS 36") set out that the recoverable amount of the CGU is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of a CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

In preparing the impairment test of Sun Mass Group as a CGU, based on the progress of the development, the technical report prepared by PHOTON Consulting, LLC dated March 2013 ("Technical Report"), the management of the Group discussed and concluded to adopt the one plant scale for the impairment test. The Group has observed HKAS 36 and has prepared recoverable amount analysis under both FVLCS and VIU premises. Since the results from the two premises are close, the management decided that it is reasonable to adopt the VIU premise, which was based on the discounted cashflow (the "DCF") analysis. Under relevant valuation guidelines, if there is no comparable intangible asset in the market when valuing an intangible asset for the purpose of impairment test and in order for allocating the impairment amount to different classes of assets, it is appropriate to adopt DCF under the income approach than market approach even though income approach involves more judgments or forward-looking statements. The use of income approach can estimate not only free cash flows of a business unit but also incremental cash flows attributable to a specific intangible asset.

The calculation of VIU was based on the future pre-tax cash flows expected to arise from the CGU for the next five years using a pre-tax discount rate of 22%. The pre-tax discount rate of 22% was derived by setting the same equity value results from a post-tax cashflow using a post-tax discount rate and a pre-tax cashflow using a pre-tax discount rate.

The post-tax discount rate was estimated based on the estimated weighted average cost of capital ("WACC"), which incorporated the cost of equity and debt, weighted by the proportionate amount of each source of capital in the capital structure. The cost of equity was developed through the application of the Capital Asset Pricing Model ("CAPM"), with reference to comparable companies' historical beta. In addition, small size risk premium and company-specific risk premium were also added to the cost of equity derived by CAPM. Another component of WACC was after-tax cost of debt, which was based on the latest borrowing rate of the subject and the standard tax rate. Taking the industry's capital structure as a proxy is the notion that the subject's operation will converge to the industry level in the long run. The cash flows beyond the next five years are extrapolated using a nominal growth rate of 3%. Other key assumptions adopted in the DCF analysis under the value in use premise are set out below:

1. production facility was expected to commence operation in the second half of 2013 based on the management's estimation;

2. average selling price (ASP) was estimated at approximately US$22.1/kg in 2013 and was estimated to change in line market analysts forecast;

3. Cash manufacturing costs, comprising raw materials, electricity and manufacturing overhead, which were estimated to be approximately US$14/kg by a technical consultant commissioned by the Company. In relying on the technical report, cash manufacturing costs were expected to remain constant throughout the projection period;

4. operating expenses ("OPEX") including selling, general and administrative expenses were estimated to be less than 10% of revenue throughout the projection period. Management estimated the OPEX based on the planned headcount, rental and miscellaneous expenses;

5. an estimated sales volume in the first full year of operation represents approximately 74% utilization of the designed production capacity of the existing plant and gradually increase to a long-run target of 86% and

6. all polysilicon produced are sold.

Accordingly, impairment losses of approximately HK$190.4 million and approximately HK$1,745.0 million in respect of property, plant and equipment and intangible asset, respectively, have been recognised in the profit and loss. No impairment assessment was performed for the year ended 31 March 2012.

Investments

During the year ended 31 March 2013, the investment activities of the Group was scaled down, investments were realized and applied to fund the working capital of the Group. As a result, the dividend income from investments in shares decreased by approximately 99.1% from approximately HK$4.6 million to approximately HK$0.04 million as compared with last year. The net loss from investment in shares was approximately HK$19.8 million, 93.5% lower than approximately HK$306.8 million as compared with last year.

Loan financing

Interest income from provision of finance significantly decreased by approximately 97.9% to approximately HK$0.56 million from approximately HK$26.4 million as compared with last year, mainly due to decrease in number of customers. During the year ended 31 March 2013, all loans and interest receivables were duly settled and no provision for loan receivable was made. The amounts received from loan receivables were applied to fund the working capital of the Group.

Property investment

During the year ended 31 March 2013, rental income from property investment increased from approximately HK$1.4 million to approximately HK$2.6 million, representing an increase of 1.9 times as compared to last year. Such increase was mainly due to renting out an empty space of the Company's property, which located at Room 2501, China United Centre, 28 Marble Road, North Point, to an independent third party for generating additional funding as working capital until the entire property was disposed in January 2013. Details for the disposal of the property are set out in the Company's announcement dated 22 November 2012 and the Company's circular dated 18 December 2012 respectively.

With the decrease in fair value of investment properties as at 31 March 2013 as compared to last year, the segment result turned from profit of approximately HK$1.4 million in last year to a loss of approximately HK$1.3 million for the year ended 31 March 2013, with a fair value loss of approximately HK$2.8 million recognised during the year ended 31 March 2013. The decrease in fair value was mainly due to an early termination of tenancy agreement by tenant of Mainland's property from February 2013, and thus the total gross rentable area of such property was then lessened, accordingly, the applicable rental area for the purpose of the valuation was then adjusted compared to last year.

Manufacture and sale of accessories

With decrease in oversea sales, the segment's turnover decreased from approximately HK$172.1 million in last year to approximately HK$163.3 million for the year ended 31 March 2013, representing a decrease of approximately 5.4%.

The Group is able to maintain a gross profit margin of approximately 30.1% on average in this year. The Group recorded a profit of approximately HK$4.8 million, representing an increase of approximately 153.3% compared to a loss of approximately HK$9.0 million in last year, it was mainly due to an additional sale tax provision of approximately HK$12.4 million was made in last year.

THE GROUP'S POLYCRYSTALLINE SILICON BUSINESS

The acquisition of 50.1% interest in Sun Mass was completed on 15 July 2011 for a consideration of HK$1,170 million (USD150 million). In September 2011, the Company proposed to acquire all the remaining interest in Sun Mass from the non-controlling owner of Sun Mass for a total consideration of HK$2,500 million. The acquisition of the remaining interest in Sun Mass was completed on 4 January 2012. Sun Materials Technology Co. Ltd ("Sun Materials") is the wholly owned subsidiary of Sun Mass since then.

Save as disclosed in the Company's announcement dated 18 June 2012 and the Company's interim reported dated 29 November 2012, during the year under review, Sun Materials conducted a few sampling runs, the byproducts generated from the production process, sodium fluoride and hydrofluoric acid, were large in quantity and were 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. The need to expedite the further enhancement of its production facilities before formal commercial production is prompted by the following reasons:

(i) Hydrofluoric acid, an industrial acid requiring special handling, is produced as a by-product of the silicon decomposition and production process.

(ii) The Group is capable of commencing large-scale production now, but once it has commenced large-scale production, the amount of hydrofluoric acid produced will increase exponentially and cannot be safely handled under its current storage method and facilities, especially during the typhoon season in Taiwan from May to November (with the peak season from June to September).

(iii) Originally, the enhancement of production plants was intended to be carried out after the Group's commencement of large-scale production in around the fourth quarter of 2011.

That would avoid the accumulation of hydrofluoric acid during the peak typhoon season in Taiwan. However, since large-scale production was delayed, if the Company proceeded with commercial production without enhancing its production facilities, a high volume of hydrofluoric acid would be accumulated during the peak typhoon season. Therefore, the Group has to enhance its production facilities now before commencing formal large-scale production.

In the first half of 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. The new building will house Sun Materials recycling facility and provide additional processing capability for the production of silicon tetrafluorid. The civil engineering works was completed in February 2013. The remaining works were in progress as of 31 March 2013.

The Group also discussed with its customers the Group's delay in commercial production and its inability to deliver product to them, all of them agreed to postpone delivery of products by amending the relevant contractual terms upon the Group is in a position to generate polycrystalline silicon from its commercial production. The Group's key customer and strategic partner remain committed to the project.

The Group's polycrystalline silicon business utilizes a proprietary "hydrogen-assist-reductive-combustion" process for producing polycrystalline silicon in which the hydrofluoric acid and sodium fluoride generated would be processed in a closed-loop manner, and such substances would then be reconstituted into sodium fluorisilicate, a silicon feedstock, which is in turn used to produce silicon tetrafluoride for the "hydrogenassist reductive combustion" process. This is how the Group intended to treat the hydrofluoric acid generated for production of polycrystalline silicon. The storage of hydrofluoric acid was intended merely to be a temporary measure to handle the hydrofluoric acid and such method was never intended for treating the hydrofluoric acid generated in commercial production. As such, the directors had not previously considered the hydrofluoric acid discharge to be a risk, but instead considered the new production process (a) to be a more environmentally-friendly process that is expected to fully consume the hydrofluoric acid discharge, as compared to other established production processes such the Siemens or Fluidized Bed Reactor process, and (b) a more cost-efficient way of producing polycrystalline silicon as our byproducts are expected to be fully consumed during the recycling process. The Group came to this view as a consequence of their technical due diligence and the representations made by the vendor as well as industry experts. The Group's technical consultants and other third-party experts did not identify the risk of having a relatively large volume of hydrofluoric acid discharged from the production process when assessing the production process before the Group's acquisition of Sun Mass Group. Upon completion of the review of production data generated during the week of 23 April 2012, the directors took proactive steps to accelerate the planning and construction of the recycling facility to treat the hydrofluoric acid discharge, including other ways to mitigate the issues related to the Group's method of storing hydrofluoric acid discharge. As disclosed above, the risks associated with large volume of hydrofluoric acid discharge during production were not contemplated by the Group's technical consultants nor its legal advisers as to Taiwanese law as the "hydrogen-assist-reductive-combustion" process is a proprietary process which involves new technology. It was only after the conclusion of the enhancement of the decomposition process during the week of 23 April 2012 that the urgency of constructing and implementing the recycling facilities emerged and was recognized as an issue that must be resolved by prior to commencing commercial production. The directors are of the view that the Group has taken all necessary steps to assess the competency of industry experts and business partners that the Group relied on. The directors have reviewed the profile and track record of various industry experts, interviewed the responsible consultants and rejected consultants who fall short of the standards required. Since none of the Group's experts, consultants and business partners identified the potential development issues the Group encountered in connection with the efficiency of the decomposition reactor and the risk of having a relatively large volume of hydrofluoric acid discharge, no due diligence work had been completed by the directors in these respects for the acquisition of Sun Mass Group.

Nonetheless, that potential risk was not specifically identified in the Circular dated 19 December 2011, as the Group relied on the assessment of the quality of the polycrystalline silicon business made by its business partners and industry experts which did not identify the production of excessive hydrofluoric acid discharge as one of the issues that the Group would need to resolve before the commencement of full scale commercial production. The Board has considered alternatives, including (i) the sale of the hydrofluoric acid to potential end users or third-party recycling vendors, and (ii) paying waste treatment vendors to safely dispose of the hydrofluoric acid. The sale of the acid to end users and recycling vendors poses a regulatory issue for the factory because the Group is not registered to sell and transport hydrofluoric acid. Further, the hydrofluoric acid concentration, after passing through the Group's scrubbers, is 10%, which is too low a concentration for direct use by end users without further processing, but sufficient to pose environmental and physical hazards during the peak typhoon season in Taiwan if no recycling facility is put in place to process it. If the Group pays third-party recycling vendors to dispose of the hydrofluoric acid, the handling fee would significantly increase the cost structure of the Group's polycrystalline silicon business which will in turn lower its profitability or ability to reach profitability. In light of the above, the Group ruled out other alternatives in handling the hydrofluoric acid discharge and opted for constructing a recycling facility to deal with such discharge.

On the related environmental laws and regulations in Taiwan, the Group consulted the Group's legal advisers in respect of the Taiwanese law. Given the business nature of the Group's polycrystalline silicon business, the Group is subject to certain environmental laws and regulations. During the year under review, the Group complied with the environmental laws and regulations in Taiwan.

PROSPECTS

We anticipate that the year ahead will continue to be a challenging one for the Group. In particular, the Group's prospects would depend primarily on when we can secure a profitable entry into the photovoltaic industry. At present the market for polycrystalline silicon is still imbalanced and uncertainty exists regarding the time that will be taken for market prices to restore to more meaningful levels. The recent trade disputes between China, the United States and the European Union over dumping of solar panel products by China adds further to this uncertainty. Accordingly, we have to carefully monitor and regularly review market conditions and critically assess the impact on Sun Materials.

LIQUIDITY AND CAPITAL RESOURCES

The Group primarily financed its operations with internally generated cash flows, other borrowings and by its internal resources and shareholder's equity. During the year, the liquidity of the Group was tight and the Company explored various initiatives to seek new funding and to improve the debt to equity ratio by (i) restructuring the terms and conditions of Convertible Bonds; (ii) seeking for external funding for repayment of debts; and (iii) enhancing the capital base of the Company.

(i) Restructuring the terms and conditions of Convertible Bonds

As disclosed in the announcements of the Company dated 3 December 2012, the Company and all holders of the Convertible Bonds (the 3-years 5% unsecured convertible bonds issued by the Company on 14 July 2011) entered into the deed of amendment in relation to, among other things, the Alteration of terms and conditions of the Convertible Bonds (the "Alteration"). The Alteration mainly provide greater flexibility to the Company in managing its working capital, as the Alteration remove mandatory conditions imposed on the Company to redeem the convertible bonds by cash settlement. The resolution was approved by the shareholders of the Company at the special general meeting on 18 January 2013.

(ii) Seeking for external funding for repayments of debts

On 27 June 2012, the Company completed a placing of 57,084,736 new ordinary shares with net proceeds of approximately HK$12.7 million, of which approximately HK$11.7 million was used for the down payment for the construction of the new facility building for polycrystalline silicon's business; and the remaining balance of the net proceeds of approximately HK$1.0 million was utilised for the construction works of the recycling facility of polycrystalline silicon's business.

As disclosed in the announcement of the Company dated 19 November 2012, Mega Soar, the Company and the purchaser entered into the Conditional Agreement pursuant to which (i) Mega Soar has agreed to sell and the Purchaser has agreed to purchase the entire shares of Smart Style and (ii) Mega Soar has agreed to assign/or procure its associates to assign the benefit of and the interests in the shareholder's loan to the purchaser for a total consideration of HK$88.0 million. Smart Style is the sole shareholder of Smart Direct. Smart Direct is the registered and beneficial owner of a commercial property with a market value of approximately HK$88.4 million as at 31 October 2012. The resolution was approved by the shareholders of the Company at the special general meeting on 8 January 2013 and the disposal was completed on the same date. Accordingly, Smart Style and Smart Direct ceased to be subsidiaries of the Company. The net proceeds of approximately HK$86.8 million was ultilised to fund the repayment of debts as intended. A gain of approximately HK$1.0 million was posted.

On 15 November 2012, the Company completed a placing of 68,501,684 new ordinary shares with net proceeds of approximately HK$11.1 million which was used for the repayment of debts of the Group.

In addition, the Company entered into a loan facility agreement with an independent financial institution in November 2012 with a loan facility of HK$500.0 million obtained. The loan is secured by the shares of Sun Mass Energy Limited, a wholly- owned subsidiary of the Company, and bears interest at a rate equivalent to the prime rate as quoted by Chong Hing Bank Limited from time to time plus 5% per annum. As at 31 March 2013, the Company utilised HK$489.0 million for the repayment of debts and working capital of the Group (2012: Nil). The outstanding loan was fully repaid and the share charge was released subsequently after the balance sheet date.

As disclosed in the announcements of the Company dated 28 December 2012, 22 January 2013 and 27 March 2013, the Company has entered into a placing agreement (as supplemented by supplementary agreements dated 22 January 2013 and 27 March 2013 respectively) in relation to the placing of Notes (the 5% unsecured notes with a maturity of 7-years from the date of issuance of each Note). As at 31 March 2013, an aggregated principal amount of HK$5 million was placed. Up to the date of this announcement, an additional aggregated principal amount of HK$25.0 million was placed. The net proceeds of HK$28.5 million was ultilised to fund the repayment of debts as intended.

On 28 February 2013, the Company completed a placing of 306,910,020 new ordinary shares with net proceeds of approximately HK$29.4 million which was used for the repayment of the debts of the Group as intended.

Further, the Company entered a loan facility agreement with an independent financial institution in February 2013 with a loan facility of HK$10.0 million obtained. The loan facility is unsecured, at 12% interest rate per annum and repayable three months from the date of the loan agreement. As at 31 March 2013, the Company fully utilised HK$10.0 million for the repayment of debts of the Group (2012: Nil). The outstanding loan was fully repaid after the year.

(iii) Enhancing the capital base of the Company

In April 2012, the Company completed a capital reorganisation which involved shares consolidation of every 16 issued shares into 1 consolidated share, capital reduction and share subdivision. Upon the said capital reorganisation became effective on 26 April 2012, par value of the shares of the Company has become HK$0.01 each from HK$0.1 each. The credit arising from the capital reduction of approximately HK$453.8 million is set off against the accumulated losses of the Company. The authorised share capital of the Company has become HK$2,000,000,000 divided into 200,000,000,000 shares of HK$0.01 each. Details of the capital reorganisation are disclosed in the announcement and the circular dated 6 March 2012 and 2 April 2012 respectively.

The Company will continue to seek available financial resources including further fund-raising activities and/or pursuing strategic investors and partners for its operations to reduce its debt level and to enhance its working capital.

As at 31 March 2013, net current liabilities of the Group amounted to approximately HK$219.9 million (2012: net current assets of approximately HK$349.1 million) with bank balances and cash of approximately HK$52.7 million (2012: approximately HK$208.2 million).

As at 31 March 2013, the Group had secured bank borrowings of approximately HK$42.4 million, which is a ten-year term loan and is denominated in new Taiwan Dollars (approximately NT$158.8 million. (2012: approximately HK$69.5 million, of which HK$27.5 million is a five-year term loan and is denominated in Hong Kong dollars and approximately HK$42.0 million is a ten-year term loan and is denominated in new Taiwan dollars (NT$160.0 million)). The bank borrowings carry variable interest at local bank's deposit rate in Taiwan plus a spread ranging from 1.6% to 1.8% per annum. (2012: 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).

No secured margin facilities were obtained as no securities were held by the Group as at 31 March 2013 (2012: utilisation of secured margin facilities of approximately HK$0.5 million).

The Company issued convertible bonds with aggregate principal amount of HK$1,450 million in connection with the acquisition of 50.1% interest in Sun Mass Group in July 2011. The convertible bonds are due in July 2014, with 5% per annum coupon interest rate payable semi-annually, and are convertible into ordinary shares of the Company at a conversion price of HK$0.2 per share (adjusted upon adjustments of the terms of convertible bonds effected on 18 January 2013). Convertible bonds with principal amount of HK$219 million have been converted into 1,095 million of new ordinary shares of the Company during the year ended 31 March 2013, and the aggregate principal amount outstanding as at 31 March 2013 was HK$1,200 million (2012: HK$1,419 million). During the year ended 31 March 2013, an aggregated interest paid was approximately HK$71.0 million (2012: approximately HK$35.9 million).

The Company issued consideration bonds with aggregate principal amount of HK$1,750 million as part of the consideration for the acquisition of the remaining 49.9% interest in Sun Mass Group in January 2012. The consideration bonds are due in January 2014 with 2.5% per annum coupon interest rate payable quarterly. Consideration bonds with principal amount of HK$765 million have been redeemed during the year ended 31 March 2013, and aggregate principal amount of outstanding as at 31 March 2013 was HK$885 million (2012: HK$1,650 million). Accordingly, the carrying amount of the derivative financial instrument was re-valued by an independent valuer as at 31 March 2013. During the year ended 31 March 2013, an aggregated interest paid was approximately HK$28.7 million (2012: approximately HK$0.4 million).

The total deficit of the Group as at 31 March 2013 was approximately HK$235.9 million (2012: total equity was approximately HK$1,231.2 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 (579.1 %) (2012: 193.7 %).

CHARGE OF ASSETS

As at 31 March 2013, buildings in Taiwan with carrying amount of approximately HK$21.3 million (NT$79.8 million) were pledged to secure bank borrowings of approximately HK$42.4 million (NT$158.8 million) (2012: buildings in Taiwan with carrying amount of approximately HK$81.4 million (NT$310.0 million) and buildings in Hong Kong with carrying amount of approximately 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).

Furthermore, the Group had a restricted bank deposit, approximately to HK$5.6 million (NT$21.0 million) as at 31 March 2013 (2012: HK$5.5 million (NT$20.9 million)), placed to secure the lease agreement in relation to the land located in Taiwan.

In addition, the shares of Sun Mass with a valuation of Sun Mass Group of not less than HK$750.0 million were pledged to secure borrowing from an independent financial institution of HK$489.0 million as at 31 March 2013 (2012: Nil).

As at 31 March 2013, no margin facility was granted to the Group as no securities investments were held by the Company (2012: margin facilities of HK$63.2 million from four regulated securities brokers were granted to the Group under which financial assets at fair value though profit or loss of HK$154.8 million were treated as collateral for the facilities granted. Aggregate of HK$0.5 million 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 was HK$21.8 million).

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$108.1 million of the Group's sales turnover. Furthermore, the Group also engaged in solar grade polycrystalline silicon business in Taiwan, United Stated Dollar ("US$") will be expected to be the functional currency, no income is yet to be recorded during the year ended 31 March 2013. 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 ended 31 March 2013, 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 2013, the Group had capital commitment of HK$10.8 million (2012: Nil), mainly for the acquisition of property, plant and equipment.

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 2013 (2012: Nil).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2013, the Group employed approximately 454 employees, around approximately 74.2% and approximately 12.1% of them were employed in PRC for the manufacturing business and in Taiwan for the manufacturing 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 approximately HK$82.8 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

On 27 June 2012, 57,084,736 ordinary shares were issued at a price of HK$0.24 per placing share pursuant to the placing agreement entered into on 19 June 2012. On 15 November 2012, 68,501,684 ordinary shares were issued at a price of HK$0.17 per placing share pursuant to the placing agreement entered into on 8 November 2012. On 28 February 2013, 306,910,020 ordinary shares were issued at a price of HK$0.1 per placing share pursuant to the placing agreement entered into on 22 February 2013.

Save as disclosed herein, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2013.

CODE ON CORPORATE GOVERNANCE

The Company has applied the principles 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 2013, except for Code Provision A.4.1 provides that non-executive directors should be appointed for specific term, subject to re-election. The INEDs of the Company are not appointed for specific 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 is 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 2013.

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 four INEDs, namely Mr. Frank H. Miu, Dr. Agustin V. Que, Mr. Robert James Iaia II and Mr. Hung Cho Sing. The consolidated financial statements for the year ended 31 March 2013 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 2013 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 ended 31 March 2013. 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 2013

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

Independent Non-executive Directors:
Mr. Frank H. Miu
Dr. Agustin V. Que
Mr. Robert James Iaia II
Mr. Hung Cho Sing