MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 136)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

INTERIM RESULTS

The Board of Directors (the "Board") of Mascotte Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2013 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

		Six months ended 30 September	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover			
Sales of goods	*3*	**62,879**	92,631
Cost of sales		**(43,123)**	(67,511)
		19,756	25,120
Investment income		**–**	596
Rental income		**561**	1,500
Change in fair value of financial assets at fair value through profit or loss		**875**	(22,188)
		21,192	5,028

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

For the six months ended 30 September 2013

	Notes	Six months ended 30 September 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Other income		**134**	2,238
Other gains and losses	*4*	**30,800**	(188,347)
Impairment loss recognised in respect of manufacture of solar grade polycrystalline silicon business	*5*	**(844,556)**	(1,921,000)
Selling and distribution costs		**(3,217)**	(4,637)
Administrative expenses		**(63,307)**	(58,790)
Other expenses		**–**	(19,105)
Finance costs	*6*	**(104,405)**	(214,721)
Loss before tax		**(963,359)**	(2,399,334)
Income tax (expense) credit	*7*	**(373)**	7,320
Loss for the period	*8*	**(963,732)**	(2,392,014)
Other comprehensive (expense) income which may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(4,453)**	31,646
Change in fair value of available-for-sale investments		**–**	(3,877)
Impairment loss on available-for-sale investments reclassified to loss for the period		**–**	3,877
Other comprehensive (expense) income for the period		**(4,453)**	31,646
Total comprehensive expense for the period		**(968,185)**	(2,360,368)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

For the six months ended 30 September 2013

		Six months ended 30 September	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		**(919,956)**	(2,392,171)
Non-controlling interests		**(43,776)**	157
		(963,732)	(2,392,014)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(924,409)**	(2,360,525)
Non-controlling interests		**(43,776)**	157
		(968,185)	(2,360,368)
			(Restated)
Basic and diluted loss per share	*10*	**HK$0.09**	HK$3.75

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	Notes	**30 September 2013** **HK$'000** **(unaudited)**	31 March 2013 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*5*	**5,662**	136,298
Investment properties	*11*	**27,720**	23,158
Intangible asset	*5*	**–**	707,168
Prepaid lease payments		**2,557**	2,856
Restricted bank deposit		**5,516**	5,611
Deposits paid for acquisition of property, plant and equipment	*5*	**–**	4,803
Rental deposits		**–**	738
		41,455	880,632
Current assets			
Inventories		**4,514**	4,762
Derivative financial instrument	*14*	**291,822**	266,790
Trade receivables	*13*	**25,686**	30,016
Prepaid lease payments		**715**	701
Other receivables, deposits and prepayments	*5*	**10,358**	17,316
Held for trading investments	*12*	**12,896**	–
Bank balances and cash		**58,547**	52,710
		404,538	372,295

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

At 30 September 2013

	Notes	**30 September 2013 *HK\$'000* (unaudited)**	31 March 2013 *HK\$'000* (audited)
Current liabilities			
Trade payables	*15*	**9,314**	6,434
Other payables and accrued charges	*15*	**38,409**	67,062
Borrowings	*16*	**29,920**	503,272
Tax payable		**15,786**	15,460
		93,429	592,228
Net current assets (liabilities)		**311,109**	(219,933)
Total assets less current liabilities		**352,564**	660,699
Non-current liabilities			
Convertible bonds	*17*	**36,353**	77,075
Consideration bonds – debt component	*18*	**851,839**	773,174
Deferred tax liabilities	*7*	**2,737**	3,245
Borrowings	*16*	**95,256**	43,092
		986,185	896,586
Net liabilities		**(633,621)**	(235,887)
Capital and reserves			
Share capital	*19*	**122,072**	18,414
Reserves		**(732,916)**	(259,595)
Equity attributable to owners of the Company		**(610,844)**	(241,181)
Non-controlling interests		**(22,777)**	5,294
Total deficit		**(633,621)**	(235,887)

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle
Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interest in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The application of HKFRS 13 has no impact to the fair value measurements of the Group's assets and liabilities.

Amendments to HKAS 34 Interim financial reporting (as part of the annual improvements to HKFRSs 2009-2011 cycle)

The Group has applied the amendments to HKAS 34 "Interim financial reporting as part of the annual improvements to HKFRSs 2009 – 2011 cycle" for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. 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 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

3. TURNOVER AND 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 of solar grade polycrystalline silicon which has not yet commenced business as at 30 September 2013

(ii) Investments: Investment and trading of securities

(iii) Loan financing: Provision of loan financing services

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

(v) Manufacture and sale of accessories: Manufacture and sale of accessories for photographic products

3. TURNOVER AND SEGMENT INFORMATION (Cont'd)

Segment revenue and results

For the six months ended 30 September 2013 (unaudited)

	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	–	–	–	–	62,879	62,879
Rental income	–	–	–	561	–	561
Change in fair value of financial assets at fair value through profit or loss ("FVTPL") *(Note)*	–	875	–	–	–	875
	–	875	–	561	62,879	64,315
Segment (loss) profit	(866,854)	(367)	–	4,350	29	(862,842)
Unallocated other income						1,664
Unallocated corporate expenses						(23,943)
Unallocated finance costs						(103,270)
Change in fair value of derivative financial instrument						25,032
Loss before tax						(963,359)

3. TURNOVER AND SEGMENT INFORMATION (Cont'd)

Segment revenue and results (Cont'd)

For the six months period ended 30 September 2012 (unaudited)

	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	–	–	–	–	92,631	92,631
Investment income						
Dividend income on held-for-trading investments	–	41	–	–	–	41
Interest income on loans receivable	–	–	555	–	–	555
Rental income	–	–	–	1,500	–	1,500
Change in fair value of financial assets at fair value through profit or loss ("FVTPL") (Note)	–	(22,188)	–	–	–	(22,188)
Intra-group rental income	–	–	–	1,176	–	1,176
	–	(22,147)	555	2,676	92,631	73,715
Elimination						(1,176)
						72,539
Segment (loss) profit	(1,949,406)	(23,103)	555	1,466	4,665	(1,965,823)
Unallocated other income						42
Unallocated corporate expenses						(33,522)
Unallocated finance costs						(212,606)
Change in fair value of derivative financial instrument						(101,073)
Loss on early redemption of consideration bonds						(86,352)
Loss before tax						(2,399,334)

3. TURNOVER AND SEGMENT INFORMATION (Cont'd)

Segment revenue and results (Cont'd)

Note: The change in fair value represents unrealised gain on held for trading investments for the six months ended 30 September 2013. The change in fair value of financial assets at FVTPL included realised loss of HK$21,887,000 and unrealised loss of HK$301,000 for the six months ended 30 September 2012.

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

Segment assets

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

As at 30 September 2013 (unaudited)

	Solar grade polycrystalline silicon	Investments	Loan financing	Property investment	Manufacture and sale of accessories	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	8,680	12,896	–	27,720	42,559	91,855
Unallocated property, plant and equipment						190
Unallocated other receivables, deposits and prepayments						3,579
Derivative financial instrument						291,822
Bank balances and cash						58,547
Consolidated total assets						445,993

3. TURNOVER AND SEGMENT INFORMATION (Cont'd)

Segment assets (Cont'd)

As at 31 March 2013 (audited)

	Solar grade polycrystalline silicon *HK$'000*	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sale of accessories *HK$'000*	Consolidated *HK$'000*
Segment 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

Geographical information

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

3. TURNOVER AND SEGMENT INFORMATION (Cont'd)

Geographical information (Cont'd)

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

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Europe	**26,581**	33,149
United States of America	**8,714**	13,732
Hong Kong	**2,194**	10,239
PRC	**14,750**	22,256
Others	**10,640**	13,255
	62,879	92,631

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Fair value gain (loss) on derivative financial instrument	**25,032**	(101,073)
Loss on early redemption of consideration bonds	**–**	(86,352)
Fair value gain on investment properties *(Note 11)*	**4,213**	622
Impairment loss on available-for-sale investments	**–**	(3,877)
Net loss on disposal of property, plant and equipment	**(5)**	(274)
Gain on disposal of available-for-sale investments	**–**	2,000
Net foreign exchange gain	**1,560**	607
	30,800	(188,347)

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

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Impairment loss on intangible asset	**706,733**	1,732,000
Impairment loss on property, plant and equipment	**131,827**	189,000
Impairment loss on deposits paid for acquisition of property, plant and equipment	**4,069**	–
Impairment loss on other receivables, deposits and prepayments	**1,927**	–
	844,556	1,921,000

The information of the impairment loss are set out in page 22 under the section of "Solar grade polycrystalline silicon".

6. FINANCE COSTS

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interests on:		
– Bank and other borrowings wholly repayable within five years	**8,256**	1,738
– Bank borrowing wholly repayable after five years	**360**	377
Effective interest expenses on:		
– Convertible bonds	**6,152**	93,986
– Consideration bonds – debt component	**89,637**	118,620
	104,405	214,721

7. INCOME TAX (EXPENSE) CREDIT AND DEFERRED TAX LIABILITIES

Income tax (expense) credit

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax	**–**	(838)
PRC Enterprise Income Tax	**(220)**	(521)
	(220)	(1,359)
Deferred tax (charge) credit for the period	**(153)**	8,679
	(373)	7,320

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% for both periods. 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 condensed consolidated financial statements as the subsidiaries incorporated in Taiwan had no assessable profit for both periods.

Deferred tax liabilities

The following are the major deferred tax liabilities recognised and movements thereon during the current and proceeding interim periods:

	Revaluation of investment properties	**Convertible bonds**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2013 (audited)	(1,153)	(2,092)	(3,245)
Release on conversion of convertible bonds	**–**	**661**	**661**
Credit (charge) to profit or loss for the period	**34**	**(187)**	**(153)**
At 30 September 2013 (unaudited)	**(1,119)**	**(1,618)**	**(2,737)**
At 1 April 2012 (audited)	(953)	(45,935)	(46,888)
(Charge) credit to profit or loss for the period	(27)	8,706	8,679
At 30 September 2012 (unaudited)	(980)	(37,229)	(38,209)

8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**6,910**	15,365
Amortisation of prepaid lease payments	**285**	346
Dividend income from listed securities	**–**	(41)

9. DIVIDENDS

No dividends were paid, declared or proposed during both interim periods. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. LOSS PER SHARE

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

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to owners of the Company)	**919,956**	2,392,171

10. LOSS PER SHARE (Cont'd)

	Six months ended 30 September	
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**10,760,848,587**	637,449,545

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds and the exercise of the Company's share options in both interim periods 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 six months ended 30 September 2012 have been adjusted to reflect the impact of the rights issue effected on 20 May 2013 as disclosed in note 19.

11. INVESTMENT PROPERTIES

The Group's investment properties as at the end of the current interim period were fair valued by RHL Appraisal Limited, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions. The resulting increase in fair value of investment properties of approximately HK$4,213,000 has been recognised directly in profit or loss for the six months ended 30 September 2013 (30 September 2012: fair value gain of approximately HK$622,000).

12. HELD FOR TRADING INVESTMENTS

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Equity securities listed in Hong Kong	**12,896**	–

The carrying amount of held for trading investments are at their fair value, which derived from quoted prices in the active market.

13. TRADE RECEIVABLES

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

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**18,217**	19,012
61 – 150 days	**7,391**	11,004
Over 150 days	**78**	–
	25,686	30,016

14. 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 period is set out below:

	HK$'000
At 1 April 2013	266,790
Changes in fair value	**25,032**
At 30 September 2013	**291,822**

The fair value of the derivative component is valued by Asset Appraisal Limited, independent qualified professional valuer not connected with the Group, and 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:

14. DERIVATIVE FINANCIAL INSTRUMENT (Cont'd)

	With extension option	**Without extension option**
At 30 September 2013		
Risk-free rate	**1.217%**	**0.173%**
Credit spread	**30.02%**	**30.02%**
Short rate volatility	**0.935%**	**0.935%**
Maturity	**5.3 years**	**0.3 years**
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

During the six months ended 30 September 2013, a fair value gain of HK$25,032,000 (30 September 2012: fair value loss of HK$101,703,000) was recognised, which is included in other gains and losses as set out in note 4.

15. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

The following is an analysis of trade payables by age, presented based on the invoice date at the end of the reporting period:

	30 September 2013 ***HK$'000*** **(unaudited)**	31 March 2013 *HK$'000* (audited)
0 – 60 days	**8,015**	6,129
61 to 150 days	**1,208**	182
Over 150 days	**91**	123
	9,314	6,434

As at 30 September 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 approximately HK$7,601,000 (31 March 2013: HK$31,098,000).

16. BORROWINGS

During the period, the Group obtained new unsecured loans granted from independent third parties amounting to approximately HK$100,422,000. The loans carry interest at fixed interest rates at 5% per annum and variable interest rate at Hong Kong prime rate as quoted by the Chong Hing Bank Limited plus 2.5% per annum. The Group also obtained securities margin financing from securities broking house amounting to approximately HK$10,563,000 repayable within one year and were secured by held for trading investments of the Group as disclosed in note 12. The loan bore fixed interest rate of 6% per annum.

17. CONVERTIBLE BONDS

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

	HK$'000
At 1 April 2013 – Obligation to pay coupon	77,075
Effective interest expense	**6,152**
Converted into new ordinary shares	**(17,641)**
Interest paid	**(29,233)**
At 30 September 2013	**36,353**

At the end of the reporting period, the outstanding principal amount of the convertible bonds amounted to HK$930,000,000 (31 March 2013: HK$1,200,000,000).

18. CONSIDERATION BONDS – DEBT COMPONENT

The movement of the debt component of the consideration bonds for the period is set out as below:

	HK$'000
As at 1 April 2013	773,174
Effective interest expense	**89,637**
Interest paid	**(10,972)**
As at 30 September 2013	**851,839**

19. SHARE CAPITAL

	Notes	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 April 2013 and 30 September 2013		200,000,000,000	2,000,000
Issued and fully paid:			
At 1 April 2013		1,841,460,124	18,414
Issue of new shares under rights issue (the "Rights Issue")	*(a)*	**7,365,840,496**	**73,658**
Issue of shares upon conversion of convertible bonds	*(b)*	**3,000,000,000**	**30,000**
At 30 September 2013		**12,207,300,620**	**122,072**

Notes:

(a) On 21 May 2013, the Company issued 7,365,840,496 rights shares of HK$0.01 each at HK$0.07 per rights share on the basis of four rights share for every one existing share held on record date (i.e. 26 April 2013) by qualifying shareholders.

(b) In June 2013, 3,000,000,000 ordinary shares of the Company of HK$0.01 each were issued upon conversion of the convertible bonds. Convertible bonds with aggregate principal amount of HK$270,000,000 were converted into ordinary shares of the Company at a conversion price of HK$0.09 each, which pursuant to the terms and conditions of the convertible bonds, the conversion price of the convertible bonds would be adjusted from HK$0.2 per shares to HK$0.09 per share as a result of the Rights Issue.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results and Business Review

As anticipated in the Company's announcement issued on 18 November 2013, the Group recorded a loss for the six months ended 30 September 2013 (the "Period"). The loss attributable to shareholders for the Period amounted to approximately HK$920.0 million, which decreased by approximately HK$1,472.2 million, as compared to a loss attributable to shareholders of approximately HK$2,392.2 million at the same period last year. The loss was mainly attributable to:

(i) finance costs of approximately HK$104.4 million recognised during the Period, which was decreased by approximately HK$110.3 million, from approximately HK$214.7 million for the same period last year, in which approximately HK$8.6 million arising from interest expenses paid for bank and other borrowings, approximately HK$6.2 million arising from the amortisation of interest expenses for convertible bonds and approximately HK$89.6 million arising from the amortisation of interest expenses for consideration bonds during the Period;

(ii) as at 30 September 2013, an impairment loss of approximately HK$844.6 million was made against the total investment in the polycrystalline silicon business (As at 30 September 2012: approximately HK$1,921.0 million).

The basic and diluted loss per share was HK$0.09 for the Period, as compared to the basic and diluted loss per share of HK$3.75 in last period. The basic and diluted loss per share in last period has been adjusted to reflect the impact of the rights issue which became unconditional on 20 May 2013.

Solar grade polycrystalline silicon

Result

No turnover was generated from solar grade polycrystalline silicon segment with no commercial production was commenced during the Period and the same period last year. The segment loss decreased by 2.2 times, from approximately HK$1,949.4 million in the same period last year to approximately HK$866.9 million for the Period in which approximately HK$844.6 million was arising from the impairment loss on the Group's polycrystalline silicon's business, which amount of approximately HK$706.7 million allocated to intangible asset, approximately HK$131.8 million allocated to the property, plant and equipment, approximately HK$4.1 million allocated to the deposits paid for acquisition of property, plant and equipment and approximately HK$1.9 million allocated to other receivables, deposits and prepayments.

Impairment loss recognised in respect of the Group's polycrystalline silicon business

As disclosed in the announcement dated 1 August 2013, since the acquisition of the interest in Sun Materials Technology Co., Ltd ("Sun Materials"), the Company had been relying on the continuous representation and assurance of Dr. Wu Yi-Shuen ("Dr. Wu"), both as the preliminary seller and Chief Executive Officer and Chief Technical Officer of Sun Materials that the modular production lines in the Yilan plant was in proper and workmanlike condition and that the delay in production of the desired quantity of the product was bona fide due to unforeseen circumstances. In early July, 2013, Sun Materials received two anonymous parcels in mail containing materials that suggested the test runs aforesaid were faked by Dr. Wu. The Company then consulted lawyers both in Taipei and Hong Kong. A confrontation meeting was held on 26 July, 2013 at Taipei whereat Dr. Wu was present before two directors of the Company and representatives of two law offices. Dr. Wu admitted that during the various test runs both before the first acquisition of 50.1% interest and after the acquisition of 49.9% interest in Sun Materials, he had deliberately poured some foreign materials in the reactor in order to conceal the operational process from the engineers of the plant. Dr. Wu refused to disclose what foreign materials were engaged. The two directors present suspected that the foreign materials were polycrystalline silicon Dr. Wu brought in from an outside source in order to fake the outcome of the tests. Before the Company was able to discuss and consider the termination of Dr. Wu's service, Dr. Wu tendered his verbal resignation at the conclusion of the confrontation meeting with effect from 29 July, 2013.

Furthermore, as disclosed in the announcement dated 24 October 2013, members of the special committee comprises all the current independent non-executive directors of the Company, Mr. Lam Ping Cheung, Andrew, a former ICAC investigator and a practicing solicitor and Ms. Lam Yan Fong, Flora, a solicitor to study the events leading up to the termination of Dr. Wu's service. Dr. Lin Tiang-Tsair ("Dr. Lin") has been appointed as the technical adviser to the special committee. Dr. Lin is a renowned Taiwanese expert in the field of photovoltaics and he will be assisted by PHOTON Consulting, the leading international photovoltaics consulting company. Dr. Lin is commissioned to study, among other things, the commercial feasibility of the existing set-up and organisation of the Yi-Lan plant, whether to continue the existing operation with the departure of Dr. Wu will be able to produce the polysilicon. Members of the special committee met Dr. Lin in Taipei on 20 and 21 October 2013 following a visit to the Yi-Lan plant and were verbally advised that the existing set-up and organisation of the Yi-Lan plant was not commercially feasible to develop the polysilicon production business in his preliminary view. Following the visit of an investigative team by PHOTON Consulting on 22 October 2013 to the Yi-Lan plant and the team's meeting with Dr. Lin, the team opined on 23 October 2013 that the current staff and physical assets of the Yi-Lan set-up and organisation did not form a basis from which a commercially feasible polysilicon production business could be developed. The Company received the verbal view of Dr. Lin, echoed by the investigation team of PHOTON Consulting, and is of the opinion that the Yi-Lan plant has completely lost its capacity to produce any commercially feasible polysilicon.

Based on the foregoing and taking into consideration all relevant facts and information known to date, the Company and the special committee considered that a full provision shall have to be made against the total investment in the existing polycrystalline silicon business, accordingly an impairment for the remaining balance of approximately HK$844.6 million has been made.

Investments

During the Period, the investment activities of the Group were scaled down. As a result, no dividend income was posted during the Period.

The segment loss was significantly decreased by 98.3% to approximately HK$0.4 million for the Period from approximately HK$23.1 million in the same period last year, with a net gain from fair value change in investment in shares of approximately HK$0.9 million turning from a net loss of approximately HK$22.2 million.

Loan financing

During the Period, no interest income was generated from provision of finance as no new loan was lend.

Property investment

During the Period, rental income from property investment decreased from approximately HK$1.5 million to approximately HK$0.6 million, representing a decrease of 2.5 times as compared with the same period last year. Such decrease was mainly due to disposal of property in January 2013, which located at Room 2501, China United Centre, 28 Marble Road, North Point, and 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.

With the increase in fair value of investment properties as at 30 September 2013 as compared to the same period last year, the segment result increased from approximately HK$1.5 million in the same period last year to approximately HK$4.4 million for the Period, with a fair value gain of approximately HK$4.2 million recognised during the Period. The increase in fair value was mainly due to increase in the unit rate per square meter of portion of an industrial complex of Mainland's property.

Manufacture and sale of accessories

With decrease in overseas sales, the segment's turnover decreased from approximately HK$92.6 million in the same period last year to approximately HK$62.9 million for the Period, representing a decrease of approximately 32.1%. It was mainly due to decrease in market demand in photographic market.

With higher utilisation of production capacity and implementation of direct cost control, the Group is able to improve the gross profit margin from approximately 27.1% to approximately 31.4% on average for the Period. However, the Group recorded a profit of approximately HK$0.03 million, representing a decrease of approximately 99.4% compared to a profit of approximately HK4.7 million in the same period last year, it was mainly due to increase in distribution costs and administrative expenses.

PROSPECTS

For reasons set out in the business review section for "Solar grade polycrystalline silicon" above, the Group's current prospect in the polysilicon market has suffered a significant setback, and our financial position has also been unfavourably affected by the full provision that has to be made in respect of the investment in the polycrystalline silicon business. Against this background the major tasks ahead in the coming months would be to redress the Group's financial position as soon as possible on one hand, and to find ways to rebuild its business operations on the other.

The future ahead is going to be challenging. Nevertheless the Group will undertake suitable initiatives and strive to restore the Group's position in due course, both financially and operationally.

LIQUIDITY AND CAPITAL RESOURCES

The Group primarily financed its operations with internally generated cash flows, other borrowing and by its internal resources and shareholder’s equity. During the Period, 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) seeking for external funding for working capital; and (ii) enhancing the capital base of the Company.

(i) Seeking for external funding for working capital

During the Period, the Company placed HK$25 million, HK$20 million and HK$10 million, 5% unsecured notes, with a maturity of 7-year from the date of issuance of each note, pursuant to the placing notes agreement dated 28 December 2012, 8 July 2013 and 25 September 2013 respectively. As at 30 September 2013, an aggregated principal amount of HK$60 million was placed (As at 31 March 2013: HK$5 million).

In addition, the Group entered a loan facility agreement with an independent financial institution in May 2013 with a revolving loan facility of HK$150.0 million. The loan facility carries interest at variable interest rate at Hong Kong prime rate as quoted by the Chong Hing Bank Limited plus 2.5% per annum and repayable within one year from the date of drawdown. As at 30 September 2013, the loan facility of approximately HK$15.2 million has been utilised.

(ii) Enhancing the capital base of the Company

In order to improve the financial position and capital base of the Group, the Company completed a rights issue on 20 May 2013 on the basis of four rights shares for every existing share held on the record date at the subscription price of HK$0.07 per rights share. 7,365,840,496 new ordinary shares were issued and allotted with net proceeds of approximately HK$494.6 million raised. The fund was utilised as intended.

As at 30 September 2013, net current assets of the Group amounted to approximately HK$311.1 million (As at 31 March 2013: net current liabilities of approximately HK$219.9 million) with bank balances and cash of approximately HK$58.5 million (As at 31 March 2013: approximately HK$52.7 million).

As at 30 September 2013, the Group had secured bank borrowings of approximately HK$39.4 million, which is a ten-year term loan and is denominated in new Taiwan Dollars (approximately NT$150.7 million (As at 31 March 2013: approximately HK$42.4 million, which is a ten-year term loan and is denominated in new Taiwan Dollars (approximately NT$158.8 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.

In addition, the Group had secured margin facilities of approximately HK$6.4 million in which approximately HK$0.4 million have not yet been utilised as at 30 September 2013 (As at 31 March 2013: Nil).

The Company issued convertible bonds with aggregate principal amount of HK$1,450 million in connection with the acquisition of 50.1% interest in polycrystalline silicon business 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$0.09 per share (adjusted upon the Company's rights issue took effective on 20 May 2013). Convertible bonds with principal amount of HK$270 million have been converted into 3,000 million of new ordinary shares of the Company during the Period, and the aggregate principal amount outstanding as at 30 September 2013 was HK$930 million (As at 31 March 2013: HK$1,200 million). During the Period, an aggregate interest paid was approximately HK$29.2 million (2012: approximately HK$35.3 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 polycrystalline silicon business in January 2012. The consideration bonds are due in January 2014 with 2.5% per annum coupon interest rate payable quarterly. No consideration bonds have been redeemed during the Period (2012: HK$320 million), the aggregate principal amount of HK$885 million was outstanding as at 30 September 2013 (As at 31 March 2013: HK$885 million). During the Period, an aggregated interest paid was approximately HK$11.0 million (2012: approximately HK$19.5 million). After the Period, the Company proposed to amend certain terms and conditions of the consideration bonds, details of which are disclosed in the section headed "Event after the reporting period" of this announcement.

The total deficit of the Group as at 30 September 2013 was approximately HK$633.6 million (As at 31 March 2013: approximately HK$235.9 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 (165.9%) (As at 31 March 2013: (579.1%)).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the completion of rights issue of 7,365,840,496 new shares with par value of HK$0.01 each at a subscription price of HK$0.07 each per rights share on the basis of four rights shares for every existing share held on the record date (i.e. 26 April 2013), there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 September 2013.

CHARGE OF ASSETS

As at 30 September 2013, margin facilities of approximately HK$6.4 million (As at 31 March 2013: Nil) from two regulated securities brokers (As at 31 March 2013: Nil) were granted to the Group under which financial assets at fair value through profit or loss of approximately HK$12.9 million (As at 31 March 2013: Nil) were treated as collateral for the facilities granted. Aggregate of approximately HK$0.4 million facilities have not yet been utilised and the carrying amount of the financial assets at fair value through profit or loss charged under the utilised facilities to the securities brokers is approximately HK$12.9 million (As at 31 March 2013: Nil).

As at 30 September 2013, buildings in Taiwan with carrying amount of approximately HK$75.6 million (approximately NT$288.6 million) (As at 31 March 2013: approximately HK$79.2 million (approximately NT$296.8 million)) were pledged to secure bank borrowings of approximately HK$39.4 million (approximately NT$150.7 million) (As at 31 March 2013: approximately HK$42.4 million (approximately NT$158.8 million)).

Furthermore, the Group had a restricted bank deposit, approximately HK$5.5 million (approximately NT$21.0 million) as at 30 September 2013 (As at 31 March 2013: approximately HK$5.6 million (approximately NT$21.0 million)), placed to secure the lease agreement in relation to the land located in Taiwan.

In addition, the charge on shares of Sun Mass Energy Limited pledged to secure borrowing from an independent financial institute was released during the Period (As at 31 March 2013: HK$489.0 million).

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 30 September 2013 (As at 31 March 2013: Nil).

SHARE-BASED PAYMENTS

2003 Option Scheme

The Company's share option scheme (the "2003 Option Scheme") was adopted pursuant to a resolution passed by the shareholders of the Company on 21 August 2003. The purpose is to providing incentives to eligible participants. During the Period, no options are granted and exercised under the 2003 Option Scheme. As at 30 September 2013, the outstanding option shares are 78,955 (As at 31 March 2013: 39,062 option shares outstanding) which have been adjusted upon the Company's rights issue took effective on 20 May 2013. The 2003 Option Scheme expired on 20 August 2013.

Option Deed

As disclosed in the announcement dated 29 August 2011, the Company entered into option deeds (the "Option Deed") with each of the grantees pursuant to which the Company conditionally agreed to grant share options, which are convertible into the Company's new ordinary shares of HK$0.01 each of up to 730,000,000, at a price of HK$0.4 each share option (subject to adjustments). As disclosed in the announcement dated 21 May 2013, the price was adjusted to HK$3.134 each share option upon the Company's rights issue took effective on 20 May 2013. During the Period, no Option Deeds are vested.

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 approximately HK$45.9 million of the Group's sales turnover. Furthermore, the Group also engaged in solar grade polycrystalline silicon business in Taiwan, United Stated Dollar ("US$") will be expected to be the functional currency, no income is yet to be recorded during the Period. 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. During the Period, the directors are of the view that the Group's exposure to exchange rate risk is not material, and will continue to monitor it.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2013, the Group employed approximately 414 employees, around 76.8% and 11.1% of them were employed in the People's Republic of China 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 six months ended 30 September 2013, including directors' emoluments, amount to approximately of HK$17.6 million.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the expiration of the 2003 Option Scheme, a new share option scheme (the "2013 Option Scheme") was adopted pursuant to a resolution passed by the shareholders of the Company on 31 October 2013. The purpose is to providing incentives to eligible participants.

As disclosed in the announcement of the Company dated 8 November 2013, the Company entered into a placing agreement with an independent placing agent, pursuant to which the placing agent has conditionally agreed to place a total of 1,250,000,000 new shares on a fully underwritten basis, to not less than six independent placees, at a price of HK$0.085 per placing share. Accordingly, 1,250,000,000 shares to be issued under the Company's general mandate, which was approved by shareholders of the Company at the annual general meeting on 26 August 2013, are issued and allotted on 20 November 2013. The gross proceeds from the placement were approximately HK$106.3 million. The net proceeds of approximately HK$99.7 million will be used for general working capital of the Group.

As disclosed in the circular of the Company dated 27 November 2013, the Company and the bondholders of consideration bonds entered into the deed of amendment on 11 November 2013, pursuant to which the Company and the bondholders agreed to amend certain terms and conditions of the consideration bonds, which in substance constitutes a conversion of the existing consideration bonds with an aggregate principal amounting to HK$885 million into the convertible bonds. The deed of amendment and the issue and allotment of the conversion shares under the specific mandate are subject to the approval of the shareholders at the special general meeting on 13 December 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 four INEDs of the Company, namely Mr. Frank H. Miu (as the chairman of the Audit Committee), Dr. Agustin V. Que, Mr. Robert James Iaia II and Mr. Hung Cho Sing. The revised terms of reference of the Audit Committee are consistent with the terms set out in the relevant section of the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 of the Listing Rules. No changes were made to the terms of reference of the Audit Committee during the Period.

The interim financial information of the Company for the six months ended 30 September 2013 has not been audited, but has been reviewed by the Audit Committee. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, legal and compliance and discussed internal controls, risk management and financial reporting matters including the review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2013.

CORPORATE GOVERNANCE

The Board considers that good corporate governance practices of the Company are crucial to the smooth and effective operation of the Group and safeguarding the interests of the shareholders and other stakeholders. The Company has applied to principles compiled with the code provisions which set out in the Code during the six months ended 30 September 2013 except for the following deviations from a code provision with considered reasons are given below:

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

All of the non-executive directors of the Company are not appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meetings of the Company. 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 terms 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 six months ended 30 September 2013.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE WEBSITE

This interim results announcement is also 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 interim report containing all information required by the Listing Rules will be dispatched to the shareholders of the Company and will be available on websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to our business partners, employees and shareholders for their continuous support.

By order of the Board
Mascotte Holdings Limited
Suen Yick Lun Philip
Executive Director and Company Secretary

Hong Kong, 29 November 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