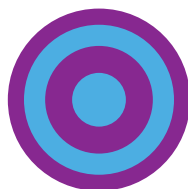


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## MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

#### 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 2010 together with the comparative figures as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010 – unaudited

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2010</b>	<b>2009</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Turnover	3	<b>75,951</b>	128,703
Cost of sales		<b>(75,560)</b>	(58,884)
Gross profit		<b>391</b>	69,819
Other income		<b>1,510</b>	309
Selling and distribution costs		<b>(5,470)</b>	(4,150)
Administrative expenses		<b>(27,343)</b>	(23,678)
Amortisation of intangible assets		–	(684)
Reversal of impairment allowance for loan and interest receivable		–	80,000
Net unrealised holding (loss) gain on financial assets at fair value through profit or loss		<b>(73,410)</b>	40,807
Finance costs		–	(5)
(Loss) Profit before taxation	4	<b>(104,322)</b>	162,418
Income tax expense	5	<b>(2,934)</b>	(326)
(Loss) Profit for the period		<b>(107,256)</b>	162,092

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2010</b>	2009
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	(Unaudited)
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign operations		<u>273</u>	–
Total comprehensive (loss) income for the period		<u><b>(106,983)</b></u>	<u>162,092</u>
(Loss) Profit attributable to:			
Owners of the parent		<u>(107,440)</u>	162,186
Non-controlling interests		<u>184</u>	(94)
		<u><b>(107,256)</b></u>	<u>162,092</u>
Total comprehensive (loss) income attributable to:			
Owners of the parent		<u>(107,206)</u>	162,186
Non-controlling interests		<u>223</u>	(94)
		<u><b>(106,983)</b></u>	<u>162,092</u>
(Loss) Earnings per share:			(Restated)
Basic	7	<u><b>HK\$(0.06)</b></u>	<u>HK\$0.17</u>
Diluted		<u><b>HK\$(0.06)</b></u>	<u>HK\$0.17</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

	<i>Note</i>	<b>30 September 2010 HK\$'000 (Unaudited)</b>	31 March 2010 HK\$'000
<b>Non-current assets</b>			
Investment properties		20,538	20,350
Available-for-sale financial assets	8	45,000	45,000
Property, plant and equipment		4,923	5,050
Prepaid lease payments		4,417	4,703
Loan and interest receivables	11	50,000	11,929
		<u>124,878</u>	<u>87,032</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	9	394,431	357,648
Inventories		11,417	8,727
Prepaid lease payments		672	665
Trade and bills receivables	10	41,087	20,258
Loan and interest receivables	11	63,558	50,285
Other receivables and prepayments		29,845	19,513
Bank balances and cash		53,385	75,720
		<u>594,395</u>	<u>532,816</u>
Assets classified as held for sale	12	–	79,242
		<u>594,395</u>	<u>612,058</u>
<b>Current liabilities</b>			
Trade payables	13	17,592	9,327
Other payables and accrued charges		15,086	22,161
Margin facilities utilised	15	9,435	–
Income tax payable		15,625	12,642
		<u>57,738</u>	<u>44,130</u>
Liabilities directly associated with assets classified as held for sale	12	–	42
		<u>57,738</u>	<u>44,172</u>
<b>Net current assets</b>		<u>536,657</u>	<u>567,886</u>
<b>Total assets less current liabilities</b>		<u>661,535</u>	<u>654,918</u>
<b>Capital and reserves</b>			
Share capital	14	177,050	59,052
Reserves		480,598	592,202
		<u>657,648</u>	<u>651,254</u>
Equity attributable to owners of the parent		657,648	651,254
Non-controlling interests		3,887	3,664
<b>TOTAL EQUITY</b>		<u>661,535</u>	<u>654,918</u>

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2010 have been prepared in accordance with applicable disclosures requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2010.

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in preparing these unaudited interim condensed consolidated financial statements are consistent with those applied in preparing the Group’s audited financial statements for the year ended 31 March 2010, except for the adoption of following revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable HKFRS, HKAS and Interpretation issued by HKICPA.

### **HKFRS 3 (Revised): Business Combinations/Improvements to HKFRS (2009) with amendments to HKFRS 3**

The revised standard introduced a number of major changes including the following:

- acquisition-related transaction costs, other than share and debt issue costs, to be expensed as incurred;
- existing interest in the acquiree to be remeasured at fair value, with the gain or loss recognised in profit or loss, upon subsequent changes in ownership interests;
- non-controlling interest in the acquiree to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree;
- contingent consideration to be recognised at fair value at the acquisition date; and
- goodwill to be measured at the excess of the aggregate of the acquisition-date fair value of the acquirer’s interest in the acquiree and the amount of any non-controlling interest over the net of the acquisition-date amounts of identifiable assets acquired and the liabilities assumed from the acquisition.

The Improvements to HKFRS (2009) contains amendments to clarify the measurement of the fair value of an intangible asset acquired in a business combination and to permit the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

These changes did not have material impact on the financial statements for the period ended 30 September 2010.

### **HKAS 27 (Revised): Consolidated and Separate Financial Statements**

The revised standard requires accounting for changes in ownership interests in a subsidiary, while maintaining control, to be recognised as an equity transaction. It also requires, when the group loses control of a subsidiary, any interest retained in the former subsidiary to be remeasured at fair value with the gain or loss recognised in profit or loss. This principle is also extended to a disposal of an associate through the consequential amendments to HKAS 28 Investments in Associates. The adoption of the revised standard did not have material impact on the financial statements for the period ended 30 September 2010.

The Group has not early adopted the new/revised HKFRS issued by the HKICPA that are not yet effective for the current period. The directors are in the process of assessing the possible impact of these new/revised HKFRS, but are not yet in a position to reasonably estimate their impact on the financial statements.

### 3. SEGMENT INFORMATION

The directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments based on the Group's internal reporting in respect of these segments. The directors consider loan financing, investments, manufacture and sales of goods and property investment (i.e. rental of properties) are the Group's major operating segments. Segment results represent the profit or loss before taxation generated from or incurred by each segment. The following analysis is the measure reported to the directors for the purposes of resources allocation and assessment of segment performance.

Operating segments of the Group comprise the following:

- (i) Loan financing: Provision of loan financing services
- (ii) Investments: Trading of investments
- (iii) Manufacture and sales of goods: Manufacture and trading of accessories for photographic, electrical and multimedia products
- (iv) Property investment: Holding properties for rental and capital appreciation

#### Segment revenues and results for the six months ended 30 September 2010

	Loan financing <i>HK\$'000</i> (Unaudited)	Investments <i>HK\$'000</i> (Unaudited)	Manufacture and sales of goods <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
<b>Turnover</b>					
To external customers	<u>3,604</u>	<u>(31,811)</u>	<u>103,528</u>	<u>630</u>	<u>75,951</u>
Segment results	<u>3,597</u>	<u>(105,498)</u>	<u>10,156</u>	<u>626</u>	(91,119)
Unallocated other income					558
Unallocated corporate expenses					<u>(13,761)</u>
<b>Loss before taxation</b>					(104,322)
Income tax expense					<u>(2,934)</u>
<b>Loss for the period</b>					<u>(107,256)</u>

There were no inter-segment sales during the six months ended 30 September 2010 (2009: Nil).

## Segment assets and liabilities at 30 September 2010

	Loan financing <i>HK\$'000</i> (Unaudited)	Investments <i>HK\$'000</i> (Unaudited)	Manufacture and sales of goods <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
<b>Assets</b>					
Segment assets	113,558	456,942	68,477	20,638	659,615
Unallocated corporate assets					<u>59,658</u>
Consolidated total assets					<u><u>719,273</u></u>
<b>Liabilities</b>					
Segment liabilities	–	9,435	31,556	–	40,991
Unallocated corporate liabilities					<u>16,747</u>
Consolidated total liabilities					<u><u>57,738</u></u>

## Segment revenues and results for the six months ended 30 September 2009

	Loan financing <i>HK\$'000</i> (Unaudited)	Investments <i>HK\$'000</i> (Unaudited)	Manufacture and sales of goods <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
<b>Turnover</b>					
To external customers	<u>2,132</u>	<u>49,080</u>	<u>76,744</u>	<u>747</u>	<u>128,703</u>
Segment results	<u>82,129</u>	<u>89,884</u>	<u>2,002</u>	<u>747</u>	174,762
Unallocated other income					309
Unallocated corporate expenses					(12,648)
Finance costs					<u>(5)</u>
<b>Profit before taxation</b>					162,418
Income tax expense					<u>(326)</u>
<b>Profit for the period</b>					<u><u>162,092</u></u>

## Segment assets and liabilities at 31 March 2010

	Loan financing <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Manufacture and sales of goods <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Assets</b>					
Segment assets	62,214	411,037	39,479	20,450	533,180
Unallocated corporate assets					<u>165,910</u>
Consolidated total assets					<u><u>699,090</u></u>
<b>Liabilities</b>					
Segment liabilities	–	–	26,734	–	26,734
Unallocated corporate liabilities					<u>17,438</u>
Consolidated total liabilities					<u><u>44,172</u></u>

## Geographical information

The Group's sales of goods are principally carried out in Europe, United States of America, Hong Kong and other regions in the PRC. Property investment is carried out in other regions in the PRC. Investments trading and loan financing are carried out in Hong Kong.

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

	Six months ended 30 September	
	2010 <i>HK\$'000</i> (Unaudited)	2009 <i>HK\$'000</i> (Unaudited)
Europe	43,753	37,422
United States of America	23,119	12,871
Hong Kong	(17,412)	55,034
Other regions in the PRC	7,985	10,070
Others	18,506	13,306
	<u>75,951</u>	<u>128,703</u>

## 4. (LOSS) PROFIT BEFORE TAXATION

(Loss) Profit before taxation has been arrived at after charging:

	Six months ended 30 September	
	2010 <i>HK\$'000</i> (Unaudited)	2009 <i>HK\$'000</i> (Unaudited)
Depreciation of property, plant and equipment	758	1,141
Loss on disposal of property, plant and equipment	14	–
Release of prepaid lease payments	336	333
	<u>336</u>	<u>333</u>

## 5. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Hong Kong Profits Tax	<b>2,078</b>	280
Other regions in the PRC	<b>856</b>	46
	<b>2,934</b>	326

Taxation arising in other regions in the PRC is calculated at the rates prevailing in the relevant jurisdictions.

## 6. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2010 (2009: Nil).

## 7. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to owners of the parent is based on the following data:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss) Profit for the purpose of basic (loss) earnings per share	<b>(107,440)</b>	162,186
	<b>2010</b>	2009
	<i>No. of shares</i>	<i>No. of shares</i>
		(restated)
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>1,715,598,810</b>	962,077,797

The weighted average number of ordinary shares adopted in the calculation of the basic earnings per share for the period ended 30 September 2009 has been adjusted to reflect the impact of the issue of bonus shares effected in July 2010 as discussed in note 14(b).

As there is an anti-dilutive effect after adjusting the effects of all dilutive potential ordinary shares for the six months ended 30 September 2010 and the Company had no dilutive potential ordinary shares for the six months ended 30 September 2009, accordingly, the diluted (loss) earnings per share was same as the basic (loss) earnings per share for both periods.



## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 September 2010 <i>HK\$'000</i> (Unaudited)	As at 31 March 2010 <i>HK\$'000</i>
Unlisted investments, at cost	<b>45,000</b>	45,000

No impairment loss has been provided in respect of the above financial assets.

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2010 <i>HK\$'000</i> (Unaudited)	As at 31 March 2010 <i>HK\$'000</i>
Investments held for trading		
– Equity securities, listed in Hong Kong	<b>351,009</b>	343,445
Investments designated as at fair value through profit or loss upon initial recognition		
– Unlisted convertible notes	<b>43,422</b>	14,203
	<b>394,431</b>	357,648

## 10. TRADE AND BILLS RECEIVABLES

	As at 30 September 2010 <i>HK\$'000</i> (Unaudited)	As at 31 March 2010 <i>HK\$'000</i>
Trade and bills receivables	<b>49,074</b>	28,245
Less: Allowances for doubtful debts	<b>(7,987)</b>	(7,987)
	<b>41,087</b>	20,258
Ageing analysis of trade and bills receivables:		
Within 60 days	<b>31,800</b>	14,056
61-150 days	<b>9,019</b>	4,812
More than 150 days	<b>268</b>	1,390
	<b>41,087</b>	20,258

Trading terms with customers are largely on credit, except for new customers where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended to 60 – 150 days.

## 11. LOAN AND INTEREST RECEIVABLES

	<i>Note</i>	As at 30 September 2010 <i>HK\$'000</i> (Unaudited)	As at 31 March 2010 <i>HK\$'000</i>
Fixed-rate loan receivables		112,929	11,929
Variable-rate loan receivables		22,500	72,500
		<u>135,429</u>	<u>84,429</u>
Interest receivables		629	285
		<u>136,058</u>	<u>84,714</u>
Less: Impairment allowance	(a)	(22,500)	(22,500)
		<u>113,558</u>	<u>62,214</u>
Less: Balance due within one year included in current assets		(63,558)	(50,285)
Non-current portion		<u>50,000</u>	<u>11,929</u>
Effective interest rate:			
Fixed-rate loan receivables		2.5% to 20% per annum	20% per annum
Variable-rate loan receivables		Hong Kong HSBC Prime rate plus 6%	Hong Kong HSBC Prime rate plus 2%

### (a) Impairment allowance

The Group determines the allowance for impaired debts based on the evaluation of collectability and ageing analysis of accounts and on management's judgement, including assessment of change in credit quality, collaterals and the past collection history of each borrower.

Movement in allowance for impaired debts is as follows:

	As at 30 September 2010 <i>HK\$'000</i> (Unaudited)	As at 31 March 2010 <i>HK\$'000</i>
Balance at beginning of the period/year	22,500	182,500
Decrease during the period/year in respect of allowance made on Key Rise International Limited		
– Recovered following the arrangement of debt assignment	–	(80,000)
– Written off following the arrangement of debt assignment	–	(80,000)
	<u>22,500</u>	<u>22,500</u>

## 12. ASSETS CLASSIFIED AS HELD FOR SALE

	<i>Note</i>	<b>As at 30 September 2010 HK\$'000 (Unaudited)</b>	As at 31 March 2010 HK\$'000
Assets classified as held for sale	<i>(b)</i>		
Intangible assets		–	127,984
Less: Impairment allowance		–	(48,742)
		<u>–</u>	<u>79,242</u>
Liabilities directly associated with assets classified as held for sale		<u>–</u>	<u>42</u>

- (a) During the period, the Group disposed entire equity interest of Richful Zone International Limited (“Disposal Group”), a subsidiary of the Company, to a wholly-owned subsidiary of Forefront Group Limited (“Forefront”), a company whose shares are listed on the Stock Exchange of Hong Kong, at a consideration of HK\$79.2 million which is satisfied by the issuance of 330 million new shares of Forefront at HK\$0.24 each. As the selling price was lower than the carrying amount of net assets of the Disposal Group as at 31 March 2010, an impairment loss was recognised in consolidated financial statements for the year ended 31 March 2010 accordingly.
- (b) The intangible assets represented the rights to (i) obtain the 50% of forestry land use rights and forestry trees entitlement of three forestry sites in Simao District, Puer City Yunnan Province, the PRC and (ii) share 50% of distributable profits of these forests.

The terms of forestry land use rights and forestry tree entitlement of these three forestry tree sites are 50 years from 24 January 2007 to 23 January 2057.

### *Reconciliation of carrying amount*

	<b>As at 30 September 2010 HK\$'000 (Unaudited)</b>	As at 31 March 2010 HK\$'000
At beginning of period/year	127,984	–
Addition through acquisition of subsidiaries	–	130,038
Disposal during the period/year	(127,984)	–
Less: Amortisation	–	(2,054)
At end of the period/year, classified as held for sale	<u>–</u>	<u>127,984</u>

### 13. TRADE PAYABLES

Ageing analysis of trade payables:

	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000
Within 60 days or on demand	16,779	9,214
61-150 days	469	20
More than 150 days	344	93
	<u>17,592</u>	<u>9,327</u>

### 14. SHARE CAPITAL

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

	Note	(Unaudited) At 30 September 2010		At 31 March 2010	
		Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
<b>Authorised:</b>					
Ordinary shares of HK\$0.1 each		<u>10,000,000,000</u>	<u>1,000,000</u>	<u>10,000,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid:</b>					
At beginning of period/year		590,516,416	59,052	285,924,015	28,592
Issue of shares upon conversion of convertible notes		–	–	260,000,000	26,000
Issue of new shares	(a)	109,184,800	10,918	–	–
Issue of bonus shares	(b)	1,049,551,824	104,955	–	–
Issue of shares upon exercise of share options	(c)	<u>21,250,000</u>	<u>2,125</u>	<u>44,592,401</u>	<u>4,460</u>
At end of period/year		<u>1,770,503,040</u>	<u>177,050</u>	<u>590,516,416</u>	<u>59,052</u>

Notes:

- (a) On 28 April 2010, the Company allotted and issued an aggregate of 109,184,800 ordinary shares for cash at a price of HK\$0.99.
- (b) On 29 July 2010, the directors of the Company have recommended a bonus issue of three new shares, credited as fully paid, for every two shares held by the shareholders of the Company whose names appear on the register of members of the Company on 29 July 2010. This arrangement was duly passed by the shareholders by way of poll at the Special General Meeting held on 29 July 2010. An aggregate of 1,049,551,824 bonus shares were issued during the period.
- (c) During the period, an aggregate of 21,250,000 adjusted share options granted were exercised at the adjusted exercise price of HK\$0.396 per ordinary share.

### 15. MARGIN FACILITIES

Margin facilities of HK\$172,313,000 (As at 31 March 2010: HK\$168,870,000) from regulated securities brokers were granted to the Group under which financial assets at fair value through profit or loss of HK\$394,431,000 (As at 31 March 2010: HK\$354,442,000) were treated as collateral for the facilities granted. Aggregate of HK\$9,435,000 (As at 31 March 2010: Nil) facilities were 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 HK\$26,383,000 (As at 31 March 2010: Nil). The utilised facilities bear interest rate at 7.236% per annum.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS**

As anticipated in the Company's profit warning announcement of 15 October 2010, the Group has recorded a loss for the first half of the year primarily due to realised and unrealised losses of investments held for trading. The loss attributable to shareholders amounted to approximately HK\$107.4 million for the six months ended 30 September 2010, as compared to the profit of approximately HK\$162.2 million in the previous period. Turnover for the period was approximately HK\$76.0 million, a decrease of 41% from approximately HK\$128.7 million for the corresponding period last year.

### **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2010 (2009: Nil).

### **BUSINESS REVIEW AND PROSPECTS**

#### **Investment**

The Group's securities trading activities registered realised and unrealised losses totalling approximately HK\$105.5 million for the period (2009: gains of approximately HK\$89.9 million). The realised loss for the period of approximately HK\$31.8 million was recorded as a negative turnover for this business segment, as compared to the realised gain and turnover of approximately HK\$49.1 million for the corresponding period last year.

#### **Manufacturing**

The Group's manufacturing segment reported a contribution of approximately HK\$10.2 million for the six months ended 30 September 2010 (2009: approximately HK\$2.0 million), following recovery of sales in the major markets to levels achieved prior to the financial tsunami. Total turnover for this segment has increased by 35% to approximately HK\$103.5 million from approximately HK\$76.7 million in the previous period.

#### **Loan Financing**

Turnover from the provision of loan financing amounting to HK\$3.6 million as compared to approximately HK\$2.1 million corresponding period in last year. The segments' results have however decreased to approximately HK\$3.6 million from approximately HK\$82.1 million corresponding period in last year, as last year's results included an HK\$80.0 million reversal of impairment allowance made previously. In the six months period ended 30 September 2010, no material provision or write back have been made.

## **Prospects**

Outlook for the second half of the year is rather mixed. Continual recovery of the economy together with low interest rate and rising inflation should provide the momentum to drive the market to higher levels in the months ahead. However, government measures to prevent the formation of asset bubble due to the abundance of liquidity may unsettle the market. In addition, there remain plenty of uncertainties in the global economic environment such as the pace of economic recovery in the United States and the sovereign debt problems of certain Eurozone countries and these factors may add to the volatility of the market.

The Group would continue to exercise caution and adopt a prudent approach in conducting our business. We also remain committed to our strategy of diversification and broadening of the Group's long term sustainable income base; and to actively explore suitable investment opportunities to enhance the Company's value to our shareholders. To this end, as announced in August 2010, the Company has entered into a preliminary agreement in relation to the possible acquisition of a 50.1% majority interest in Sun Materials Technology Co., Ltd., a company which has developed and patented a new and innovative technology to manufacture polycrystalline silicon, the primary raw material used in the solar energy value chain. Negotiation and finalisation of the terms of the acquisition are still proceeding. The Directors believe that the acquisition, if it materialises, will give the Company the opportunity to position itself favourably in the clean technology market.

## **LIQUIDITY AND CAPITAL RESOURCES**

During the period under review, the Company has successfully completed a share placement in April 2010 of 109,184,800 shares at a placing price of HK\$0.99 per share which raised net proceeds of HK\$105.2 million. In addition, in August 2010, the Company issued 1,049,551,824 new shares pursuant to the bonus issue of three new shares for two exiting shares as approved by the shareholders at the Company's special general meeting held on 29 July 2010.

As at 30 September 2010, the Group recorded a total bank balances and cash of HK\$53.4 million (As at 31 March 2010 of HK\$75.7 million). Moreover, the Group had current assets of HK\$594.4 million (As at 31 March 2010 of HK\$612.1 million). The Equity attributable to equity holders of the Company was of HK\$657.6 million (As at 31 March 2010 of HK\$651.3 million). Apart from the margin facilities utilised of HK\$9.4 million (As at 31 March 2010: Nil), the Group had no outstanding bank and other borrowing as at 30 September 2010 and 31 March 2010.

## **PLEDGE OF ASSETS**

At 30 September 2010, margin facilities from regulated securities brokers were granted to the Group which were secured by the Group's financial assets at fair value through profit or loss of HK\$394,431,000 (As at 31 March 2010: HK\$357,648,000). The carrying amount of the financial assets at fair value through profit or loss charged under the utilised facilities to the securities broker is HK\$26,383,000 (As at 31 March 2010: Nil).

## **CONTINGENT LIABILITIES**

The Group has no material contingent liabilities as at the end of reporting period.

## **CURRENCY RISK MANAGEMENT**

The majority of the Group's assets are held in Hong Kong Dollars with no foreign exchange exposure. The Group's manufacturing business has its largest sale market Europe, which alone accounts for around 42.3% of the Group's sales turnover. In safeguarding the volatile Euro Dollars currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting US Dollar quoted sale orders, which in turn the management can maintain a stable currency exchange condition for normal trading business development.

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events have occurred subsequent to the end of reporting period.

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

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 period ended 30 September 2010.

## **CODE ON CORPORATE GOVERNANCE**

The Company has complied with the code provisions which set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules during the six months period ended 30 September 2010 except that Code Provision A.4.1 provides that non-executive directors should be appointed for specific terms, subject to re-election. The independent non-executive directors ("INEDs") of the Company are not appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meetings of the Company. Pursuant to Bye-law 87(1) of the current Bye-laws of the Company, each director shall be subject to retirement by rotation at least once every three years at the annual general meeting. This means that the terms of appointment of the directors, including INEDs, cannot exceed three years.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "Model Code"). On specific enquiries made, all directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

## **AUDIT COMMITTEE**

The audit committee of the Company currently comprises three independent non-executive directors, namely Mr. Frank H. Miu, Dr. Agustin V. Que and Mr. Robert James Iaia II.

The unaudited interim financial statements for the six months period ended 30 September 2010 of the Group have been reviewed by the audit committee.

## **REMUNERATION COMMITTEE**

The remuneration committee of the Company comprises three independent non-executive directors, namely Mr. Frank H. Miu, Dr. Agustin V. Que and Mr. Robert James Iaia II. The Remuneration committee is principally responsible for formulating the Group's policy and structure for all remunerations of the directors and senior management and providing advice and recommendation to the directors of the Company.

## **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.

On Behalf of the Board  
**Lo Yuen Wa Peter**  
*Acting Chief Executive Officer*

Hong Kong, 25 November 2010

*As at the date of this announcement, the Executive Directors of the Company are Mr. Peter Temple Whitelam (Chairman), Mr. Lo Yuen Wa Peter (Acting Chief Executive Officer), Mr. Lam Suk Ping, Ms. Song Jiajia and Mr. Eddie Woo; and the Independent Non-executive Directors of the Company are Mr. Frank H. Miu, Dr. Agustin V. Que and Mr. Robert James Iaia II.*