MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2011

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 2011 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2011 HK$'000	2010 HK$'000
Turnover	3	**103,373**	241,871
Cost of sales		**(142,551)**	(104,084)
Gross (loss) profit		**(39,178)**	137,787
Other income		**4,750**	850
Net unrealised holding (loss) gain on financial assets at fair value through profit or loss		**(91,629)**	18,087
Impairment loss on assets held for sale		**–**	(48,742)
Selling and distribution costs		**(8,246)**	(7,737)
Administrative expenses		**(107,297)**	(71,444)
Reversal of impairment loss for loan and interest receivables		**–**	80,000
Gain on fair value changes on investment properties		**1,008**	1,711
Finance costs		**(401)**	(5)
(Loss) Profit before tax	5	**(240,993)**	110,507
Income tax expense	6	**(3,320)**	(1,657)
(Loss) Profit for the year		**(244,313)**	108,850
Other comprehensive income			
Exchange differences on translating foreign operations		**1,150**	–
Total comprehensive (loss) income for the year		**(243,163)**	108,850

	Notes	**2011**	2010
		HK$'000	*HK$'000*
(Loss) Profit attributable to:			
Owners of the parent		**(244,800)**	108,631
Non-controlling interests		**487**	219
		(244,313)	108,850
Total comprehensive (loss) income attributable to:			
Owners of the parent		**(243,815)**	108,631
Non-controlling interests		**652**	219
		(243,163)	108,850
		HK cents	*HK cents*
			(Restated)
(Loss) Earnings per share	*8*		
Basic		**(13.28)**	9.28
Diluted		**(13.28)**	9.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Non-current assets			
Investment properties		**22,150**	20,350
Property, plant and equipment		**4,795**	5,050
Prepaid lease payments		**4,068**	4,703
Goodwill		**–**	–
Available-for-sale financial assets	*9*	**81,000**	45,000
Loan and interest receivables	*12*	**–**	11,929
		112,013	87,032
Current assets			
Financial assets at fair value through profit or loss	*10*	**546,005**	357,648
Inventories		**11,804**	8,727
Prepaid lease payments		**669**	665
Trade and bills receivables	*11*	**36,825**	20,258
Loan and interest receivables	*12*	**30,978**	50,285
Other receivables and prepayments		**54,944**	19,513
Tax recoverable		**144**	–
Bank balances and cash		**16,805**	75,720
		698,174	532,816
Assets classified as held for sale	*13*	**–**	79,242
		698,174	612,058
Current liabilities			
Trade payables	*14*	**11,589**	9,327
Other payables and accrued charges		**25,516**	22,161
Margin facilities utilised		**526**	–
Income tax payable		**14,951**	12,642
		52,582	44,130
Liabilities directly associated with assets classified as held for sale	*13*	**–**	42
		52,582	44,172
Net current assets		**645,592**	567,886
Total assets less current liabilities		**757,605**	654,918
Non-current liabilities			
Deferred tax liabilities		**635**	–
NET ASSETS		**756,970**	654,918
Capital and reserves			
Share capital		**230,478**	59,052
Reserves		**522,176**	592,202
Equity attributable to owners of the parent		**752,654**	651,254
Non-controlling interests		**4,316**	3,664
TOTAL EQUITY		**756,970**	654,918

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2010 consolidated financial statements. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group and the Company.

Adoption of new/revised HKFRSs

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

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 HKFRSs 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 a similar useful life.

These changes did not have material impact on the financial statements for the year.

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 consolidated financial statements for the year.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. There is no leasehold land that qualifies for finance lease classification, hence, no prepaid lease payment has been reclassified to property, plant, and equipment retrospectively.

Amendments to HKAS 7 Statement of Cash Flows

The Amendments provide that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation concludes that, if a term loan (i.e. a loan that is repayable on a specified date or in installments over a specified period, usually in excess of one year) has a demand clause (i.e. a clause that gives the lender an overriding right to demand repayment without notice or with notice period of less than 12 months at its sole discretion) in its term, the loan shall be classified by the borrower as a current liability in the statement of financial position. Similarly, the amounts repayable under such a term loan shall be classified in the earliest time bracket in the contractual maturity analysis as required to be disclosed under HKFRS 7: Financial Instruments: Disclosures. The adoption of this interpretation did not have any effect on the financial position of the Group.

2. FUTURE CHANGES IN HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKFRS 1 (Revised)	*Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[1]
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[1]
HKAS 24 (Revised)	*Related Party Disclosures* [2]
Amendments to HK(IFRIC) – Int 14	*Prepayments of a Minimum Funding Requirement*[2]
Improvements to HKFRSs 2010	*Improvements to HKFRSs 2010*[3]
Amendments to HKFRS 7	*Disclosures- Transfer of Financial Assets*[4]
Amendments to HKAS 12	*Deferred Tax: Recovery of Underlying Assets*[5]
HKFRS 9	*Financial Instruments*[6]
HKAS 27 (2011)	*Separate Financial Statements*[6]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[6]
HKFRS 10	*Consolidated Financial Statements*[6]
HKFRS 11	*Joint Arrangements*[6]
HKFRS 12	*Disclosure of Interests in Other Entities*[6]
HKFRS 13	*Fair Value Measurement*[6]

[1] Effective for annual periods beginning on or after 1 July 2010
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

The directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

3. TURNOVER

	2011 *HK$'000*	2010 *HK$'000*
Dividend income from listed investments	**2,598**	1,363
Interest income from loan receivables	**5,601**	3,417
Handling fee income	**350**	–
Gross rental income	**1,347**	854
Net (loss) profit from the sales of financial assets at fair value through profit or loss	**(95,974)**	88,143
Sales of goods	**189,451**	148,094
	103,373	241,871

4. 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 earned or loss incurred by each segment without allocation of central administration costs including directors' and auditor's remuneration, legal and professional fees and finance costs. The following analysis is the measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

Segment revenues and results for the year ended 31 March 2011

The following is an analysis of the Group's revenue and results by reportable segment:

	Loan financing *HK$'000*	Investments *HK$'000*	Manufacture and sales of goods *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Turnover					
To external customers	**5,951**	**(93,376)**	**189,451**	**1,347**	**103,373**
Segment results	**5,939**	**(185,007)**	**10,097**	**749**	**(168,222)**
Unallocated other income					**3,718**
Unallocated corporate expenses					**(76,088)**
Finance costs					**(401)**
Loss before tax					**(240,993)**
Income tax expense					**(3,320)**
Loss for the year					**(244,313)**

There were no inter-segment sales during the year ended 31 March 2011 (2010: Nil).

Segment assets and liabilities at 31 March 2011

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

	Loan financing *HK$'000*	Investments *HK$'000*	Manufacture and sales of goods *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Assets					
Segment assets	**30,978**	**675,060**	**58,107**	**22,250**	**786,395**
Unallocated corporate assets					**23,792**
Consolidated total assets					**810,187**
Liabilities					
Segment liabilities	**–**	**526**	**26,916**	**–**	**27,442**
Unallocated corporate liabilities					**25,775**
Consolidated total liabilities					**53,217**

Other segment information for the year ended 31 March 2011

	Loan financing *HK$'000*	Investments *HK$'000*	Manufacture and sales of goods *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Allowance for inventories	–	–	506	–	–	506
Allowance for trade and bills receivables	–	–	148	–	–	148
Bank interest income	–	–	(14)	–	–	(14)
Capital expenditures	–	–	814	–	31	845
Depreciation of property, plant and equipment	–	–	1,215	–	9	1,224
Gain on disposal of property, plant and equipment	–	–	(3)	–	–	(3)
Gain on disposal of prepaid lease payment	–	–	(1,008)	–	–	(1,008)
Gain on fair value changes on investment properties	–	–	–	(1,008)	–	(1,008)
Net unrealised holding loss on financial assets at fair value through profit or loss	–	91,629	–	–	–	91,629
Purchase of available-for-sale financial assets	–	36,000	–	–	–	36,000
Release of prepaid lease payments	–	–	684	–	–	684

Segment revenues and results for the year ended 31 March 2010

The following is an analysis of the Group's revenue and results by reportable segment:

	Loan financing *HK$'000*	Investments *HK$'000*	Manufacture and sales of goods *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Turnover					
To external customers	3,417	89,506	148,094	854	241,871
Segment results	83,406	107,584	5,221	865	197,076
Unallocated other income					768
Unallocated corporate expenses					(87,332)
Finance costs					(5)
Profit before tax					110,507
Income tax expense					(1,657)
Profit for the year					108,850

Segment assets and liabilities at 31 March 2010

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

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

Notes:

(a) Included in the amount is assets classified as held for sale of HK$79,242,000.

(b) Included in the amount is liabilities directly associated with assets classified as held for sale of HK$42,000.

Other segment information for the year ended 31 March 2010

	Loan financing *HK$'000*	Investments *HK$'000*	Manufacture and sales of goods *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amortisation of intangible assets	–	–	–	–	2,054	2,054
Bank interest income	–	–	(82)	–	–	(82)
Capital expenditures	–	–	720	–	–	720
Depreciation of property, plant and equipment	–	–	1,570	–	6	1,576
Loss on disposal of property, plant and equipment	–	–	33	–	–	33
Impairment loss on assets held for sale	–	–	–	–	48,742	48,742
Gain on fair value changes on investment properties	–	–	–	(1,711)	–	(1,711)
Net unrealised holding gain on financial assets at fair value through profit or loss	–	(18,087)	–	–	–	(18,087)
Purchase of available-for-sale financial assets	–	25,000	–	–	–	25,000
Release of prepaid lease payments	–	–	–	665	–	665
Reversal of impairment loss for loan and interest receivables	(80,000)	–	–	–	–	(80,000)

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 tables set out information about the geographical location of (i) the Group's turnover from external customers and (ii) the Group's investment properties, property, plant and equipment, and non-current portion of prepaid lease payments ("Specified Non-current Assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the Specified Non-current Assets is based on the physical location of the assets.

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

	2011 ***HK$'000***	2010 *HK$'000*
Europe	**74,664**	65,192
United States of America	**41,256**	30,748
Hong Kong	**(64,360)**	101,547
Other regions in the PRC	**22,386**	17,621
Others	**29,427**	26,763
	103,373	241,871

The following is an analysis of the carrying amount of segment assets and Specific Non-current Assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment		Specified Non-current Assets	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**734,883**	494,748	**465**	620	**1,686**	2,046
Other regions in the PRC	**51,512**	38,432	**380**	100	**29,327**	28,057
	786,395	533,180	**845**	720	**31,013**	30,103

5. (LOSS) PROFIT BEFORE TAX

	2011	2010
	HK$'000	*HK$'000*
This is stated after charging (crediting):		
Allowance for inventories	**506**	–
Allowance for trade and bills receivables	**148**	–
Amortisation of intangible assets	**–**	2,054
Auditor's remuneration	**1,200**	1,552
Cost of inventories recognised as expenses	**142,551**	104,084
Depreciation of property, plant and equipment	**1,224**	1,576
Equity-settled share-based payment	**21,104**	12,199
(Gain) Loss on disposal of property, plant and equipment	**(3)**	33
Operating leases payments in respect of premises	**3,530**	2,084
Release of prepaid lease payments	**684**	665
Staff costs including directors' emoluments and contributions to retirement benefits schemes	**39,716**	37,285
Exchange loss, net	**203**	9
Gross rental income from investment properties	**(1,347)**	(854)
Less: direct operating expenses that generated rental income	**666**	663
	(681)	(191)

6. INCOME TAX EXPENSE

	2011 HK$'000	2010 HK$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax		
Current year	**947**	1,130
Overprovision in prior years	**(9)**	–
Enterprise Income Tax of the PRC		
Current year	**1,747**	461
Underprovision in prior years	**–**	66
	2,685	1,657
Deferred taxation		
Fair value adjustment	**635**	–
Total tax expense for the year	**3,320**	1,657

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the year.

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

Subsidiaries in the PRC are subject to Enterprise Income Tax. PRC Enterprise Income Tax is calculated at the prevailing tax rate at 25% (2010: 25%) on taxable income determined in accordance with the relevant laws and regulations in the PRC.

7. DIVIDENDS

No dividend has been proposed by the board of directors for the years ended 31 March 2011 and 2010.

8. (LOSS) EARNINGS PER SHARE

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

	2011 HK$'000	2010 HK$'000
(Loss) Profit for the purpose of basic and diluted (loss) earnings per share	**(244,800)**	108,631

	Number of shares 2011	2010 (restated)
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,843,451,503**	1,171,138,769
Effect of dilutive potential ordinary shares:		
Share options	**–**	450,044
Convertible notes	**–**	21,249,680
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,843,451,503**	1,192,838,493

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

For the year ended 31 March 2011, as there was an anti-dilutive effect after adjusting for the effects of all dilutive potential ordinary shares, diluted loss per share was the same as the basic loss per share.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011	2010
	HK$'000	*HK$'000*
Unlisted equity investments, at cost	**81,000**	45,000

Unlisted equity investments represented the Group's investments in a private equity fund and a private group engaged in securities brokerage and provision of finance. They are stated at cost less impairment loss at the end of each reporting period because they do not have a quoted market price in an active market and the range of reasonable fair value estimates is so significant that directors are of the opinion that their fair values cannot be measured reliably.

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

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2011	2010
	Note	***HK$'000***	*HK$'000*
Investments held for trading			
– Equity securities, listed in Hong Kong	*(a)*	**484,825**	343,445
Investments designated as fair value through profit or loss upon initial recognition			
– Unlisted convertible notes	*(b)*	**61,180**	14,203
		546,005	357,648

(a) The fair value of listed equity securities is based on quoted market prices in active markets at the end of the reporting period.

(b) The fair value of unlisted convertible notes at the end of reporting period has been measured by an independent qualified professional valuer, Asset Appraisal Limited, based on reliable estimates of prices obtained in actual market transactions.

11. TRADE AND BILLS RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade and bills receivables	**39,787**	28,245
Less: Allowances for doubtful debts	**(2,962)**	(7,987)
	36,825	20,258

Ageing analysis

The Group allowed a credit period ranging from 30 days to 150 days to its trade customers. The ageing analysis of trade and bills receivables (net of allowances for doubtful debts) is as follows:

	2011 *HK$'000*	2010 *HK$'000*
Ageing analysis of trade and bills receivables:		
Within 60 days	**25,243**	14,056
61 – 150 days	**9,841**	4,812
More than 150 days	**1,741**	1,390
	36,825	20,258

12. LOAN AND INTEREST RECEIVABLES

	Note	2011 *HK$'000*	2010 *HK$'000*
Fixed-rate loan receivables		**30,000**	11,929
Variable-rate loan receivables		**22,500**	72,500
		52,500	84,429
Interest receivables		**978**	285
		53,478	84,714
Less: Impairment allowance	*(a)*	**(22,500)**	(22,500)
		30,978	62,214
Less:Balance due within one year included in current assets		**(30,978)**	(50,285)
Balance due after one year included in non-current assets		**–**	11,929

(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 of credit quality, collaterals and the past collection history of each borrower.

Movement in allowance for impaired debts is as follows:

	2011 *HK$'000*	2010 *HK$'000*
Balance at beginning of the year	**22,500**	182,500
Decrease in respect of reassignment of debt in 2010	**–**	(160,000)
Balance at end of the year	**22,500**	22,500

13. ASSETS CLASSIFIED AS HELD FOR SALE

	2011	2010
	HK$'000	*HK$'000*
Assets classified as held for sale		
Intangible assets	–	127,984
Less: Impairment allowance	–	(48,742)
	–	79,242
Liabilities directly associated with assets classified as held for sale	–	42

The assets classified as held for sale as stated in year 2010 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 held by a then subsidiary, which was disposed of to a wholly-owned subsidiary of Forefront Group Limited ("Forefront"), a company whose shares are listed on the Stock Exchange at a consideration of HK$79.2 million. The consideration of which was satisfied by the issuance of 330 million new shares of Forefront at HK$0.24 each.

14. TRADE PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Ageing analysis of trade payables:		
Within 60 days or on demand	**10,724**	9,214
61 – 150 days	**768**	20
More than 150 days	**97**	93
	11,589	9,327

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

As anticipated in the Company's announcement issued on 15 April 2011, the Group recorded a loss for the current year as compared to the profit for the previous year. The loss attributable to shareholders for the year ended 31 March 2011 amounted to HK$244.8 million, as compared to a profit of HK$108.6 million last year. Turnover for the year amounted to HK$103.3 million, a decrease of approximately HK$138.6 million from the previous year. The decrease in turnover was largely brought about by the negative turnover of HK93.4 million derived from the trading of securities as compared to the positive turnover of HK$89.5 million last year; despite the increase in the turnover of the manufacturing division to HK$189.5 million this year from HK$148.1 million for the previous year. The basic and diluted loss per share was HK$0.1328, as compared to the basic earnings per share of HK$0.0928 and the diluted earnings per share of HK$0.0911 for the previous year.

Securities investment

Factors such as the sovereign debt problems of certain Eurozone countries, the political unrests in Africa and Middle East and the tightening of monetary measures in China have all contributed to uncertainties in the securities markets. Under such volatile conditions, the Group's securities trading activities registered realized and unrealized losses totaling approximately HK$187.6 million for the year (2010: gains of approximately HK$106.2 million).

Manufacturing

The Group's manufacturing segment reported a contribution of approximately HK$10.1 million for the year ended 31 March 2011 (2010: approximately HK$5.2 million), as improvements in demands for our products from the low levels seen in the aftermath of the global financial tsunami in major markets such as Europe and the United States.

Loan financing

Turnover from the provision of loan financing amounted to HK$6.0 million as compared to approximately HK$3.4 million last year. The segments' results have however decreased to approximately HK$5.9 million from approximately HK$83.4 million last year, as last year's results included an amount of HK$80.0 million reversal of impairment allowance made previously. For the year ended 31 March 2011, no material provision or write back have been made.

PROSPECTS

It is expected that global market conditions will remain volatile in the near term, particularly as the pace of recovery in major economics such as the United States and Europe still appear to be uncertain. The Group's current business, especially our securities trading activities, will continue to operate under challenging conditions in the year ahead.

On the other hand, the Directors believe that 2011 is the year in which the Group lays a solid foundation for its future long term growth. Earlier in the year, we announced our proposed acquisition of a controlling interest in Sun Materials Technology Co., Ltd. ("Sun Materials"), a company based in Taiwan which engages in the production of solar grade polysilicon, the primary raw material used in the manufacturing of solar cells in the photovoltaic industry for generating electricity. This acquisition will mark our Group's entry into the renewable energy industry with tremendous growth opportunities.

After months of painstaking work, the proposed acquisition of Sun Materials and the related proposed placing of the Company's shares and convertible bonds to fund the acquisition and the expansion of the production capacity of Sun Materials received shareholders' approval at the Company's special general meeting held on 7 June 2011. Completion of the acquisition and the placing are expected to take place imminently.

Sun Materials deploys an innovative and patented technology to produce solar grade polysilicon. Traditionally, the polysilicon manufacturing process is associated with high production costs and pollution. The patented technology deployed by Sun Materials is capable of significantly reducing both the manufacturing costs and the adverse environmental impact in the production process. The Company believes that Sun Materials' technology is a revolutionary innovation that can radically transform the industry landscape in the renewable energy market. Through our investment in Sun Materials, we are optimistic that the Group will become a leading player in the solar grade polysilicon and clean energy markets and thus, enhance the value of the Company to its shareholders.

LIQUIDITY AND CAPITAL RESOURCES

The Group primarily financed its operations with internally generated cash flows and its equity during 2011. As at 31 March 2011, the Group had bank and cash balances of approximately HK$16.8 million (31 March 2010: HK$75.7 million) and the net current assets of the Group is HK$645.6 million (31 March 2010: HK$567.9 million). The Group had an outstanding interest-bearing borrowings, represented by margin facilities utilised of approximately HK$0.5 million as of 31 March 2011. As at 31 March 2011, the total equity of the Group is HK$757 million (31 March 2010: HK$654.9 million). The gearing ratio of the Group, representing total interest-bearing borrowings divided by total equity, was 0.1% as at 31 March 2011.

CURRENCY RISK MANAGEMENT

The Group's investments, operations and trade and loan receivables were mainly denominated in Hong Kong Dollar. Except for manufacture and sale of goods, which are also denominated in Euro or United States Dollar. During the year under review, the fluctuation of the mentioned currencies did not have a material impact on income statement of the Group. Because of the certain operations of the Group in China, the Group has foreign exposure and mainly in transaction and conversion risks. The Group will continue to take measures to minimize its foreign exchange exposure and implement a more prudent sales policy so as to maintaining a stable currency exchange conditions for the manufacture and trading business.

COMMITMENT

As at 31 March 2011, the Company and the Group had no material commitment (2010: Nil).

CONTINGENT LIABILITIES

As at 31 March 2011, the Company and the Group had no material contingent liabilities (2010: Nil).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2011, the Group had more than 570 employees, around 90% of them were employed in the People's Republic of China for the manufacturing business. The Group remunerates its employees based on their work performance and with reference to prevailing conditions of labor markets.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2011 (2010: Nil).

PROPOSED ACQUISITION

On 31 December 2010, the Company entered into a sale and purchase agreement with Quinella International Incorporated (the "Seller"), and Ms Hsieh (the "Guarantor") and Dr Wu (the "Covenantor") to purchase 50.1% of the entire allotted and issued shares of Trifecta International Incorporated, renamed to Sun Mass Energy Limited (the "Target") for cash consideration of US$150,000,000. The Target holds 100% equity interest in Lution International Holdings Co., Ltd ("Lution") which holds 100% equity interest of Sun Materials Technology Co., Ltd ("Sun Materials") (Collectively, the "Target Group"). Sun Materials is a limited liability company incorporated in Taiwan and its principal business is the manufacture of solar grade polycrystalline silicon. The completion of the sale and purchase agreement (the "Completion") is subject to the satisfaction of certain conditions including the approval by the shareholders at a special general meeting ("SGM").

On 31 December 2010, the Company entered into a call option arrangement, which is subject to certain conditions including the Completion has occurred, with the Seller. In consideration of the payment of the sum of US$1, the Seller irrevocably agreed to grant the Company an option to buy, and to require the Seller to sell, the 4,990,000 option shares (representing 49.9% of the issued shares of the Target at the date of arrangement), at the Company's absolute discretion, during the call option period (i.e. beginning on the first business day falling 12 months after the completion of the acquisition and ending on the first business day falling 36 months after the completion). Unless the Company and the Seller otherwise agree on the purchase price, the purchase price for the option shares shall be determined at the relevant time with reference to the business valuation of the Target Group by an independent valuer jointly appointed by the Company and the Seller or in default of such arrangement, American Appraisal China Limited, an independent valuer. As at 31 March 2011, no value of the call option was recorded in the consolidated financial statements since the Completion has not yet occurred.

On 17 January 2011, the Company entered into a placing agreement with Deutsche Bank AG, Hong Kong Branch (the "Placing Agent") for a conditional placing of placing shares and convertible bonds a view to raising an aggregate amount of approximately HK$4,000,000,000 for the funding of the proposed acquisition, capital expenditure and working capital of the Target Group etc. On 11 February 2011, 30 March 2011 and 28 June 2011, the Company entered into supplementary agreements with the Placing Agent to vary and supplement the terms and conditions of the placing agreement. In order to facilitate this placing, it is proposed to increase the authorised share capital of the Company from HK$1,000,000,000 divided into 10,000,000,000 shares of HK$0.1 each to HK$2,000,000,000 divided into 20,000,000,000 shares of HK$0.1 each by creating an additional 10,000,000,000 shares. Both of the placing and increase in authorised share capital are subject to the approval by the shareholders at the SGM.

On 7 March 2011, the Company entered into a facility agreement, which is subject to certain conditions including the approval by the shareholders at the SGM, with the Target. Pursuant to the facility agreement, the Company has agreed to lend to the Target a loan facility of principal amount of up to but not exceeding US$50 million at any time within 3 months commencing from the date on which the last in time of the certain conditions in the facility agreement are satisfied or waived. The facility charges an interest rate of 12% per annum and is for the purpose of funding the capital expenditure in respect of the expansion of polysilicon production capacity of the Target Group. As at 31 March 2011, the facility agreement was still subject to the approval by the shareholders at the SGM and accordingly the facility arrangement was not yet effective.

Details of the above-mentioned agreements/arrangements are contained in the Company's circular dated 20 May 2011 and announcement dated 28 June 2011.

Subsequent to the reporting period, at the SGM of the Company held on 7 June 2011, the above-mentioned agreements/arrangements in connection with the proposed acquisition of 50.1% of the Target Group were approved by the shareholders.

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 year ended 31 March 2011.

CODE ON CORPORATE GOVERNANCE

The Company has complied with the provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules during the year ended 31 March 2011 except for Code Provision A.4.1 which 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. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practice are no less exacting than those in the Code.

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 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 three INEDs, namely Mr. Frank H. Miu, Dr. Agustin V. Que and Mr. Robert James Iaia II. The consolidated financial statements for the year ended 31 March 2011 of the Group have been reviewed by the Audit Committee.

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 MAZARS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2011 have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars 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 HKICPA and consequently no assurance has been expressed by Mazars on the preliminary announcement.

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

Hong Kong, 29 June 2011

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
(Acting Chief Executive Officer)
Mr. Eddie Woo
Mr. Suen Yick Lun Philip
Mr. Lau King Hang

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

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