MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2014

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 2014 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	**2014**	2013
		HK$'000	*HK$'000*
			(Restated)
Turnover			
Sales of goods		**107,874**	163,270
Cost of sales		**(74,019)**	(114,194)
		33,855	49,076
Investment income		**350**	596
Rental income		**1,122**	2,590
Change in fair value of financial assets at fair value through profit or loss		**1,115**	(19,843)
		36,442	32,419
Other income		**719**	5,871
Loss recognised in respect of manufacture of solar grade polycrystalline silicon business	*5*	**(12,730)**	(106,874)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014 — continued

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
Other gains and losses		**(307,512)**	(592,121)
Selling and distribution costs		**(6,859)**	(9,148)
Administrative expenses		**(85,147)**	(117,425)
Other expenses		**(12,853)**	(15,218)
Finance costs		**(153,266)**	(389,462)
Loss before tax		**(541,206)**	(1,191,958)
Income tax (expense) credit	*6*	**(5,605)**	15,654
Loss for the year	*7*	**(546,811)**	(1,176,304)
Other comprehensive income (expense) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**3,819**	(722)
Change in fair value of available-for-sale investments		**—**	(3,877)
Impairment loss on available-for-sale investments reclassified to loss for the year		**—**	3,877
		3,819	(722)
Total comprehensive expense for the year		**(542,992)**	(1,177,026)
Loss for the year attributable to:			
Owners of the Company		**(545,696)**	(1,176,604)
Non-controlling interests		**(1,115)**	300
		(546,811)	(1,176,304)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(541,974)**	(1,177,395)
Non-controlling interests		**(1,018)**	369
		(542,992)	(1,177,026)
			(Restated)
Basic and diluted loss per share	*8*	**HK$0.04**	HK$1.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	**31.3.2014**	31.3.2013	1.4.2012
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Non-current assets				
Property, plant and equipment		**5,790**	6,213	92,478
Investment properties		**21,924**	23,158	26,175
Intangible asset	*9*	**—**	—	—
Prepaid lease payments		**1,059**	2,856	3,514
Available-for-sale investments		**—**	—	69,868
Restricted bank deposits		**5,379**	5,611	5,492
Derivative financial instrument	*10*	**—**	—	392,792
Rental deposits		**429**	738	633
		34,581	38,576	590,952
Current assets				
Financial assets at fair value through profit or loss	*11*	**15,103**	—	154,795
Derivative financial instrument	*10*	**—**	266,790	—
Inventories		**4,413**	4,762	8,446
Trade receivables	*12*	**14,620**	30,016	25,750
Other receivables, deposits and prepayments	*12*	**8,265**	9,154	9,576
Loan and interest receivables	*13*	**10,215**	—	33,359
Prepaid lease payments		**344**	701	692
Tax recoverable		**—**	—	21
Bank balances and cash		**59,102**	52,710	208,181
		112,062	364,133	440,820

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014 — continued

	Notes	**31.3.2014**	31.3.2013	1.4.2012
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Current liabilities				
Trade payables	*14*	**5,647**	6,434	12,804
Other payables and accrued charges	*14*	**52,520**	67,062	36,731
Borrowings	*15*	**4,075**	503,272	28,724
Tax payable		**18,333**	15,460	17,174
Obligations under finance lease				
— due within one year	*16*	**214**	—	—
Convertible bonds (II)	*17*	**54,509**	—	—
Convertible bonds	*18*	**11,570**	—	—
		146,868	592,228	95,433
Net current (liabilities) assets		**(34,806)**	(228,095)	345,387
Total assets less current liabilities		**(225)**	(189,519)	936,339
Non-current liabilities				
Convertible bonds	*18*	—	77,075	1,123,127
Consideration bonds — debt component	*17*	—	773,174	1,182,297
Deferred tax liabilities		**7,159**	3,245	46,888
Borrowings	*15*	**92,262**	43,092	41,331
Obligations under finance lease				
— due after one year	*16*	**281**	—	—
		99,702	896,586	2,393,643
Net liabilities		**(99,927)**	(1,086,105)	(1,457,304)
Capital and reserves				
Share capital		**153,461**	18,414	456,678
Reserves		**(259,086)**	(1,109,813)	(1,918,907)
Equity attributable to owners of the Company		**(105,625)**	(1,091,399)	(1,462,229)
Non-controlling interests		**5,698**	5,294	4,925
Total deficit		**(99,927)**	(1,086,105)	(1,457,304)

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In the preparation of the consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group in light of the Group's current liabilities exceeded its current assets by HK$34,806,000, recorded net liabilities of HK$99,927,000 and it incurred loss of HK$546,811,000 for the year ended 31 March 2014. In the opinion of the directors of the Company, the consolidated financial statements for the year ended 31 March 2014 have been prepared on a going concern basis as the Group received a credit facility of HK$150,000,000 after the end of the reporting period, which is repayable 12 months after the end of the reporting period. Up to the date of this report, HK$15,000,000 was drawn by the Company under this facility. The directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements and financial obligations in the next twelve months from the end of the reporting period.

2. PRIOR YEAR ADJUSTMENTS

The Group acquired the entire equity interest in Sun Mass Energy Limited ("Sun Mass") during the year ended 31 March 2012 which did not constitute a business combination and accordingly was treated as asset acquisition at the time of acquisition. In the consolidated financial statements for the year ended 31 March 2012, the Group had recognised an intangible asset, representing the core technology relating to the manufacturing of solar grade polycrystalline silicon ("Core Technology"), and property, plant and equipment of HK$2,494,113,000 and HK$229,145,000, respectively as at the date of acquisition. During the years ended 31 March 2012, 31 March 2013 and 31 March 2014, the Group has incurred and capitalised HK$10,706,000, HK$102,532,000 and HK$12,730,000, respectively for property, plant and equipment. Since the acquisition, the directors of the Company had been relying on the continuous representation and assurance of Dr. Wu Yi-Shuen ("Dr. Wu"), the Chief Executive Officer and Chief Technical Officer of Sun Materials Technology Co., Ltd. ("Sun Materials"), a subsidiary of Sun Mass, that the modular production lines for manufacturing solar grade polycrystalline silicon was in proper and workmanlike condition and that the delay in production of the desired quantity of the polycrystalline silicon was due to unforeseen circumstances.

In early July 2013, Sun Materials received two anonymous parcels in mail containing materials that suggested the test runs carried out by Dr. Wu were faked. The directors of the Company then formed a special committee to study the validity of such claims, and if so what the potential legal actions could be against those responsible. Dr. Wu has resigned as Chief Executive Officer and Chief Technical Officer of Sun Materials since 26 July 2013.

On 25 June 2014, the Company received an investigation report ("Investigation Report") regarding the subject issue from the special committee comprising 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. Pursuant to the Investigation Report, the committee concluded that the previous test run results were all faked and that Sun Materials was never in a position to be able to carry out the manufacturing of solar grade polycrystalline silicon and hence would not generate the future economic benefits as asserted by Dr. Wu to the directors of the Company since the date of acquisition.

As a result, the Company made prior year adjustments to retrospectively reflect the fact that all the assets that relate to the Core Technology including the intangible asset, property, plant and equipment and other receivables and deposits has had no value at all as of and since the date of acquisition. Prior year adjustments have also been made regarding costs incurred to property, plant and equipment during the year ended 31 March 2013 to retrospectively reflect the fact that the additional expenditures incurred have had no value at all and accordingly should have been expensed when the costs are incurred.

The effects of prior year adjustments on the results for the year ended 31 March 2013 are as follows:

	Year ended 31 March 2013 *HK$'000*
Loss recognised in respect of manufacture of solar grade polycrystalline silicon business *(Note a)*	**1,828,517**
Other expenses *(Note b)*	**26,187**
Administrative expenses *(Note c)*	**2,178**
Loss for the year attributable to owners of the Company *(Note d)*	**1,856,882**

Notes:

(a) Amount represents the decrease in loss recognised in respect of intangible asset, property, plant and equipment and other receivables and deposits relating to the manufacture of solar grade polycrystalline silicon business.

(b) Amount represents the decrease in depreciation of property, plant and equipment included in other expenses.

(c) Amount represents the decrease in depreciation of property, plant and equipment included in administrative expenses.

(d) Amount represents the decrease in loss for the year attributable to owners of the Company.

The cumulative effects of prior year adjustments on the consolidated statement of financial position as at 1 April 2012 and 31 March 2013 are summarised as below:

	As at 1 April 2012 (as originally stated) *HK$'000*	Prior year adjustments *HK$'000*	As at 1 April 2012 (as restated) *HK$'000*	**As at 31 March 2013 (as originally stated)** ***HK$'000***	**Prior year adjustments** ***HK$'000***	**As at 31 March 2013 (as restated)** ***HK$'000***
Non-current assets						
Property, plant and equipment	334,819	(242,341)	92,478	**136,298**	**(130,085)**	**6,213**
Intangible asset	2,434,796	(2,434,796)	—	**707,168**	**(707,168)**	**—**
Deposits paid for acquisition of property, plant and equipment	7,671	(7,671)	—	**4,803**	**(4,803)**	**—**
Current assets						
Other receivables, deposits and prepayments	13,280	(3,704)	9,576	**17,316**	**(8,162)**	**9,154**
Total effect on net assets	2,790,566	(2,688,512)	102,054	**865,585**	**(850,218)**	**(15,367)**
Capital and reserves						
Translation reserve	(60,248)	(27,631)	(87,879)	**(42,451)**	**(46,219)**	**(88,670)**
Accumulated losses	(1,007,414)	(2,660,881)	(3,668,295)	**(3,281,894)**	**(803,999)**	**(4,085,893)**
Total effect on equity	(1,067,662)	(2,688,512)	(3,756,174)	**(3,324,345)**	**(850,218)**	**(4,174,563)**

The effects of the prior year adjustments on the Group's basic and diluted loss per share for the prior year are as below.

	Year ended 31 March 2013 ***HK$***
Figure before adjustments	**2.59**
Prior year adjustments	**(1.59)**
Figure after adjustments	**1.00**

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle
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 interests 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
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) — INT 20	Stripping costs in the production phase of a surface mine

Excepted as disclosed below, the application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of financial statements (as a part of the Annual Improvement to HKFRSs 2009-2011 cycle)

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In current year, the Group has made prior year adjustments, as disclosed in note 2, which has resulted in material adjustments to the Group's assets and liabilities as at 1 April 2012. The Group has therefore presented a third statement of financial position as at 1 April 2012 without the related notes.

HKFRS 12 Disclosure of interests in other entities

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

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 defines the fair value of an asset 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. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. 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.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Furthermore, 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 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. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[2]
HKFRS 9	Financial instruments[3]
HK(IFRIC) — INT 21	Levies[1]

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

2 Effective for annual periods beginning on or after 1 July 2014

3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

5 Effective for annual periods beginning on or after 1 January 2016.

The directors of the Company do not anticipate that the above new and revised HKFRSs will have a material effect on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focusing on types of goods or services delivered or provided.

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

(i) Solar grade polycrystalline silicon: Manufacture and sale of solar grade polycrystalline silicon, which has not yet commenced business as at 31 March 2014.

(ii) Investments: Investment and trading of securities

(iii) Loan financing: Provision of loan financing services

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

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

Segment revenue and results

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

For the year ended 31 March 2014

	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	—	—	—	—	107,874	107,874
Investment income						
Interest income on loans receivable	—	—	350	—	—	350
Rental income	—	—	—	1,122	—	1,122
Change in fair value of financial assets at FVTPL *(Note)*	—	1,115	—	—	—	1,115
	—	1,115	350	1,122	107,874	110,461
Segment (loss) profit	(36,278)	1,070	350	11,224	(4,858)	(28,492)
Unallocated corporate expenses						(41,636)
Unallocated other income						97
Unallocated finance costs						(151,831)
Change in fair value of derivative financial instrument						25,032
Loss on alteration of terms of consideration bonds						(344,376)
Loss before tax						(541,206)

For the year ended 31 March 2013 (Restated)

	Solar grade polycrystalline silicon *HK$'000*	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sale of accessories *HK$'000*	Total *HK$'000*
Segment revenue						
Sales of goods	—	—	—	—	163,270	163,270
Investment income						
Dividend income on held-for-trading investments	—	41	—	—	—	41
Interest income on loans receivable	—	—	555	—	—	555
Rental income	—	—	—	2,590	—	2,590
Change in fair value of financial assets at FVTPL *(Note)*	—	(19,843)	—	—	—	(19,843)
Intra-group rental income	—	—	—	1,815	—	1,815
	—	(19,802)	555	4,405	163,270	148,428
Elimination						(1,815)
						146,613
Segment (loss) profit	(137,058)	(24,105)	543	(1,322)	4,750	(157,192)
Unallocated corporate expenses						(64,020)
Unallocated other income						3,605
Unallocated finance costs						(387,664)
Change in fair value of derivative financial instrument						(126,002)
Loss on early redemption of consideration bonds						(161,237)
Loss on alteration of terms of convertible bonds						(299,448)
Loss before tax						(1,191,958)

Note: The change in fair value of financial assets at FVTPL included realised gain of HK$11,015,000 (2013: loss of HK$19,843,000) for the year ended 31 March 2014. The remaining portion of approximately HK$9,900,000 for the year ended 31 March 2014 was unrealised loss on unlisted convertible bonds designated at FVTPL.

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

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

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

Segment assets and liabilities

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

As at 31 March 2014

	Solar grade polycrystalline silicon *HK$'000*	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sale of accessories *HK$'000*	Consolidated *HK$'000*
ASSETS						
Segment assets	7,233	15,151	10,215	21,924	28,637	83,160
Unallocated property, plant and equipment						163
Unallocated other receivables, deposits and prepayments						4,218
Bank balances and cash						59,102
Consolidated total assets						146,643
LIABILITIES						
Segment liabilities	46,455	–	–	–	33,441	79,896
Unallocated other payables and accrued charges						15,103
Unallocated borrowings						60,000
Tax payable						18,333
Convertible bonds						11,570
Convertible bonds (II)						54,509
Deferred tax liabilities						7,159
Consolidated total liabilities						246,570

As at 31 March 2013 (Restated)

	Solar grade polycrystalline silicon HK$'000	Investments HK$'000	Loan financing HK$'000	Property investment HK$'000	Manufacture and sale of accessories HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	6,348	—	—	23,158	46,239	75,745
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						402,709
LIABILITIES						
Segment liabilities	74,939	—	—	—	35,164	110,103
Unallocated other payables and accrued charges						5,757
Unallocated borrowings						504,000
Tax payable						15,460
Convertible bonds						77,075
Consideration bonds — debt component						773,174
Deferred tax liabilities						3,245
Consolidated total liabilities						1,488,814

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

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

- all liabilities are allocated to reportable and operating segments, other than certain other payables and accrued charges, tax payable, convertible bonds (II), convertible bonds, consideration bonds — debt component, certain borrowings and deferred tax liabilities.

Other segment information

For the year ended 31 March 2014

	Solar grade poly-crystalline silicon *HK$'000*	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sale of accessories *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in measure of segment profit or loss or segment assets and liabilities:								
Addition to property, plant and equipment	12,730	–	–	–	1,101	13,831	18	13,849
Loss on property, plant and equipment recognised in respect of manufacture of solar grade polycrystalline silicon business	12,730	–	–	–	–	12,730	–	12,730
Allowance for inventory obsolescence	–	–	–	–	326	326	–	326
Allowance for doubtful debts on trade receivables, net	–	–	–	–	835	835	–	835
Depreciation of property, plant and equipment	–	–	–	–	1,585	1,585	44	1,629
Net loss on disposal of property, plant and equipment	21	–	–	–	1	22	–	22
Net fair value gain on investment properties	–	–	–	(1,957)	–	(1,957)	–	(1,957)
Amortisation of prepaid lease payments	–	–	–	–	715	715	–	715
Gain on disposal of prepaid lease payments	–	–	–	–	(10,542)	(10,542)	–	(10,542)
Finance costs	1,332	93	–	–	10	1,435	151,831	153,266
Amounts regularly provided to the chief operating decision markers but not included in the measure of segment profit or loss or segment assets and liabilities:								
Loss on alteration of terms of consideration bonds	–	–	–	–	–	–	344,376	344,376
Fair value gain on derivative financial instrument	–	–	–	–	–	–	(25,032)	(25,032)

For the year ended 31 March 2013 (Restated)

	Solar grade poly-crystalline silicon *HK$'000*	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sale of accessories *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts regularly provided to the chief operating decision markers but not included in the measure of segment profit or loss or segment assets and liabilities:								
Addition to property, plant and equipment	102,532	—	—	—	1,895	104,427	80	104,507
Loss on other receivables and deposits recognised in respect of manufacture of solar grade polycrystalline silicon business	4,342	—	—	—	—	4,342	—	4,342
Loss on property, plant and equipment recognised in respect of manufacture of solar grade polycrystalline silicon business	102,532	—	—	—	—	102,532	—	102,532
Allowance for inventory obsolescence	—	—	—	—	617	617	—	617
Allowance for doubtful debts on trade receivables, net	—	—	—	—	3,711	3,711	—	3,711
Depreciation of property, plant and equipment	—	—	—	1,286	1,460	2,746	42	2,788
Net loss on disposal of property, plant and equipment	—	—	—	—	255	255	30	285
Fair value loss on investment properties	—	—	—	2,848	—	2,848	—	2,848
Amortisation of prepaid lease payments	—	—	—	—	701	701	—	701
Impairment loss on available-for-sale investments	—	3,877	—	—	—	3,877	—	3,877
Gain on disposal of available-for-sale investments	—	(2,009)	—	—	—	(2,009)	—	(2,009)
Finance costs	759	39	—	1,000	—	1,798	387,664	389,462
Amounts regularly provided to the chief operating decision markers but not included in the measure of segment profit or loss or segment assets and liabilities:								
Loss on early redemption of consideration bonds	—	—	—	—	—	—	161,237	161,237
Loss on alteration of terms of convertible bonds	—	—	—	—	—	—	299,448	299,448
Fair value loss on derivative financial instrument	—	—	—	—	—	—	126,002	126,002

Geographical information

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

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

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

	2014	2013
	HK$'000	*HK$'000*
Europe	**45,989**	56,112
United States of America	**15,013**	26,825
Hong Kong	**8,154**	16,048
PRC	**20,466**	39,113
Japan	**13,031**	17,784
Others	**5,221**	7,388
	107,874	163,270

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

	2014	2013
	HK$'000	*HK$'000*
		(restated)
PRC	**27,313**	31,023
Hong Kong	**1,460**	1,204
Taiwan	**429**	738
	29,202	32,965

Note: Non-current assets exclude financial instruments.

Information about major customers

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

	2014	2013
	HK$'000	*HK$'000*
Customer A[1]	**—[2]**	22,466
Customer B[1]	**11,576**	—[2]

1 Revenue is generated from manufacture and sale of accessories.

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

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Loss on property, plant and equipment	**12,730**	102,532
Loss on other receivables and deposits	—	4,342
	12,730	106,874

The amounts represent costs incurred for property, plant and equipment and other receivables and deposits attributable to the Core Technology during the years ended 31 March 2013 and 2014. As explained in note 2, these expenditures are expensed when they are incurred.

6. INCOME TAX (EXPENSE) CREDIT

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	—	(232)
PRC Enterprise Income Tax	**(2,786)**	(1,226)
Overprovision in prior years:		
Hong Kong	—	2,522
	(2,786)	1,064
Deferred tax credit for the year	**(2,819)**	14,590
	(5,605)	15,654

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

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit in Hong Kong for the current year.

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

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

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Loss before tax	**(541,206)**	(1,191,958)
Tax at income tax rate of 16.5% (2013: 16.5%)	**89,299**	196,673
Tax effect of expenses not deductible for tax purpose	**(86,688)**	(137,102)
Tax effect of income not taxable for tax purpose	**4,156**	596
Overprovision in prior years	**—**	2,522
Tax effect of deductible temporary differences not recognised	**(2,100)**	(17,634)
Tax effect of tax losses not recognised	**(9,783)**	(29,038)
Utilisation of tax losses previously not recognised	**455**	—
Effect of different tax rates for subsidiaries operating in other jurisdictions	**(944)**	(363)
Income tax (expense) credit for the year	**(5,605)**	15,654

7. LOSS FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Loss for the year has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments		
— fees and other emoluments	**7,383**	24,122
Other staff costs		
— salaries, allowances and bonus	**42,939**	48,481
— retirement benefits scheme contributions	**2,278**	2,288
Equity-settled share-based payments (included in administrative expenses)	**(135)**	7,876
	52,465	82,767
Equity settled share-based payments granted to consultants (included in other expenses)	**961**	3,823
Amortisation of prepaid lease payments	**715**	701
Cost of inventories recognised as an expense (included allowance for inventory obsolescence amounted to HK$326,000 (2013: HK$617,000) for the year ended 31 March 2014)	**74,019**	114,194
Auditor's remuneration	**2,330**	2,242
Depreciation of property, plant and equipment (included in administrative expenses)	**1,629**	2,788
Gross rental income from investment property	**(1,122)**	(2,590)
Less: Direct operating expenses from investment property that generate rental income during the year	**1,070**	1,431
	(52)	(1,159)
Research and development cost recognised as an expense (included in other expenses) *(Note)*	**8,980**	11,395
Investment income		
— dividend income on held-for-trading investments	**—**	(41)
— interest income on loans receivable	**(350)**	(555)

Note: Included in other expenses are expenses incurred for the solar grade polycrystalline silicon business of HK$8,980,000 (2013: HK$11,395,000).

8. LOSS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(545,696)**	(1,176,604)

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**13,277,599,563**	1,172,110,699

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

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the year ended 31 March 2014 and 2013 have been adjusted to reflect the impact of the rights issue effected during the year ended 31 March 2014 and the impact of share consolidation effected during the year ended 31 March 2013.

9. INTANGIBLE ASSET

	Core Technology
	HK$'000
CARRYING AMOUNT	
At 1 April 2012, as originally stated	2,434,796
Prior year adjustment	(2,434,796)
At 1 April 2012, as restated, 31 March 2013 and 31 March 2014	—

The intangible asset represents Core Technology relating to the manufacturing of solar grade polycrystalline silicon business recognised at the date of acquisition, which is patented in the United States, Europe, Japan, Taiwan and the PRC.

10. DERIVATIVE FINANCIAL INSTRUMENT

The derivative financial instrument represents derivative component embedded in the Consideration Bonds, details of which is set out in note 17. The movement of the derivative component during the year is set out below:

	HK$'000
At 1 April 2012	392,792
Changes in fair value	(126,002)
At 31 March 2013	266,790
Changes in fair value	**25,032**
Derecognition upon alternation of terms of consideration bonds	**(291,822)**
At 31 March 2014	—

The fair value of the derivative component is calculated by the difference between the fair value of the consideration bonds with exercise of extension option and fair value of consideration bonds without exercise of extension option. The fair value of the early redemption option is considered minimal. The fair value of the derivative component is determined by Hull-White One-Factor Model and the assumptions of fair value of the derivative component are as follows:

	With exercise of extension option	**Without exercise of extension option**
At 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

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	HK$'000	*HK$'000*
Held-for-trading investments		
— equity securities listed in Hong Kong	**3**	—
Unlisted convertible bonds designated at FVTPL	**15,100**	—
	15,103	—

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

Unlisted convertible bonds designated at FVTPL represents convertible bonds with principal amount of HK$25,000,000 issued on 21 November 2013 by a company listed on the Main Board of the Stock Exchange (the "Issuer"). On 16 January 2014, the Issuer entered into deed of amendment on variation of the terms and conditions of the convertible bonds.

Before the variation of terms and conditions, the Group has the right to convert the whole or part of the principal amount of the convertible bond into shares of the Issuer at any time and from time to time up to 26 May 2016. The convertible bonds entitled the Issuer to redeem the whole or part of the convertible bonds at par at its sole and absolute discretion before the date of maturity. The major variation of terms and condition are, (i) the maturity date of the convertible bonds changed from 26 May 2016 to 31 December 2016; (ii) conversion price changed from HK$0.25 per conversion share to HK$0.3 per conversion share; (iii) the Issuer has changed the interest rate of the convertible bonds from zero coupon to 2.5% per annum, payable quarterly in arrear; (iv) before the change of terms and conditions, the Issuer will redeem the convertible bonds at par anytime before or on the maturity date by cash. After the change of terms and conditions, the Issuer will redeem the convertible bonds at the outstanding principal amount at anytime before or on maturity date either by cash or at the Issuer's own discretion, allot and issue new share of the Issuer to the Company or its nominee of a quantity equivalent to the outstanding principal amount of the convertible bonds divided by the conversion price for the repayment.

The fair value of the convertible bonds as at 31 March 2014 is estimated by an independent professional valuer.

12. TRADE RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**20,109**	36,904
Less: Allowance for doubtful debts	**(5,489)**	(6,888)
	14,620	30,016

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

	2014	2013
	HK$'000	*HK$'000*
0 to 60 days	**10,811**	19,012
61 to 150 days	**3,809**	11,004
	14,620	30,016

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

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

As at 31 March 2014 and 31 March 2013, there are no trade receivables which are past due but not impaired.

Movement in the allowance for doubtful debts

	2014	2013
	HK$'000	*HK$'000*
Balance at beginning of the year	**6,888**	3,200
Impairment losses recognised	**960**	3,736
Amounts written off as uncollectible	**(2,234)**	(23)
Amounts recovered during the year	**(125)**	(25)
Balance at end of the year	**5,489**	6,888

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

13. LOAN AND INTEREST RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Unsecured, fixed-rate loan receivable	**10,000**	—
Interest receivables	**215**	—
	10,215	—

At 31 March 2014, the outstanding loan receivable to an independent third party has contractual maturity date within 1 year, and carries fixed-rate at 6% per annum.

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

In determining the recoverability of the loan receivable, the Group considered any changes in the credit quality of the loan receivable from the date credit was initially granted up to the end of the reporting period. At 31 March 2014, there were no loan receivable which were past due but not impaired. Subsequent to the end of the reporting period, the entire loan and interest receivables have been settled.

14. TRADE PAYABLES AND OTHER PAYABLES AND ACCRUED CHARGES

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

	2014	2013
	HK$'000	*HK$'000*
0 to 60 days	**4,513**	6,129
61 to 150 days	**698**	182
Over 150 days	**436**	123
	5,647	6,434

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

At 31 March 2014, included in other payables and accrued charges are payable for construction cost of production plant in relation to the solar grade polycrystalline silicon business of nil (2013: HK$31,098,000) and consideration payable Hao Tian Resources Group Limited in relation to acquisition of Sun Mass of HK$10,000,000 (2013: nil).

15. BORROWINGS

	NOTES	2014 HK$'000	2013 HK$'000
Secured bank borrowings	*(i)*	**36,337**	42,364
Secured other borrowing	*(ii)*	—	489,000
Unsecured other borrowings	*(iii)*	**60,000**	15,000
		96,337	546,364
Carrying amount repayable based on scheduled repayment terms:			
Within one year		**4,075**	4,272
Between one to two years		**4,075**	4,272
Between two to five years		**12,226**	12,816
Over five years		**75,961**	26,004
		96,337	47,364
Carrying amount of borrowings (shown under current liabilities) contain a repayment on demand clause:			
Repayable within one year		—	10,000
Not repayable within one year		—	489,000
Total borrowings		—	499,000
		96,337	546,364
Less: Amount due within one year shown under current liabilities		**(4,075)**	(503,272)
Amount shown under non-current liabilities		**92,262**	43,092

Notes:

(i) Secured bank borrowings carry variable interest at local bank's deposit rate in Taiwan plus a spread of 1.8% per annum (2013: 1.6% to 1.8% per annum). The bank borrowings is secured by the leasehold land and buildings of the Group which were fully impaired as at 31 March 2014 and 2013.

(ii) The secured other borrowings granted from independent third parties carries variable interest at prime rate in Hong Kong plus 5% per annum. It is secured by the shares of Sun Mass, a wholly owned subsidiary of the Company.

(iii) The unsecured other borrowings granted from independent third parties carry fixed interest rate at 5% per annum (2013: ranging from 5% to 12% per annum) repayable over five years.

16. OBLIGATIONS UNDER FINANCE LEASE

As at 31 March 2014, the Group leased a motor vehicle under finance lease with lease term of 3 years. Interest rates underlying all obligations under finance lease are fixed at respective contract dates of 1.8% per annum. These leases have no terms of renewal or purchase options and escalation clauses.

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**232**	—	**214**	—
In more than one year but not more than two years	**289**	—	**281**	—
In more than two years but not more than five years	**—**	—	**—**	—
	521	—	**495**	—
Less: Future finance charges	**(26)**	—	**—**	—
Present value of lease obligations	**495**	—	**495**	—
Less: Amount due for settlement within one year			**(214)**	—
Amount due for settlement after one year			**281**	—

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

17. CONSIDERATION BONDS — DEBT COMPONENT/CONVERTIBLE BONDS (II)

As part of the consideration for the additional acquisition of 49.9% equity interest in Sun Mass, the Company issued consideration bonds with the principal amount of HK$1,750,000,000 on 4 January 2012 ("Consideration Bonds"). According to the terms of the Consideration Bonds, the maturity date is 3 January 2014, two years from the issue date. At the maturity date, the Company may elect at its discretion to extend the term for another 5 years. The Consideration Bonds bear interest at 2.5% per annum for the first 2 years and 12.5% per annum afterwards for the extension period of five years. Interest is payable quarterly in arrears. The Company may also redeem part or all of the Consideration Bonds any time during the repayment term at principal amount and interest accrued up to redemption date. The extension option and early redemption option (collectively the derivative components) are considered not closely related to the host debt component. The effective interest rate of the Consideration Bonds is 23.554% per annum. The Consideration Bonds are freely transferrable by the holders at any time from the date of issue of the Consideration Bonds.

On 11 November 2013, the Company and the bondholders entered into a deed of amendment which was approved by shareholders of the Company on 13 December 2013, pursuant to which the terms and conditions of the Consideration Bonds were amended and hereinafter referred to Convertible Bonds (II).

The Convertible Bonds (II) are denominated in HK$. The Convertible Bonds (II) entitle the holders to convert them into ordinary shares of the Company at any time from 13 December 2013 to seventh business days prior to the maturity date on 31 December 2014 at a fixed conversion price of HK$0.09. If the Convertible Bonds (II) have not been converted, redeemed or purchased and cancelled, they will be redeemed on 31 December 2014 at face value of HK$885,000,000 by cash or by shares of the Company at a fixed conversion price of HK$0.09 at the Company's sole and absolute discretion. Interest of 7.5% per annum is payable on a quarterly basis. The Company may redeem the Convertible Bonds (II) at the sole discretion of the Company in whole or in part, at principal and interest accrued up to redemption date anytime before maturity.

The Convertible Bonds (II) contain equity component and liability component. The liability component represents the future coupon interest payments of 7.5% per annum carried at amortised cost and its effective interest is 33% per annum. The equity component of Convertible Bonds (II) contains (a) the Company's option to exchange the obligation to pay the outstanding debt for a fixed number of shares of the Company any time before maturity at a fixed conversion price of HK$0.09; and (b) the bondholder's option to convert the bonds into ordinary share of the Company any time before seventh business days prior to the maturity at a fixed conversion price of HK$0.09.

The fair value of the Convertible Bonds (II) was determined based on the sum of the fair value of the liability and equity components. The fair value of the liability component as at 13 December 2013 was determined based on present value of all future coupon payments up to the maturity date discounted by the prevailing market rate of interest for similar instruments. And the fair value of the equity component as at 13 December 2013 was determined based on the quoted market price of the shares of the Company on 13 December 2013 multiplied by the number of shares to be delivered. The Convertible Bonds (II) were measured at fair value on 13 December 2013 of approximately HK$933,366,000 with an amount HK$875,167,000 allocated to equity. The fair value measurement was carried out by American Appraisal China Limited, an independent qualified professional valuer not connected with the Group.

Upon the alteration of terms, the Company extinguished the carrying amount of the Consideration Bonds and its derivative financial instrument as disclosed in note 10. The difference of HK$344,376,000 between the fair value of the Convertible Bonds (II) and the aggregate amount of liability and derivative financial instrument of the Consideration Bonds is recognised in profit or loss and is included in other gains and losses for the year ended 31 March 2014.

The movement of the debt component of the Consideration Bonds and the Convertible Bonds (II) for the year is set out as below:

	HK$'000
Consideration Bonds — debt component	
As at 1 April 2012	1,182,297
Effective interest expense	211,304
Interest paid	(28,664)
Early redemptions during the year *(Note 1)*	(591,763)
As at 31 March 2013	773,174
Effective interest expense	**128,429**
Interest paid	**(20,791)**
Extinguishment of the liability	**(880,812)**
	—
Convertible Bonds (II)	
Recognition of the liability element upon alternation of terms	**58,199**
Effective interest expense	**4,767**
Interest paid	**(4,073)**
Decrease in the liability element due to exercise of conversion option by the holder *(Note 2)*	**(4,384)**
As at 31 March 2014	**54,509**

Notes:

(1) During the year ended 31 March 2013, the Company early redeemed part of the Consideration Bonds with principal amount of HK$765,000,000 at HK$753,000,000 and loss on early redemptions of HK$161,237,000 was recognised as other gains and losses. At 31 March 2013, the principal amount of the Consideration Bonds amounted to HK$885,000,000.

(2) In January 2014, the bondholder exercised the conversion options with the principal amount of HK$70,000,000 of the Convertible Bonds (II). As at 31 March 2014, the outstanding principal amount of Convertible Bonds (II) is amounted to HK$815,000,000.

18. CONVERTIBLE BONDS

On 14 July 2011, the Company issued 2,900,000,000 convertible bonds with a coupon rate of 5% per annum with an initial conversion price of HK$0.5 each (subsequently adjusted to HK$8.0 each following the capital reorganization of the Company effective on 26 April 2012) for a total proceed of HK$1,450,000,000 (the "Old Convertible Bonds"). The Old Convertible Bonds are denominated in HK$. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the Old Convertible Bonds and maturity date on 14 July 2014. If the Old Convertible Bonds have not been converted, they will be redeemed on 14 July 2014 at the face value of Old Convertible Bonds. Interest of 5% per annum is payable on a semi-annually basis. The Company may redeem the Old Convertible Bonds in whole or in part, at principal and interest accrued up to redemption date, anytime before maturity.

On 3 December 2012, the Company and all bondholders entered into deeds pursuant to which the terms of the Old Convertible Bonds were changed and subject to approval by shareholders. The alteration of terms include: (i) the conversion price changed to HK$0.20 per share; (ii) if the convertible bonds have not been converted on the maturity date on 14 July 2014, the Company, at its sole and absolute discretion, will have a choice of either paying the outstanding Old Convertible Bonds at its principal together with accrued interest ("Outstanding Debt") by cash or by issuing shares of which the number is determined based on Outstanding Debt divided by the conversion price of HK$0.2; (iii) the early redemption at bondholders' option under certain conditions are deleted in entirely.

On 18 January 2013, the alteration of terms of the Old Convertible Bonds were approved by shareholders at the Company's special general meeting. At that time, the equity component of the Old Convertible Bonds were deeply out of money and the fair value was insignificant when the market price of the Company's share at the time was HK$0.2 whereas the conversion price amounts to HK$8.0 each. Upon the alteration of terms, the Company extinguished the original liability component and transfer the related equity component to accumulated losses. The revised terms hereinafter referred to as "New Convertible Bonds", were measured at fair value on 18 January 2013, which approximately equal to HK$1,504,000,000 of which the fair value measurement was carried out by American Appraisal China Limited, an independent qualified professional valuer not connected with the Group.

The New Convertible Bonds contain equity component and liability component. The liability component represents the future coupon interest payments of 5% per annum until maturity carried at amortised cost and its effective interest is 22% per annum. The equity component of New Convertible Bonds contains (a) the Company's option to exchange the obligation to pay the Outstanding Debt for a fixed number of shares of the Company any time before maturity; and (b) the bondholder's option to convert the bonds into a fixed number of ordinary share of the Company any time before the maturity. The fair value of the New Convertible Bonds was determined based on the sum of the fair value of the liability and equity components. The fair value of the liability component was determined based on present value of all future coupon payments discounted by the prevailing market rate of interest for similar instruments. And the fair value of the equity component was determined based on the stock price of the shares multiplied by the number of shares to be delivered. On 18 January 2013, the difference of HK$299,448,000 between the fair value of the New Convertible Bonds and the liability of Old Convertible Bonds is recognised in profit or loss and is included in other gains and losses for the year ended 31 March 2013.

Following the rights issue passed in a special general meeting held on 18 April 2013, the conversion price of the New Convertible Bonds are adjusted from HK$0.20 per share to HK$0.09 per share.

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

	HK$'000
Old Convertible Bonds	
At 1 April 2012	1,123,127
Effective interest expense	152,381
Interest paid	(70,957)
Extinguishment of the liability component of Old Convertible Bonds	(1,204,551)
At 31 March 2013	—
New Convertible Bonds	
Recognition of the liability component of the New Convertible Bonds	87,327
Effective interest expense	3,307
Converted into new ordinary shares	(13,559)
At 31 March 2013	77,075
Effective interest expense	**8,965**
Interest paid	**(52,673)**
Converted into new ordinary shares	**(21,797)**
At 31 March 2014	**11,570**

In January 2014, June 2013 and January 2013, the bondholders exercised the conversion options with the principal amount of HK$100,000,000, HK$270,000,000 and HK$219,000,000 of the New Convertible Bonds respectively. As at 31 March 2014, the outstanding principal amount of the New Convertible Bonds is HK$830,000,000 (2013: HK$1,200,000,000).

19. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the outstanding Option Deed holders informed the Company of their intention to give up their interests in the Option Deed. On 16 June 2014, the Board (including the approval of the independent non-executive Directors of the Company) determined to terminate the Option Deeds and cancel all outstanding options accordingly.

On 16 June 2014, the Group entered into a sale and purchase agreement with an independent individual to dispose the entire equity interest in Sun Mass at a consideration of HK$1. The disposal is completed on 25 June 2014.

On 16 June 2014, the Company entered into deed of amendment with the bondholders of Convertible Bonds and Convertible Bonds (II). Pursuant to the deed of amendment of Convertible Bonds, the interest payment interval has changed from semi annually to quarterly and the maturity date has changed from 14 July 2014 to 31 December 2015. Pursuant to the deed of amendment of Convertible Bonds (II), the interest payment dates have changed to 2nd of January, April, July and October of each calendar year, the maturity date has changed from 31 December 2014 to 31 December 2015 and the interest rate has changed from 7.5% per annum to 5% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

As anticipated in the Company's announcement issued on 30 May 2014, the Group recorded a loss for the year ended 31 March 2014 (the "Year"). The loss attributable to shareholders for the Year amounted to approximately HK$545.7 million, which was decreased by approximately HK$630.9 million as compared to a loss of approximately HK$1,176.6 million last year. The loss was mainly attributable to:

(i) finance costs of approximately HK$153.3 million recognised during the Year, which was decreased by approximately HK$236.2 million, from approximately HK$389.5 million in last year, in which approximately HK$11.1 million arising from interest expenses paid for bank and other borrowings, approximately HK$9.0 million arising from the amortisation of interest expenses for convertible bonds, approximately HK$128.4 million and approximately HK$4.8 million arising from the amortisation of interest expenses for consideration bonds and Convertible Bonds (II) respectively during the Year;

(ii) recognition of a loss of approximately HK$344.4 million on alteration of terms of the Company's consideration bonds during the Year;

(iii) an impairment loss of approximately HK$12.7 million recognised for the remaining investment in the solar grade polycrystalline silicon business (As at 31 March 2013: approximately HK$106.9 million).

The basic and diluted loss per share was HK$0.04 for the Year, as compared to the basic and diluted loss per share of HK$1.0 in last year. Save as disclosed, there was no material acquisition and disposal of subsidiaries during the Year.

Solar grade polycrystalline silicon business

Results

No turnover was generated from solar grade polycrystalline silicon segment as no commercial production was commenced during the Year and last year. The recorded segment loss was approximately HK$36.3 million, which was decreased by approximate 3.8 times, from approximately HK$137.1 million in last year. The decrease in losses were mainly due to all assets related to the solar grade polycrystalline silicon business were impaired in last year. Details of the impairment losses are set out in note 5.

Impairment loss recognised in respect of the Group's solar grade 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 solar grade polycrystalline silicon business, accordingly an impairment has been made against the entire investment in solar grade polycrystalline silicon business.

Reference was also made to the Company's announcement dated 6 June 2014, 16 June 2014 and 25 June 2014 (the "Announcements"). Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless otherwise specific. The entire investment in solar grade polyscrystalline silicon business was disposed to an individual third party, and the said disposal was completed on 25 June 2014. Upon the completion of the SPSA, the Disposed Group will no longer be a subsidiary of the Group. Accordingly, the assets, liabilities and the financial results of the Disposed Group will no longer be consolidated into the financial statements of the Group, and the Group's principal businesses are investment and trading of securities, provision of finance, property investment and manufacturing and sale of accessories for photographic products.

Investments

During the 2nd half of the Year, the Group invested its surplus cash in the Hong Kong securities market with an aim to capture future appreciation in share price. The realised gain from investment in listed shares was approximately HK$11.0 million and unrealised loss from unlisted convertible bonds was approximately HK$9.9 million, resulting in a net gain from change in fair value of financial assets at fair value through profit or loss in the sum of approximately HK$1.1 million during the Year (2013: net loss from change in fair value of financial assets at fair value through profit or loss in the sum of approximately HK$19.8 million).

Loan financing

There were no significant changes for segment operation of loan financing that interest income from provision of finance was slightly decreased by approximately HK$0.2 million to approximately HK$0.4 million as compared to approximately HK$0.6 million last year.

Property investment

During the Year, rental income from property investment was decreased from approximately HK$2.6 million in last year to approximately HK$1.1 million, representing a decrease of approximate 2.4 times as compared to last year. Such decrease was mainly due to decrease in lettable area as a result of (i) disposal of property located in Hong Kong through disposal of subsidiaries in January 2013; and (ii) disposal of property located in Shenzhen in November 2013.

On the other hand, the Group had disposed a land located in Huizhou in the 2nd half of the Year resulting in a net gain of approximately HK$10.5 million, the segment result from a loss of approximately HK$1.3 million in last year to a profit of approximately HK$11.2 million this Year.

Manufacture and sale of accessories

With decrease in oversea sales, the segment's turnover had decreased from approximately HK$163.3 million in last year to approximately HK$107.9 million for the Year, representing a decrease of approximately 33.9%. It was mainly due to decrease in market demand for photographic products.

With higher utilisation of production capacity and implementation of direct cost control, the Group is able to improve the gross profit margin from 30.1% in last year to approximately 31.4% on average for the Year. However, the segment result turned from a net profit of approximately HK$4.8 million in last year to a net loss of approximately HK$4.9 million for the Year which was mainly due to the fact that certain administrative costs did not decrease correspondingly with the decrease in turnover.

PROSPECTS

The year ahead will continue to be a challenging one for the Group. In particular, the Group's prospects would depend primarily on its businesses. Furthermore, the Group will continuously monitor its indebtedness and funding requirement.

LIQUIDITY AND CAPITAL RESOURCES

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

(i) Restructuring the terms and conditions of consideration bonds

As disclosed in the announcement of the Company dated 11 November 2013, the Company and all holders of the consideration bonds entered into the deed of amendment in relation to, among other things, the alteration of terms and conditions of the consideration bonds (the "Alternation"). The Alternation mainly provide greater flexibility to the Company in managing its working capital, as the Alteration removes mandatory conditions imposed on the Company to redeem the consideration bonds by cash settlement. In the event that the consideration bonds to be redeemed by issuing shares, the Group's liabilities will be reduced and the Group's equity base will be enlarged which in turn shall improve the financial position and gearing ratio of the Group. The resolution was approved by the shareholders of the Company at the special general meeting on 13 December 2013.

(ii) Seeking for external funding for the repayments of debts

During the Year, the Company had placed HK$25.0 million, HK$20 million and HK$10.0 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 31 March 2014, an aggregate principal amount of HK$60.0 million was placed (As at 31 March 2013: HK$5.0 million).

(iii) Enhancing the capital base of the Company

On 20 November 2013, the Company completed a placing of 1,250,000,000 new ordinary shares with net proceeds of approximately HK$99.7 million which was used for general working capital as intended.

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 to raise a net proceeds of approximately HK$496.2 million. The fund was utilised as intended.

As at 31 March 2014, net current liabilities of the Group amounted to approximately HK$34.8 million (2013: approximately HK$228.1 million) with bank balances and cash of approximately HK$59.1 million (As at 31 March 2013: approximately HK$52.7 million).

As at 31 March 2014, the Group had secured bank borrowings of approximately HK$36.3 million, which is a ten-year term loan denominated in new Taiwan Dollars of (approximately NT$142.7 million. (As at 31 March 2013: approximately HK$42.4 million and denominated in new Taiwan dollars (NT$158.8 million)). The bank borrowings carry variable interest at local bank's deposit rate in Taiwan plus a spread ranging from 1.8% per annum. (2013: carry variable interest at prime rate in Hong Kong or local bank's deposit rate in Taiwan plus a spread ranging from 1.6% to 1.8% per annum).

No secured margin facilities were utilised as at 31 March 2014 (As at 31 March 2013: Nil).

The Company issued convertible bonds with an aggregate principal amount of HK$1,450 million in connection with the acquisition of 50.1% interest in solar grade polycrystalline silicon business in July 2011. The convertible bonds due in July 2014, with 5% per annum coupon interest rate payable semi-annually, are convertible into ordinary shares of the Company at a conversion price of HK$0.09 per share (adjusted upon rights issued effected on 20 May 2013). Principal amount of HK$370.0 million was converted into 4,111,111,111 new ordinary shares of the Company during the Year. The aggregate outstanding principal amount as at 31 March 2014 was HK$830.0 million (As at 31 March 2013: HK$1,200.0 million). During the Year, an aggregated interest paid was approximately HK$52.7 million (2013: approximately HK$71.0 million).

The Company issued consideration bonds with an aggregate principal amount of HK$1,750.0 million as part of the consideration for the acquisition of the remaining 49.9% interest in solar grade polycrystalline silicon business in January 2012. The consideration bonds due in January 2014 carried 2.5% per annum coupon interest rate payable quarterly. Upon the Alteration effected on 13 December 2013 as mentioned above, the consideration bonds are convertible into ordinary shares of the Company at a conversion price of HK$0.09 per share and the derivative financial instrument was derecognised upon the Alteration becoming effective. Principal amount of HK$70.0 million was converted into 777,777,777 new ordinary shares of the Company during the Year. The aggregate outstanding principal amount as at 31 March 2014 was HK$815.0 million (As at 31 March 2013: HK$885 million). During the Year, an aggregated interest paid was approximately HK$24.9 million (2013: approximately HK$28.7 million).

The total deficit of the Group as at 31 March 2014 was approximately HK$99.9 million (2013: approximately HK$1,086.1 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 and obligations under finance lease) over shareholders' funds was (154.24%) ((2013: (127.97%) restated).

CHARGE OF ASSETS

As at 31 March 2014, margin facility of approximately HK$0.001 million (As at 31 March 2013: Nil) from one regulated securities broker was granted to the Group under which financial assets at fair value through profit or loss of approximately HK$0.003 million (As at 31 March 2013: Nil) were treated as collateral for the facilities granted. No margin facility has been utilised by the Group as at 31 March 2014 (As at 31 March 2013: Nil).

As at 31 March 2014, land and buildings in Taiwan with carrying amount of nil were pledged to secure bank borrowings of approximately HK$36.3 million (NT$142.7million) (As at 31 March 2013: land and buildings in Taiwan with carrying amount of approximately nil were pledged to secure bank borrowings of approximately HK$42.4 million (NT$158.8 million)).

Furthermore, the Group had a restricted bank deposit in the sum of approximately HK$5.4 million (NT$21.1 million) as at 31 March 2014 (As at 31 March 2013: approximately HK$5.6 million (NT$21.0 million)) which was placed to secure the lease agreement in relation to the land and buildings located in Taiwan.

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

CURRENCY RISK MANAGEMENT

The majority of the Group's assets are denominated in Hong Kong Dollars with no material foreign exchange exposure. The Group's manufacturing business has its overseas market, which alone accounts for around HK$79.3 million of the Group's turnover. In safeguarding the volatile Euro Dollars currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting sale orders quoted in US dollars, which in turn could enable the management to maintain a stable currency exchange condition for normal trading business development. The Group currently does not have a foreign currency hedging policy. During the Year, the directors are of the view that the Group's exposure to exchange rate risk is not material, and will continue to monitor it.

COMMITMENT

As at 31 March 2014, the Group had capital commitment of approximately HK$7.4 million (2013: approximately HK$10.8 million), mainly for the acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

The Company and the Group had not provided corporate guarantee to its subsidiaries or other parties and did not have other contingent liabilities as at 31 March 2014 (2013: Nil).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group employed approximately 394 employees. About 94.4% and 0.5% of them were employed in PRC for the manufacturing business and in Taiwan for general operation of solar grade polycrystalline silicon business respectively. The remuneration policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme. Total staff costs for the Year, including director's emoluments, amount to approximately HK$52.5 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2013: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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.

On 20 November 2013, 1,250,000,000 ordinary shares were issued at a price of HK$0.085 per placing share pursuant to the placing agreement entered into on 8 November 2013.

Save as disclosed herein, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2014.

CODE ON CORPORATE GOVERNANCE

The Company has applied the principles compiling with the code provisions which set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2014, except for Code Provision A.4.1 which provides that non-executive directors should be appointed for specific term, subject to re-election. The independent non-executive directors ("INEDs") of the Company are not appointed for specific term but they are subject to retirement by rotation and re-election at the annual general meetings of the Company. Pursuant to the Clause 87(1) of the Company's Bye-laws, each director shall be subject to retirement by rotation at least once every three years at the annual general meeting. This means that the term of appointment of the directors, including INEDs, cannot exceed three years. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiries of all directors, all directors confirm that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2014.

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 namely Mr. Frank H. Miu, Dr. Agustin V. Que, Mr. Robert James Iaia II and Mr. Hung Cho Sing. The consolidated financial statements of the Group for the year ended 31 March 2014 have been reviewed by the Audit Committee together with the management and the external auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2014 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2014. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By Order of the Board
MASCOTTE HOLDINGS LIMITED
Suen Yick Lun Philip
Managing Director, Chief Executive Officer
and Company Secretary

Hong Kong, 27 June 2014

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

Executive Directors
Mr. Chung Yuk Lun *(Acting Chairman)*
Mr. Suen Yick Lun Philip *(Managing Director and Chief Executive Officer)*
Mr. Eddie Woo
Miss Wong Yuen Mui
Ms. Shum Ching Yee Jennifer

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