MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

INTERIM RESULTS

The Board of Directors (the "Board") of Mascotte Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2012 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

		Six months ended 30 September	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover			
Sales of goods	*3*	**92,631**	89,156
Cost of sales		**(67,511)**	(63,555)
		25,120	25,601
Investment income		**596**	17,196
Rental income		**1,500**	684
Change in fair value of financial assets at fair value through profit or loss		**(22,188)**	(295,661)
		5,028	(252,180)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

For the six months ended 30 September 2012

	Notes	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Other income		**2,238**	8,719
Other gains and losses	4	**(2,109,347)**	1,345
Selling and distribution costs		**(4,637)**	(3,920)
Administrative expenses		**(58,790)**	(51,386)
Other expenses		**(19,105)**	(14,206)
Finance costs	5	**(214,721)**	(37,033)
Loss before tax		**(2,399,334)**	(348,661)
Income tax credit (expense)	6	**7,320**	(2,062)
Loss for the period	7	**(2,392,014)**	(350,723)
Other comprehensive income (expense):			
Exchange differences arising on translating foreign operations		**31,646**	(14,575)
Change in fair value of available-for-sale investment		**(3,877)**	–
Impairment loss on available-for-sale investment reclassified to loss for the period		**3,877**	–
Other comprehensive income (expense) for the period		**31,646**	(14,575)
Total comprehensive expense for the period		**(2,360,368)**	(365,298)
Loss for the period attributable to:			
Owners of the Company		**(2,392,171)**	(345,763)
Non-controlling interests		**157**	(4,960)
		(2,392,014)	(350,723)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(2,360,525)**	(352,589)
Non-controlling interests		**157**	(12,709)
		(2,360,368)	(365,298)
Basic and diluted loss per share	9	**HK$7.59**	HK$1.69

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	Notes	30 September 2012 HK$'000 (unaudited)	31 March 2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*10*	**137,053**	334,819
Investment properties	*10*	**62,557**	26,175
Intangible asset		**732,456**	2,434,796
Prepaid lease payments		**3,168**	3,514
Available-for-sale investments	*11*	**9,991**	69,868
Restricted bank deposits		**5,574**	5,492
Deposits paid for acquisition of property, plant and equipment		**5,934**	7,671
Derivative financial instrument		**291,719**	392,792
Rental deposits		**629**	633
		1,249,081	3,275,760
Current assets			
Financial assets at fair value through profit or loss		**22,912**	154,795
Inventories		**9,139**	8,446
Trade receivables	*12*	**41,888**	25,750
Other receivables, deposits and prepayments		**13,869**	13,280
Loans and interest receivables	*13*	**–**	33,359
Prepaid lease payments		**692**	692
Tax recoverable		**21**	21
Bank balances and cash		**31,000**	208,181
		119,521	444,524

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30 September 2012

	Notes	30 September 2012 HK$'000 (unaudited)	31 March 2012 HK$'000 (audited)
Current liabilities			
Trade payables	*14*	**16,218**	12,804
Other payables and accrued charges		**60,327**	36,731
Borrowings	*15*	**67,838**	28,724
Tax payable		**18,035**	17,174
		162,418	95,433
Net current (liabilities) assets		**(42,897)**	349,091
Total assets less current liabilities		**1,206,184**	3,624,851
Non-current liabilities			
Convertible bonds		**1,181,832**	1,123,127
Consideration bonds – debt component		**1,047,725**	1,182,297
Deferred tax liabilities	*6*	**38,209**	46,888
Borrowings	*15*	**39,708**	41,331
		2,307,474	2,393,643
NET (LIABILITIES) ASSETS		**(1,101,290)**	1,231,208
Capital and reserves			
Share capital	*16*	**3,425**	456,678
Reserves		**(1,109,797)**	769,605
Equity attributable to owners of the Company		**(1,106,372)**	1,226,283
Non-controlling interests		**5,082**	4,925
TOTAL (DEFICIT) EQUITY		**(1,101,290)**	1,231,208

1. BASIS OF PREPARATION

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

As at 30 September 2012, the Group had net current liabilities and net liabilities of approximately HK$42.9 million and HK$1,101.3 million respectively. In spite of this, the condensed consolidated financial statements have been prepared on a going concern basis since the Company intends to proceed with some future funding plans, including but not limited to rights issue, shares placement, debts restructuring and arranging new long-term debt finance, to improve the financial position of the Group when the market circumstances are considered appropriate. As such, the directors of the Company consider that the Group should be able to continue as a going concern.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012. In addition, in the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these unaudited interim condensed consolidated financial statements and/or the disclosures set out in these unaudited interim condensed consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

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

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

(i) Solar grade polycrystalline silicon: Manufacture of solar grade polycrystalline silicon

3. TURNOVER AND SEGMENT INFORMATION (Cont'd)

(ii) Investments: Investment and trading of securities

(iii) Loan financing: Provision of loan financing services

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

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

Segment revenue and results

For the six months ended 30 September 2012 (unaudited)

	Solar grade polycrystalline silicon *HK$'000*	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sales of accessories *HK$'000*	Consolidated *HK$'000*
Segment revenue						
Sales of goods	–	–	–	–	92,631	92,631
Investment income						
Dividend income on held-for-trading investments	–	41	–	–	–	41
Interest income on loans receivable	–	–	555	–	–	555
Rental income	–	–	–	1,500	–	1,500
Change in fair value of financial assets at fair value through profit or loss ("FVTPL") *(Note)*	–	(22,188)	–	–	–	(22,188)
Intra-group rental income	–	–	–	1,176	–	1,176
	–	(22,147)	555	2,676	92,631	73,715
Elimination						(1,176)
						72,539
Segment (loss) profit	(1,949,406)	(23,103)	555	1,466	4,665	(1,965,823)
Unallocated other income						42
Unallocated corporate expenses						(33,522)
Unallocated finance costs						(212,606)
Change in fair value of derivative financial instrument						(101,073)
Loss on early redemption of consideration bonds						(86,352)
Loss before tax						(2,399,334)

3. **TURNOVER AND SEGMENT INFORMATION (Cont'd)**

Segment revenue and results (Cont'd)

For the six months ended 30 September 2011 (unaudited)

	Solar grade polycrystalline silicon	Investments	Loan financing	Property investment	Manufacture and sales of accessories	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Sales of goods	–	–	–	–	89,156	89,156
Investment income						
Dividend income on held-for-trading investments	–	4,585	–	–	–	4,585
Interest income on loans receivable	–	–	12,611	–	–	12,611
Rental income	–	–	–	684	–	684
Change in fair value of financial assets at FVTPL *(Note)*	–	(295,661)	–	–	–	(295,661)
	–	(291,076)	12,611	684	89,156	(188,625)
Segment (loss) profit	(9,881)	(289,988)	13,010	1,344	6,967	(278,548)
Unallocated other income						2,144
Unallocated corporate expenses						(21,018)
Other expenses — cost incurred for acquiring of a subsidiary						(14,206)
Unallocated finance costs						(37,033)
Loss before tax						(348,661)

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

Note: The change in fair value of financial assets at FVTPL included realised loss of HK$21,887,000 (six months ended 30 September 2011: HK$49,908,000) and unrealised loss of HK$301,000 (six months ended 30 September 2011: HK$245,753,000).

3. TURNOVER AND SEGMENT INFORMATION (Cont'd)

Segment assets

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

As at 30 September 2012 (unaudited)

	Solar grade polycrystalline silicon	Investments	Loan financing	Property investment	Manufacture and sales of accessories	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**830,439**	**32,903**	**–**	**112,479**	**67,190**	**1,043,011**
Unallocated property, plant and equipment						**216**
Unallocated other receivables, deposits and prepayments						**2,635**
Derivative financial instrument						**291,719**
Tax recoverable						**21**
Bank balances and cash						**31,000**
Consolidated total assets						**1,368,602**

As at 31 March 2012 (audited)

	Solar grade polycrystalline silicon	Investments	Loan financing	Property investment	Manufacture and sales of accessories	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	2,694,637	226,656	33,359	112,707	48,911	3,116,270
Unallocated property, plant and equipment						194
Unallocated other receivables, deposits and prepayments						2,826
Derivative financial instrument						392,792
Tax recoverable						21
Bank balances and cash						208,181
Consolidated total assets						3,720,284

3. TURNOVER AND SEGMENT INFORMATION (Cont'd)

Geographical information

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

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

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

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Europe	**33,149**	36,920
United States of America	**13,732**	9,763
Hong Kong	**10,239**	14,795
PRC	**22,256**	14,120
Others	**13,255**	13,558
	92,631	89,156

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Change in fair value of derivative financial instrument	**(101,073)**	–
Loss on early redemption of consideration bonds	**(86,352)**	–
Fair value gain on investment properties	**622**	660
Impairment loss on available-for-sale investment	**(3,877)**	–
Net (loss) gain on disposal of property, plant and equipment	**(274)**	7
Gain on disposal of available-for-sale investment	**2,000**	–
Net foreign exchange gain	**607**	678
Impairment loss on intangible asset	**(1,732,000)**	–
Impairment loss on property, plant and equipment	**(189,000)**	–
	(2,109,347)	1,345

5. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interests on:		
— Bank and other borrowings wholly repayable within five years	**1,738**	209
— Bank borrowings wholly repayable after five years	**377**	234
Effective interest expense on:		
— Convertible bonds	**93,986**	36,590
— Consideration bonds – debt component	**118,620**	–
	214,721	37,033

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

Income tax credit (expense)

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
Hong Kong	**(838)**	(1,020)
PRC Enterprise Income Tax	**(521)**	(878)
Taiwan	**–**	1
	(1,359)	(1,897)
Deferred tax	**8,679**	(165)
	7,320	(2,062)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% for both periods. Taxation arising in Taiwan is calculated at 17% for both periods.

6. INCOME TAX CREDIT (EXPENSE) AND DEFERRED TAX LIABILITIES (Cont'd)

Deferred tax liabilities

The following are the major deferred tax liabilities recognised and movements thereon during the current period:

	Revaluation of investment properties *HK$'000*	Convertible bonds *HK$'000*	Total *HK$'000*
At 1 April 2012 (audited)	(953)	(45,935)	(46,888)
(Charge) credit to profit or loss for the period	**(27)**	**8,706**	**8,679**
At 30 September 2012 (unaudited)	**(980)**	**(37,229)**	**(38,209)**
At 1 April 2011 (audited)	(635)	–	(635)
Charge to profit or loss for the period	(165)	–	(165)
Charge to equity for the period	–	(60,322)	(60,322)
At 30 September 2011 (unaudited)	(800)	(60,322)	(61,122)

7. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**15,365**	6,635
Release of prepaid lease payments	**346**	340
Government subsidy	**–**	(1,753)
Dividend income from listed securities	**(41)**	(4,585)

8. DIVIDENDS

No dividend was paid, declared or proposed during both interim periods. The directors do not recommend the payment of an interim dividend.

9. LOSS PER SHARE

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

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to owners of the Company)	**2,392,171**	345,763

	Six months ended 30 September	
	2012	2011
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**315,369,775**	204,211,253

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

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the six months ended 30 September 2011 have been adjusted to reflect the impact of share consolidation effected on 26 April 2012 as disclosed in note 16.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the current interim period, the Group acquired plant and machinery of HK$13,615,000 and incurred construction cost of HK$23,676,000 for Taiwan operation.

In addition, during the current interim period, the Group transferred certain leasehold land and buildings of HK$35,750,000 from property, plant and equipment to investment properties. The fair value of the Group's investment properties have been arrived at on the basis of a valuation carried out by Chung, Chan & Associates, Chartered Surveyors, independent qualified professional valuer not connected with the Group. Chung, Chan & Associates, Chartered Surveyors are members of the Institute of Valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

11. AVAILABLE-FOR-SALE INVESTMENTS

During the current interim period, the Group disposed of its unlisted shares in Hong Kong at a consideration of HK$58,000,000 and recognised a gain on disposal of HK$2,000,000 (six months ended 30 September 2011: nil) included in other gains and losses.

In addition, during the current interim period, an impairment loss of HK$3,877,000 (six months ended 30 September 2011: nil) has been recognised in respect of unlisted equity fund in Hong Kong since the presence of a significant or prolonged decline in its fair value.

12. TRADE RECEIVABLES

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

	30 September 2012	31 March 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 60 days	**28,937**	23,937
61 to 150 days	**12,951**	1,813
	41,888	25,750

13. LOANS AND INTEREST RECEIVABLES

At 31 March 2012, the fixed-rate loans receivable borne interest ranging from 5% to 24% per annum. The amount was fully settled during the current interim period.

14. TRADE PAYABLES

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

	30 September 2012	31 March 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 60 days	**14,125**	12,298
61 to 150 days	**2,093**	138
Over 150 days	**–**	368
	16,218	12,804

15. BORROWINGS

During the current interim period, the Group obtained a new loan from a financial institution amounting to HK$40,000,000 (six months ended 30 September 2011: nil). The loan is unsecured, carrying fixed interest rate at 1% per month and repayable on or before 4 January 2013.

16. SHARE CAPITAL

	Notes	Number of shares	Share capital HK$'000
Authorised:			
At 1 April 2012, ordinary shares of HK$0.1 each		20,000,000,000	2,000,000
Increased on 26 April 2012	*(a)*	**180,000,000,000**	**–**
At 30 September 2012, ordinary shares of HK$0.01 each		**200,000,000,000**	**2,000,000**
Issued and fully paid:			
At 1 April 2012		4,566,778,952	456,678
Capital reorganisation	*(b)*	**(4,281,355,268)**	**(453,824)**
Issue of new shares under placement	*(c)*	**57,084,736**	**571**
At 30 September 2012		**342,508,420**	**3,425**

Notes:

(a) Pursuant to a special general meeting passed on 25 April 2012, the number of authorised share capital of the Company was increased from 20,000,000,000 shares to 200,000,000,000 shares. The increased authorised shares rank pari passu with the existing ordinary shares of the Company.

(b) The capital reorganisation effective on 26 April 2012 involved (i) every sixteen issued shares of par value of HK$0.10 each be consolidated into one consolidated share of par value of HK$1.60 each; (ii) the nominal value of each issued consolidated shares be reduced from par value of HK$1.60 each to par value of HK$0.01 each by cancellation of the paid-up capital of the Company to the extent of HK$1.59 on each issued consolidated share; (iii) each of the authorised but unissued consolidated shares of HK$1.60 each shall be subdivided into 160 adjusted shares of par value of HK$0.01 each.

(c) On 27 June 2012, the Company issued 57,084,736 ordinary shares at HK$0.24 each for approximately HK$13,700,000. Details of the placement is set out in the Company's announcement dated 19 June 2012.

17. CAPITAL COMMITMENTS

	30 September 2012 ***HK$'000*** **(unaudited)**	31 March 2012 *HK$'000* (audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the unaudited interim condensed consolidated financial statements	**73,338**	–

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results and Business Review

As set out in the Company's announcement issued on 16 October 2012, the Group recorded a loss for the six months ended 30 September 2012 (the "Period"). The loss attributable to shareholders for the Period recorded as approximately HK$2,392.2 million, which increased by approximately HK$2,046.4 million, as compared to a loss of approximately HK$345.8 million at the same period last year. The loss was mainly attributable to:

(i) As at 30 September 2012, an impairment of approximately HK$1,921.0 million was made by the Company against the aggregated carrying value of the investment in Sun Mass. The basis of determination of the impairment is primarily based on the valuation report dated 28 November 2012 (the "Report") in respect of the Group's polycrystalline silicon business in Taiwan. The Report indicated that the value in use of business enterprise of the Group's polycrystalline silicon business (on the existing plant scenario) is reasonably stated as approximately HK$780.0 million (USD100.0 million).

(ii) an increase in finance costs by approximately HK$177.7 million, from approximately HK$37.0 million to approximately HK$214.7 million in which approximately HK$2.1 million arising from interest expenses paid for bank and other borrowings, approximately HK$94.0 million arising from the amortisation of interest expenses for convertible bonds and approximately HK$118.6 million arising from the amortisation of interest expenses for consideration bonds during the Period;

(iii) a change of fair value on derivative financial instrument of the Company's consideration bonds which resulting of approximately HK$101.1 million loss as at 30 September 2012 (As at 30 September 2011: Nil);

(iv) an aggregated loss on early redemptions of the Company's consideration bonds during the Period of approximately HK$86.4 million (2011:Nil);

(v) a decrease in investment income (investments in shares and provision of finance) by approximately HK$16.6 million, from approximately HK$17.2 million to approximately HK$0.6 million during the Period;

(vi) the fair value losses of approximately HK$22.2 million in financial assets at fair value through profit or loss, which was decreased by approximately HK$273.5 million from approximately HK$295.7 million during the Period.

The basic and diluted loss per share was HK$7.59 for the Period. The basic and diluted loss per share was adjusted to reflect the impact of the share consolidation effected on 26 April 2012.

Solar grade polycrystalline silicon

No turnover was generated from solar grade polycrystalline silicon segment with no commercial production was commenced during the Period and the same period last year. With the completions of acquisition of 50.1% and 49.9% interest in Sun Mass Energy Limited and its subsidiaries ("Sun Mass Group"), which is engaged in solar grade polycrystalline silicon's business, in July 2011 and in Jan 2012 respectively, the segment loss increased by 196.9 times, from approximately HK$9.9 million in the same period last year to approximately HK$1,949.4 million for the Period, in which approximately HK$1,920.0 million was arising from the impairment loss on the Group's polycrystalline silicon's business, which amount of approximately HK$1,732.0 million allocated to intangible asset and approximately HK$189.0 million allocated to the property, plant and equipment.

As disclosed in the announcement dated 18 June 2012, certain milestone towards achieving commercial production was achieved. Sun Materials Technology Co., Ltd. ("Sun Materials"), a wholly owned subsidiary of the Company, conducted two sampling runs during the week of 23 April 2012. Subsequent to these initial sampling runs, Sun Materials conducted an additional sampling run on 15 June 2012, ascertaining the results achieved during the week of 23 April 2012. In order to properly treat and recycle the byproducts, Sun Materials has to implement the designed recycling facility before the commencing formal large-scale production of polycrystalline silicon. It is expected that the enhancement work will be completed by early 2013, and commercial production will commence in the first half of 2013.

During the Period, as a result of severe and challenging market conditions in the solar industry in the year of 2012 which impacted the selling prices of the polysilicon in the industry, the Group carried out a review of the recoverable amount of related cash generating unit, with the assistance from an independent valuation firm. The recoverable amount of the cash generating unit has been determined on the basis of value in use. The calculation was based on the future pre-tax cash flows expected to arise from the cash generating units for the next five years using a pre-tax discount rate of 22% that reflects current market assessments of the time value of money and the risks specific to the cash generating unit. The cash flows beyond the next five years are extrapolated using a nominal growth rate of 3%. Accordingly, an impairment loss of HK$1,921.0 million is recognised in the profit and loss. No impairment assessment was performed for the year ended 31 March 2012.

Investments

During the Period, the dividend income on investments in shares decreased by 99.1% from approximately HK$4.6 million to approximately HK$0.04 million as compared with the same period last year. The net loss from investment in shares was approximately HK$22.2 million, 92.5% lower than approximately HK$295.7 million as compared with the same period last year. The proceeds from disposal of investments were utilised for the working capital of the Group.

Loan financing

During the Period, interest income from provision of finance significantly decreased by 21 times from approximately HK$12.6 million to approximately HK$0.6 million as compared with the same period last year, mainly due to decrease in number of customers. All loans and interest receivables were duly settled as at 30 September 2012 and no provision for loan receivable was made during the Period. The amounts received from loan receivables were utilised for the working capital of the Group.

Property investment

During the Period, with the utilisation of empty space and generating additional funding as working capital for the segment of property investment, the Group rent out a unit of 2501, China United Centre, 28 Marble Road, North Point, Hong Kong to an independent third party. With the utilisation of other investment properties remain unchanged, rental income from investment properties increased from approximately HK$0.7 million to approximately HK$1.5 million, representing an increase of 2.1 times as compared with the same period last year.

Manufacture and sale of accessories

The segment's turnover slightly increased by approximately HK$3.4 million, from approximately HK$89.2 million to approximately HK$92.6 million, as compared with the same period last year. With the provision of the sales value added tax and the continuous increase in wages and salaries, gross profit margin slightly decreased from 28.7% to 27.1%. The segment's result decreased by approximately HK$2.3 million, from approximately HK$7.0 million to approximately HK$4.7 million, as compared with the same period last year.

PROSPECTS

As the year 2012 is drawing to a close, the economic outlook for the year ahead remains to be uncertain. Sovereign debt problems in Europe, the fiscal cliff conundrum in the United States are amongst the main factors posing continual risks and uncertainties to the recovery and stability of major economies and financial markets around the world, despite the loose monetary measures taken by major central banks globally. At an industry specific level, the photovoltaic industry and particularly the polycrystalline silicon market continue to be under pressure from a combination of an oversupply issue from aggressive industry capacity expansion over the past few years and weakening feed-in-tariff support in Europe. The macro short term view is that the industry will continue its current shakeout of weaker players in the near term but with many polysilicon manufacturers without long-term contract support selling at a spot price below their cash costs, we should be nearing an inflection point and should see a capacity reduction in the coming months as weaker players continue the quicken the pace of shut down or exit the industry.

The Group's future prospects would depend primarily on the commencement of commercial production of polycrystalline silicon by Sun Materials and the future success of this business operation in the light of prevailing market conditions in the solar energy and polysilicon industries. As earlier mentioned a recycling facility with additional enhanced production equipment is currently being constructed to enable cost effective and environmentally safe products can be produced upon the launch of commercial production. The progress of the construction of this facility is currently underway and is progressing in line with plan generally. The coming few months will be critical as far as completion of the construction of the recycling facility is concerned and the Group is continuously monitoring the ongoing progress closely such that commercial production can be successfully launched within our anticipated timing in the first half of 2013.

On the other hand, the Group's available financial resources have been stretched to a less than satisfactory level. The Company has been exploring various initiatives to seek new funding as demonstrated by the recent placement of new shares. Efforts to explore new financing including a planned rights issue as well as debt restructuring are ongoing with a view to restore the Group's financial position in due course.

LIQUIDITY AND CAPITAL RESOURCES

During the Period, the Group primarily financed its operations with internally generated cash flows, other borrowing and by its internal resources and shareholder's equity. As at 30 September 2012, net current liabilities of the Group amounted to approximately HK$42.9 million (As at 31 March 2012: net current assets of approximately HK$349.1 million) with bank balances and cash of approximately HK$31.0 million (As at 31 March 2012: approximately HK$208.2 million).

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

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

The Group had secured bank borrowings of approximately HK$67.0 million (As at 31 March 2012: approximately HK$69.5 million), of which HK$24.5 million is a five-year term loan and is denominated in Hong Kong Dollars and approximately HK$42.5 million is a ten-year term loan and is denominated in new Taiwan Dollars (NT$160 million). The bank borrowings carry variable interest at prime rate in Hong Kong or local bank's deposit rate in Taiwan plus a spread ranging from 1.8% to 5% per annum. In addition, the Group had utilised secured margin facilities of approximately HK$0.5 million as at 30 September 2012 (As at 31 March 2012: approximately HK$0.5 million). Furthermore, the Company entered a loan facility agreement with an independent financial institution in July 2012 with a loan facility of HK$100 million obtained. The loan facility is unsecured, at monthly interest rate of 1% per month and repayable within six months from the date of the loan agreement. As at 30 September 2012, the Company utilised HK$40 million for the working capital of the Group.

The Company issued convertible bonds with aggregate principal amount of HK$1,450.0 million in connection with the acquisition of 50.1% interest in Sun Mass Group 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$8 per share (adjusted upon capital reorganisation effected on 26 April 2012). With principal amount of HK$31.0 million was converted into ordinary shares of the Company in August 2011, the aggregate principal amount of HK$1,419.0 million was outstanding as at 30 September 2012 (As at 31 March 2012: HK$1,419.0 million). During the Period, an aggregated interest paid was approximately HK$35.3 million (2011: approximately HK$35.9 million).

The Company issued consideration bonds with aggregate principal amount of HK$1,750.0 million as part of the consideration for the acquisition of the remaining 49.9% interest in Sun Mass Group in January 2012. The consideration bonds due in January 2014 with 2.5% per annum coupon interest rate payable quarterly. With aggregated principal amount of HK$320.0 million was redeemed during the Period, the aggregate principal amount of HK$1,330.0 million was outstanding as at 30 September 2012 (As at 31 March 2012: HK$1,650.0 million). During the Period, an aggregated interest paid was approximately HK$19.5 million. (2011: approximately HK$0.4 million)

The total deficit of the Group as at 30 September 2012 was approximately HK$1,101.3 million (As at 31 March 2012: total equity was approximately HK$1,231.2 million). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing bank and other borrowings plus convertible bonds and consideration bonds) over shareholders' funds was (211.2%) (As at 31 March 2012: 193.7%).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012 (2011: Nil).

CHARGE OF ASSETS

As at 30 September 2012, margin facilities of approximately HK$10.1 million (As at 31 March 2012: approximately HK$63.2 million) from one regulated securities broker (As at 31 March 2012: four regulated securities brokers) were granted to the Group under which financial assets at fair value through profit or loss of approximately HK$22.5 million (As at 31 March 2012: approximately HK$154.8 million) were treated as collateral for the facilities granted. Aggregate of approximately HK$0.5 million (As at 31 March 2012: approximately HK$0.5 million) facilities were utilised and the carrying amount of the financial assets at fair value through profit or loss charged under the utilised facilities to a securities broker is approximately HK$22.5 million (As at 31 March 2012: approximately HK$21.8 million).

As at 30 September 2012, buildings in Taiwan with carrying amount of approximately HK$24.1 million (NT$90.5 million) (As at 31 March 2012: approximately HK$81.4 million (NT$310.0 million)) and buildings in Hong Kong with carrying amount of approximately HK$81.4 million (As at 31 March 2012: approximately HK$77.7 million) were pledged to secure bank borrowings of approximately HK$42.5 million (NT$160 million) and HK$24.5 million respectively (As at 31 March 2012: approximately HK$42.0 million (NT$160 million) and HK$27.5 million).

Furthermore, the Group had a restricted bank deposit, approximately HK$5.6 million (NT$21.0 million) as at 30 September 2012 (As at 31 March 2012: approximately HK$5.5 million (NT$20.9 million)), placed to secure the lease agreement in relation to the land located in Taiwan.

CURRENCY RISK MANAGEMENT

The majority of the Group's assets are held in Hong Kong Dollars with no material foreign exchange exposure. The Group's manufacturing business has its overseas market, which alone accounts for around HK$60.1 million of the Group's sales turnover. Furthermore, the Group also engaged in solar grade polycrystalline silicon business in Taiwan, United Stated Dollar ("US$") will be expected to be the functional currency, no income is yet to be recorded during the Period. In safeguarding the volatile Euro Dollars currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting US$ quoted sale orders, which in turn the management can maintain a stable currency exchange condition for normal trading business development. During the Period, the directors are of the view that the Group's exposure to exchange rate risk is not material, and will continue to monitor it.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement dated 5 October 2012, the Company offered to grant an aggregate of 28,540,000 share options to subscribe for the new ordinary shares of HK$0.01 each in the share capital of the Company under the share option scheme of the Company to certain eligible participants, at an exercise price of HK$0.204 each. 28,540,000 share options were fully exercised on 9 October 2012.

As disclosed in the announcement dated 8 November 2012, the Company entered into the placing agreement pursuant to which the placing agent has conditionally agreed to place a total of 68,501,684 new ordinary shares of HK$0.01 each on a fully underwritten basis, to not less than six placees, at a price of HK$0.17 per share, under the Company's general mandate. The gross proceeds from the placing was approximately HK$11.6 million and the net proceeds from the placing was approximately HK$11.1 million which was used for general working capital of the Group.

On 21 November 2012, the Group was granted a two-year revolving loan facility of HK$500.0 million (the "Facility") from an independent third party. The Facility is secured by the shares of Sun Mass with a valuation of Sun Mass and its subsidiaries of not less than HK$750.0 million (USD96.2 million) and bearing an interest of the prime rate as quoted by Chong Hing Bank Limited from time to time plus 5% per annum. Interest is payable on a monthly basis. An aggregated amount of HK$415.0 million was utilised for repayment of various debts.

As disclosed in the announcement dated 22 November 2012, a wholly-owned subsidiary of the Company and an independent third party entered into a conditional sales and purchase agreement in respect of the sale of shares of Smart Style Investments Limited which is a wholly-owned subsidiary of the Company. The consideration is HK$88.0 million. The transaction is subject to shareholder's approval and the circular is expected to be dispatched in December 2012.

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

Save for the placing of new ordinary shares of HK$0.01 each on 27 June 2012, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 September 2012.

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 of the Company, namely Mr. Frank H. Miu (as the chairman of the Audit Committee), Dr. Agustin V. Que and Mr. Robert James Iaia II. The revised terms of reference of the Audit Committee are consistent with the terms set out in the relevant section of the Corporate

Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 of the Listing Rules.

The interim financial information of the Company for the six months ended 30 September 2012 has not been audited, but has been reviewed by the Audit Committee. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, legal and compliance and discussed internal controls, risk management and financial reporting matters including the review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2012.

CORPORATE GOVERNANCE

The Board considers that good corporate governance practices of the Company are crucial to the smooth and effective operation of the Group and safeguarding the interests of the shareholders and other stakeholders. The Company has compiled with the code provisions which set out in the Code during the six months ended 30 September 2012 except for the following deviations from a code provision with considered reasons are given below:

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

All of the non-executive directors of the Company are not appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meetings of the Company. Pursuant to the clause 87(1) of the Company's Bye-laws, each director shall be subject to retirement by rotation at least once every three years at the annual general meeting. This means that the terms of appointment of the directors, including INEDs, cannot exceed three years. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiries of all directors, all directors confirm that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2012.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE WEBSITE

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

APPRECIATION

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

By Order of the Board
Mascotte Holdings Limited
Mr. Lo Yuen Wa Peter
Managing Director

Hong Kong, 29 November 2012

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

Executive Directors
Mr. Peter Temple Whitelam *(Chairman)*
Mr. Lo Yuen Wa Peter *(Managing Director)*
Mr. Eddie Woo
Mr. Suen Yick Lun Philip
Mr. Lau King Hang
Dr. Wu Yi-Shuen

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