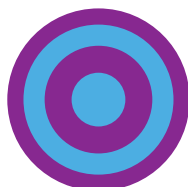


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **MASCOTTE HOLDINGS LIMITED**

**馬斯葛集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

### **INTERIM RESULTS**

#### **FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

#### **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 (collectively the “Group”) for the six months ended 30 September 2014 together with the comparative figures as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 September 2014*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2014</b>	2013
	<i>NOTES</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
			(Restated)
<b>Continuing operations</b>			
Turnover			
Sales of goods	4	<b>53,025</b>	62,879
Cost of sales		<b>(34,640)</b>	(43,123)
		<b>18,385</b>	19,756
Investment income		<b>3</b>	–
Rental income		<b>561</b>	561
Change in fair value of financial assets at fair value through profit or loss		<b>9,900</b>	875
		<b>28,849</b>	21,192

\* *For identification purpose only*

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

*For the six months ended 30 September 2014*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2014</b>	2013
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
			(Restated)
Other income		<b>441</b>	110
Other gains and losses	5	<b>169</b>	30,746
Selling and distribution costs		<b>(2,940)</b>	(3,217)
Administrative expenses		<b>(29,842)</b>	(41,378)
Finance costs	6	<b>(10,164)</b>	(103,983)
Loss before tax		<b>(13,487)</b>	(96,530)
Income tax credit (expense)	7	<b>1,761</b>	(373)
Loss for the period from continuing operations	8	<b>(11,726)</b>	(96,903)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	9	<b>(59,798)</b>	(27,023)
Loss for the period		<b>(71,524)</b>	(123,926)
Other comprehensive income (expense) for the period			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		–	(276)
Reclassification adjustment – transfer translation reserve to profit or loss upon disposal of subsidiaries		<b>89,460</b>	–
Other comprehensive income (expense) for the period		<b>89,460</b>	(276)
Total comprehensive income (expense) for the period		<b>17,936</b>	(124,202)

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

*For the six months ended 30 September 2014*

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>NOTES</i>	<b>2014</b>	2013
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
			(Restated)
Loss for the period attributable to owners of the Company:			
– from continuing operations		<b>(11,786)</b>	(97,403)
– from discontinued operation		<b>(59,798)</b>	(26,736)
		<u><b>(71,584)</b></u>	<u>(124,139)</u>
Profit (loss) for the period attributable to non-controlling interests:			
– from continuing operations		<b>60</b>	500
– from discontinued operation		<b>–</b>	(287)
		<u><b>60</b></u>	<u>213</u>
		<u><b>(71,524)</b></u>	<u>(123,926)</u>
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		<b>17,876</b>	(124,415)
Non-controlling interests		<b>60</b>	213
		<u><b>17,936</b></u>	<u>(124,202)</u>
Loss per share	<i>11</i>		(Restated)
<b>From continuing and discontinued operations</b>			
Basic and diluted loss per share ( <i>HK cents</i> )		<u><b>0.35</b></u>	<u>1.15</u>
<b>From continuing operations</b>			
Basic and diluted loss per share ( <i>HK cents</i> )		<u><b>0.06</b></u>	<u>0.91</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

		30 September 2014	31 March 2014
	<i>NOTES</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		5,751	5,790
Investment properties	12	21,546	21,924
Prepaid lease payments		866	1,059
Restricted bank deposits		–	5,379
Rental deposits		–	429
		<b>28,163</b>	34,581
<b>Current assets</b>			
Financial assets at fair value through profit or loss		–	15,103
Inventories		2,730	4,413
Trade receivables	13	24,493	14,620
Loan and interest receivables		–	10,215
Prepaid lease payments		336	344
Other receivables, deposits and prepayments		5,300	8,265
Bank balances and cash		76,591	59,102
		<b>109,450</b>	112,062
<b>Current liabilities</b>			
Trade payables	14	6,763	5,647
Other payables and accrued charges	14	28,815	52,520
Borrowings		–	4,075
Tax payable		18,934	18,333
Obligations under finance lease – due within one year		219	214
Convertible bonds	15	–	66,079
		<b>54,731</b>	146,868
<b>Net current assets (liabilities)</b>		<b>54,719</b>	(34,806)
<b>Total assets less current liabilities</b>		<b>82,882</b>	(225)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

At 30 September 2014

		30 September 2014	31 March 2014
	<i>NOTES</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
<b>Non-current liabilities</b>			
Convertible bonds	15	52,259	–
Deferred tax liabilities	7	6,256	7,159
Borrowings		60,000	92,262
Obligations under finance lease			
– due after one year		171	281
		118,686	99,702
<b>Net liabilities</b>		<b>(35,804)</b>	<b>(99,927)</b>
<b>Capital and reserves</b>			
Share capital	16	250,821	153,461
Reserves		(292,383)	(259,086)
Equity attributable to owners of the Company		(41,562)	(105,625)
Non-controlling interests		5,758	5,698
<b>Total deficit</b>		<b>(35,804)</b>	<b>(99,927)</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2014*

### 1. BASIS OF PREPARATION

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

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments, which are measured at fair values, as appropriate. The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

Except as described below, the accounting policies and methods of computation used in the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

## **2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)**

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

## **3. PRIOR PERIOD 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.

### 3. PRIOR PERIOD ADJUSTMENTS (Cont'd)

On 25 June 2014, the Company received an investigation report (“Investigation Report”) regarding the subject issue from the special committee comprising all the then 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 period 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 period adjustments have also been made regarding costs incurred to property, plant and equipment during the period ended 30 September 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 were incurred.

The effects of prior period adjustments on the results for the period ended 30 September 2013 are as follows:

	<b>Period ended 30 September 2013</b> <i>HK\$'000</i>
Loss recognised in respect of manufacture of solar grade polycrystalline silicon business ( <i>Note a</i> )	833,724
Administrative expenses ( <i>Note b</i> )	<u>6,082</u>
Loss for the period	<u><u>839,806</u></u>
Loss for the period attributable to:	
Owners of the Company ( <i>Note c</i> )	795,817
Non-controlling interest ( <i>Note c</i> )	<u>43,989</u>
	<u><u>839,806</u></u>



### 3. PRIOR PERIOD ADJUSTMENTS (Cont'd)

*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 administrative expenses.
- (c) Amount represents the decrease in loss for the period attributable to owners of the Company and the non-controlling interest.

The cumulative effects of prior year adjustments on the consolidated statement of financial position as at 31 March 2013 were set out in the annual report dated 27 June 2014 issued by the Company.

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

	<b>Period ended 30 September 2013 <i>HK cents</i></b>
Figure before adjustments	8.55
Prior period adjustments	<u>(7.40)</u>
Figure after adjustments	<u><u>1.15</u></u>

#### **4. 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) Investments: Investment and trading of securities
- (ii) Loan financing: Provision of loan financing services
- (iii) Property investment: Holding investment properties for rental and capital appreciation
- (iv) Manufacture and sale of accessories: Manufacture and sale of accessories for photographic products

As the manufacturing of solar grade polycrystalline silicon operation was discontinued through disposal of subsidiaries in the current interim period, the segment information reported below does not include financial information in respect of the discontinued operation, which are disclosed in more detail in note 9 to the condensed consolidated financial statements. Accordingly, the comparatives of segment information have been restated.

#### 4. TURNOVER AND SEGMENT INFORMATION (Cont'd)

##### Segment revenue and results

*For the six months ended 30 September 2014 (unaudited)*

##### *Continuing operations*

	Investments <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Manufacture and sale of accessories <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Segment revenue</b>					
Sales of goods	-	-	-	53,025	53,025
Rental income	-	-	561	-	561
Investment Income					
Interest income on loan receivable	-	3	-	-	3
Change in fair value of financial assets at fair value through profit or loss ("FVTPL") ( <i>Note</i> )	9,900	-	-	-	9,900
	<u>9,900</u>	<u>3</u>	<u>561</u>	<u>53,025</u>	<u>63,489</u>
Segment profit (loss) from continuing operations	<u>8,995</u>	<u>3</u>	<u>(321)</u>	<u>1,457</u>	10,134
Unallocated other income					113
Unallocated corporate expenses					(13,722)
Unallocated finance costs					(10,154)
Gain on alteration of terms of Convertible Bonds (II)					<u>142</u>
Loss before tax from continuing operations					<u>(13,487)</u>

#### 4. TURNOVER AND SEGMENT INFORMATION (Cont'd)

##### Segment revenue and results (Cont'd)

For the six months period ended 30 September 2013 (unaudited), as restated

##### Continuing operations

	Investments HK\$'000	Loan financing HK\$'000	Property investment HK\$'000	Manufacture and sale of accessories HK\$'000	Consolidated HK\$'000
<b>Segment revenue</b>					
Sales of goods	–	–	–	62,879	62,879
Rental income	–	–	561	–	561
Change in fair value of financial assets at FVTPL (Note)	875	–	–	–	875
	<u>875</u>	<u>–</u>	<u>561</u>	<u>62,879</u>	<u>64,315</u>
Segment (loss) profit from continuing operations	<u>(367)</u>	<u>–</u>	<u>4,350</u>	<u>29</u>	<u>4,012</u>
Unallocated other income					14
Unallocated corporate expenses					(22,318)
Unallocated finance costs					(103,270)
Change in fair value of derivative financial instrument					<u>25,032</u>
Loss before tax from continuing operations					<u>(96,530)</u>

*Note:* For the six months ended 30 September 2014, the change in fair value of approximately \$9,900,000 represents realised gain on unlisted convertible bonds designated at FVTPL, which was categorised as level 3 under the fair value hierarchy as at 31 March 2014 amounted to approximately HK\$15,100,000 and fully disposed during the current interim period at a consideration of approximately HK\$25,000,000. The change in fair value represented unrealised gain on held for trading investments for the six months ended 30 September 2013.

Segment (loss) profit represents the (loss) profit of each segment without allocation of certain other income, unallocated corporate expenses, change in fair value of derivative financial instrument, gain on alteration of terms of Convertible Bonds (II) and certain finance costs. This is the measure reported to chief operating decision makers for the purpose of resource allocation and performance assessment.

#### 4. 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 2014 (unaudited)*

##### *Continuing operations*

	Investments <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Manufacture and sale of accessories <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	<u>–</u>	<u>–</u>	<u>21,546</u>	<u>36,920</u>	58,466
Unallocated property, plant and equipment					138
Unallocated other receivables, deposits and prepayments					2,418
Bank balances and cash					<u>76,591</u>
Consolidated total assets					<u><u>137,613</u></u>

*As at 31 March 2014 (audited), as restated*

	Investments <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Manufacture and sale of accessories <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	<u>15,151</u>	<u>10,215</u>	<u>21,924</u>	<u>28,637</u>	75,927
Assets relating to discontinued operation					7,233
Unallocated property, plant and equipment					163
Unallocated other receivables, deposits and prepayments					4,218
Bank balances and cash					<u>59,102</u>
Consolidated total assets					<u><u>146,643</u></u>

#### 4. 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.

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

	Six months ended	
	30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Europe	22,279	26,581
United States of America	9,625	8,714
Hong Kong	4,381	2,194
PRC	8,102	14,750
Others	8,638	10,640
	<u>53,025</u>	<u>62,879</u>

## 5. OTHER GAINS AND LOSSES

	Six months ended	
	30 September	
<b>Continuing operations</b>	<b>2014</b>	2013
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	(unaudited)
		(Restated)
Fair value gain on derivative financial instrument	–	25,032
Gain on alteration of terms of Convertible Bonds (II) <i>(Note 15)</i>	<b>142</b>	–
Fair value (loss) gain on investment properties <i>(Note 12)</i>	<b>(378)</b>	4,213
Net foreign exchange (loss) gain	<b>(47)</b>	1,501
Net reversal on allowance for doubtful debts	<b>42</b>	–
Gain on disposal of prepaid lease payments	<b>410</b>	–
	<u><b>169</b></u>	<u>30,746</u>

## 6. FINANCE COSTS

	Six months ended	
	30 September	
<b>Continuing operations</b>	<b>2014</b>	2013
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	(unaudited)
		(Restated)
Interests on other borrowings wholly repayable within five years	<b>2,664</b>	8,194
Interest on finance lease wholly repayable within five years	<b>10</b>	–
Effective interest expenses on:		
– Convertible bonds	<b>7,490</b>	6,152
– Consideration bonds – debt component	<b>–</b>	89,637
	<u><b>10,164</b></u>	<u>103,983</u>

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

### Income tax credit (expense)

	Six months ended	
	30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax	(658)	(220)
Deferred tax credit (charge) for the period	<u>2,419</u>	<u>(153)</u>
	<u><b>1,761</b></u>	<u><b>(373)</b></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profit in Hong Kong for both periods.

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

Pursuant to relevant Taiwan Income Tax Law, the corporate income tax rate of the Taiwan subsidiaries is 17%. No provision for Taiwan Income Tax has been made in the condensed consolidated financial statements as the subsidiaries incorporated in Taiwan which have been disposed during the current interim period had no assessable profit for both periods.



**7. 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 and preceding interim periods:

	<b>Revaluation of investment properties <i>HK\$'000</i></b>	<b>Convertible bonds <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
At 1 April 2014 (audited)	(4,691)	(2,468)	(7,159)
Release on conversion of Convertible Bonds (I) and Convertible Bonds (II)	–	<b>614</b>	<b>614</b>
Release on extinguishment of Convertible Bonds (II)	–	<b>61</b>	<b>61</b>
Recognition of equity component of New Convertible Bonds (I) and New Convertible Bonds (II)	–	<b>(2,191)</b>	<b>(2,191)</b>
Credit to profit or loss for the period	<b>94</b>	<b>2,325</b>	<b>2,419</b>
	<u><b>(4,597)</b></u>	<u><b>(1,659)</b></u>	<u><b>(6,256)</b></u>
At 30 September 2014 (unaudited)	<u><b>(4,597)</b></u>	<u><b>(1,659)</b></u>	<u><b>(6,256)</b></u>
At 1 April 2013 (audited)	(1,153)	(2,092)	(3,245)
Release on conversion of Convertible Bonds (I)	–	661	661
Credit (charge) to profit or loss for the period	34	(187)	(153)
	<u>34</u>	<u>(187)</u>	<u>(153)</u>
At 30 September 2013 (unaudited)	<u><b>(1,119)</b></u>	<u><b>(1,618)</b></u>	<u><b>(2,737)</b></u>

## 8. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited) (Restated)
Loss for the period from continuing operations has been arrived at after charging:		
Depreciation of property, plant and equipment	845	828
Amortisation of prepaid lease payments	170	285
	<u>1015</u>	<u>1113</u>

## 9. DISCONTINUED OPERATION

For the six months ended 30 September 2014, the Group entered into a sale and purchase agreement with an independent individual (“Purchaser”) on 16 June 2014 (the “Agreement”). Pursuant to the Agreement, the Group agreed to sell and the Purchaser agreed to purchase the entire issued share capital of Sun Mass and its subsidiaries (collectively known as “Sun Mass Group”), which carried out all of the Group’s solar grade polycrystalline silicon operation. The disposal was completed on 25 June 2014, on which date the control of Sun Mass Group was passed to the Purchaser.

The loss from the discontinued operation for the current and preceding interim periods is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-classify the solar grade polycrystalline silicon operation as a discontinued operation.

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss from the solar grade polycrystalline silicon operation for the period	(8,586)	(27,023)
Loss on disposal of subsidiaries ( <i>Note 17</i> )	(51,212)	–
Loss for the period from discontinued operation	<u>(59,798)</u>	<u>(27,023)</u>

## 9. DISCONTINUED OPERATION (Cont'd)

The results of the solar grade polycrystalline silicon operation for the current and preceding interim periods were as follows:

	Six months ended	
	30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Other income	320	24
Other gains and losses	188	54
Impairment loss recognised in respect of manufacture of solar grade polycrystalline silicon business	–	(10,832)
Administrative expenses	(8,984)	(15,847)
Finance costs	(110)	(422)
	<hr/>	<hr/>
Loss for the period	(8,586)	(27,023)
Loss on disposal of subsidiaries ( <i>Note 17</i> )	(51,212)	–
	<hr/>	<hr/>
Loss for the period from discontinued operation	<u>(59,798)</u>	<u>(27,023)</u>
Net cash outflows from operating activities	(9,642)	(8,646)
Net cash outflows from investing activities	(556)	(31,074)
Net cash (outflows) inflows from financing activities	(789)	11,827
	<hr/>	<hr/>
	<u>(10,987)</u>	<u>(27,893)</u>

## 10. DIVIDENDS

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

## 11. 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:

<b>Number of shares</b>	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	<b>2013</b>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b><u>20,534,242,922</u></b>	<b><u>10,760,848,587</u></b>

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 from the continuing and discontinued operations.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	<b>2013</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
		<b>(Restated)</b>
<b>From continuing and discontinued operations</b>		
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to owners of the Company)	<b><u>71,584</u></b>	<b><u>124,139</u></b>
<b>From continuing operations</b>		
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to owners of the Company)	<b><u>11,786</u></b>	<b><u>97,403</u></b>

## 11. LOSS PER SHARE (Cont'd)

### From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK0.29 cents per share (2013: HK0.25 cents per share), based on the loss for the period from the discontinued operation of HK\$59,798,000 (2013: HK\$26,736,000) and the denominators detailed above for both basic and diluted loss per share.

## 12. INVESTMENT PROPERTIES

The Group's investment properties as at the end of the current interim period were valued by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions. The resulting decrease in fair value of investment properties of approximately HK\$378,000 has been recognised directly in profit or loss for the six months ended 30 September 2014 (2013: fair value gain of approximately HK\$4,213,000).

## 13. TRADE RECEIVABLES

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

	<b>30 September</b>	31 March
	<b>2014</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
0 – 60 days	<b>17,183</b>	10,811
61 – 150 days	<b>6,914</b>	3,809
Over 150 days	<b>396</b>	–
	<b>24,493</b>	14,620

#### 14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

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

	<b>30 September 2014 <i>HK\$'000</i> (unaudited)</b>	31 March 2014 <i>HK\$'000</i> (audited)
0 – 60 days	<b>6,107</b>	4,513
61 to 150 days	<b>475</b>	698
Over 150 days	<b>181</b>	436
	<b><u>6,763</u></b>	<b><u>5,647</u></b>

As at 31 March 2014, included in other payables and accrued charges is consideration in the sum of HK\$10,000,000 payable to Hao Tian Resources Group Limited in relation to acquisition of Sun Mass.

#### 15. CONVERTIBLE BONDS

##### **Convertible Bonds (I)**

On 16 June 2014, the Company and all bondholders entered into a deed of amendment pursuant to which certain terms of the Convertible Bonds (I) were changed subject to approval by shareholders. The alteration of terms include: interest payment interval has changed from semi annually to quarterly and the maturity date has changed from 14 July 2014 to 31 December 2015.

## **15. CONVERTIBLE BONDS (Cont'd)**

### **Convertible Bonds (I) (Cont'd)**

On 23 July 2014, the alteration of terms of the Convertible Bonds (I) were approved by shareholders at the Company's special general meeting. The Convertible Bonds (I) with revised terms is hereinafter referred to as "New Convertible Bonds (I)". New Convertible Bonds (I) were measured at fair value on 23 July 2014, which approximately equal to HK\$888,090,000 of which the fair value measurement was carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. Upon the alteration of terms on 23 July 2014, the Company transferred the difference of HK\$188,446,000 between the fair value of the New Convertible Bonds (I) and the equity component of Convertible Bonds (I) of HK\$699,644,000 to accumulated losses.

The New Convertible Bonds (I) 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 34.8% per annum. The equity component of New Convertible Bonds (I) contains (a) the Company's option to exchange the obligation to pay the principal together with accrued interest of the outstanding convertible bonds for a fixed number of shares of the Company any time before maturity; and (b) the bondholder's option to convert the instruments into a fixed number of ordinary shares of the Company any time before maturity. The fair value of the New Convertible Bonds (I) 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 using the prevailing market rate of interest for similar instruments as the discount rate. 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.

### **Convertible Bonds (II)**

On 16 June 2014, the Company and all bondholders entered into a deed of amendment pursuant to which certain terms of the Convertible Bonds (II) were changed subject to approval by shareholders. The alteration of terms include: 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.

## **15. CONVERTIBLE BONDS (Cont'd)**

### **Convertible Bonds (II) (Cont'd)**

On 23 July 2014, the alteration of terms of the Convertible Bonds (II) were approved by shareholders at the Company's special general meeting. The Convertible Bonds (II) with revised terms is hereinafter referred to as "New Convertible Bonds (II)". New Convertible Bonds (II) were measured at fair value on 23 July 2014, which approximately equal to HK\$184,333,000 of which the fair value measurement was carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. Upon the alteration of terms on 23 July 2014, the Company extinguished the original liability component and transferred the difference of HK\$37,218,000 between the fair value of the New Convertible Bonds (II), the equity and liability components of Convertible Bonds (II) of HK\$142,235,000 and HK\$5,022,000 respectively, and the gain on alteration of terms of Convertible Bonds (II) of HK\$142,000 to accumulated losses. The gain on alteration of terms of Convertible Bonds (II) is recognised in profit or loss and is included in other gains and losses for the period ended 30 September 2014.

The New Convertible Bonds (II) 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 34.8% per annum. The equity component of New Convertible Bonds (II) contains (a) the Company's option to exchange the obligation to pay the principal together with accrued interest of the outstanding convertible bonds for a fixed number of shares of the Company any time before maturity; and (b) the bondholder's option to convert the instruments into a fixed number of ordinary shares of the Company any time before maturity. The fair value of the New 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 was determined based on present value of all future coupon payments discounted by using the prevailing market rate of interest for similar instruments as the discount rate. 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.



## 15. CONVERTIBLE BONDS (Cont'd)

### Convertible Bonds (II) (Cont'd)

The movement of the liability components of the Convertible Bonds (I) and (II) for the period are set out as below:

<b>Convertible Bonds (I) and (II)</b>	<i>HK\$'000</i>
At 1 April 2014 (audited)	66,079
Interest paid	<b>(48,129)</b>
Effective interest expenses	<b>4,265</b>
Converted into new ordinary shares	<b>(17,193)</b>
Extinguishment of the liability component of Convertible Bonds (II)	<b><u>(5,022)</u></b>
At 30 September 2014 (unaudited)	<b><u><u>–</u></u></b>

<b>New Convertible Bonds (I) and (II)</b>	<i>HK\$'000</i>
Recognition of the liability components upon alteration of terms on 23 July 2014	49,034
Effective interest expenses	<b><u>3,225</u></b>
At 30 September 2014 (unaudited)	<b><u><u>52,259</u></u></b>

At 30 September 2014, the outstanding principal amounts of the New Convertible Bonds (I) and New Convertible Bonds (II) are HK\$700,000,000 and HK\$145,000,000 respectively. At 31 March 2014, the outstanding principal amounts of the Convertible Bonds (I) and Convertible Bonds (II) are HK\$830,000,000 and HK\$815,000,000 respectively.

## 16. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each			
<b>Authorised:</b>			
At 1 April 2014 and 30 September 2014		<u>200,000,000,000</u>	<u>2,000,000</u>
<b>Issued and fully paid:</b>			
At 1 April 2014		15,346,189,507	153,461
Issue of new shares under placement	<i>(a)</i>	<b>847,015,679</b>	<b>8,470</b>
Issue of shares upon conversion of convertible bonds	<i>(b)</i>	<u>8,888,888,888</u>	<u>88,890</u>
At 30 September 2014		<u>25,082,094,074</u>	<u>250,821</u>

*Notes:*

- (a) On 16 September 2014, the Company placed 847,015,679 placing shares at a price of HK\$0.09 per placing share.
- (b) On 8 May, 10 June and 19 June 2014, 333,333,333, 800,000,000 and 7,755,555,555 ordinary shares of the Company of HK\$0.01 each were issued upon conversion of the Convertible Bonds (I) and Convertible Bonds (II) with aggregate principal amount of HK\$30,000,000, HK\$72,000,000 and HK\$698,000,000 respectively into ordinary shares of the Company at a conversion price of HK\$0.09 each.

## 17. DISPOSAL OF SUBSIDIARIES

For the six months ended 30 September 2014, the Group disposed of its entire interest in Sun Mass Group (see note 9 to the condensed consolidated financial statements) for a total consideration of HK\$1. The net loss on disposal of Sun Mass Group was as follows:

*HK\$'000*

### Analysis of assets and liabilities over which control was lost:

Restricted bank deposits	5,379
Rental deposits	25
Other receivables, deposits and prepayments	1,781
Bank balances and cash	561
Other payables and accrued charges	(10,336)
Borrowings	<u>(35,658)</u>
Net liabilities disposed of	<u><u>(38,248)</u></u>

### Loss on disposal of subsidiaries:

Net liabilities disposed of	38,248
Reclassification adjustment – transfer translation reserve to profit or loss upon disposal of subsidiaries	<u>(89,460)</u>
Loss on disposal	<u><u>(51,212)</u></u>

Net loss on disposal of approximately HK\$51,212,000 is included in profit or loss from discontinued operation in the condensed consolidated statement of profit or loss and other comprehensive income (see note 9 to the condensed consolidated financial statements).

*HK\$'000*

### Cash outflows arising on disposal:

Bank balances and cash disposed of	<u><u>561</u></u>
------------------------------------	-------------------

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results and Business Review

The Group recorded a loss for the six months ended 30 September 2014 (the “Period”). The loss attributable to shareholders for the Period amounted to approximately HK\$71.6 million, which was decreased by approximately HK\$52.5 million, as compared to that of approximately HK\$124.1 million (restated) for the corresponding period last year. The loss was mainly attributable to:

- (i) finance costs of approximately HK\$10.2 million recognised during the Period, which was decreased by approximately HK\$93.8 million, from approximately HK\$104.0 million (restated) for the corresponding period last year, of which approximately HK\$2.7 million arising from interest expenses on other borrowings and approximately HK\$7.5 million arising from the amortisation of interest expenses for convertible bonds during the Period; and
- (ii) the loss from discontinued solar grade polycrystalline silicon business of approximately HK\$59.8 million (2013: approximately HK\$27.0 million (restated)).

The basic and diluted loss per share for continuing and discontinued operations was HK0.35 cents for the Period, as compared to that of HK1.15 cents (restated) in last period. The basic and diluted loss per share for continuing and discontinued operations in last period has been adjusted to reflect the impact of the prior period adjustments as stated in note 3 to the condensed consolidated financial statements.

### *Solar grade polycrystalline silicon business*

No turnover was generated from solar grade polycrystalline silicon segment as no commercial production had ever commenced. The entire solar grade polycrystalline silicon business was disposed to an independent third party which was completed on 25 June 2014 (the “Discontinued Operation”). With a loss of approximately HK\$51.2 million resulted from the said disposal, the loss from the Discontinued Operation increased by approximately 2.2 times, from approximately HK\$27.0 million in the corresponding period last year to approximately HK\$59.8 million during the Period. Please refer to the Company’s announcement dated 25 June 2014 for the status of solar grade polycrystalline silicon business.

### ***Investment***

The segment recorded a significant improvement with the segment result turned around from a loss of approximately HK\$0.4 million in the corresponding period last year to a gain of approximately HK\$9.0 million for the Period, which was mainly attributable to a realised gain from fair value change in investment in securities of approximately HK\$9.9 million.

### ***Loan financing***

During the Period, all loan receivables have been received in the early April 2014 and no new loan was granted thereafter. Interest income of approximately HK\$0.003 million was generated for this segment (2013: Nil).

### ***Property investment***

During the Period, rental income of approximately HK\$0.6 million from investment property remained unchanged when compared to the corresponding period last year.

A portion of land, with the area of approximately 1,321 square meter, comprising of an industrial complex of property located in Huizhou, the PRC, was resumed by the government during the Period, resulting in a net gain on disposal of approximately HK\$0.4 million.

With the decrease in fair value of investment properties as at 30 September 2014 as compared to the corresponding period last year, a fair value loss of approximately HK\$0.4 million was recognised during the Period. The decrease in fair value was mainly due to the slightly decrease in the market price of the investment properties.

### ***Manufacture and sale of accessories***

The Period saw a decrease in overseas sale with the segment's turnover decreased from approximately HK\$62.9 million in the corresponding period last year to approximately HK\$53.0 million for the Period, representing a decrease of approximately 15.7%. It was mainly due to a decrease in demand in photographic market.

Owing to higher utilisation of production capacity and implementation of direct cost control, the segment is able to improve the gross profit margin from approximately 31.4% to approximately 34.7% on average for the Period. Moreover, with the decrease in distribution costs and administrative expenses, the segment recorded a profit of approximately HK\$1.5 million, which was increased by approximately HK\$1.47 million, from approximately HK\$0.03 million for the corresponding period last year.

## **PROSPECTS**

The Group is facing a lot of challenges in the year ahead. Apart from the U.S. and PRC, the major economies are encountering slow or stagnant growth because the consumer demand is low. Moreover, there will be polarised changes in the monetary policy of central banks with the U.S. Federal Reserve raising the interest rates in mid 2015 whereas EU and PRC central banks expanding the scale of quantitative easing by increasing money supply, which may affect the global markets to become volatile.

The Group expects that its manufacture and sale of photographic accessories will encounter sluggish market demand and keen competition from its competitors. In this regard, the Group will continuously control its costs, strengthen customer relationship, monitor its level of indebtedness and funding requirements. Moreover, the Group will closely monitor and capture any opportunity to improve the Group's position, both financially and operationally.

## **LIQUIDITY, CAPITAL RESOURCES, BORROWING AND GEARING RATIO**

The Group primarily financed its operations through fund raising exercise, other borrowing and by its internal resources. During the Period, 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) seeking for external funding for working capital and (ii) raising funding in the equity market by placing of shares and enhancing the capital base of the Company.

### **(i) Seeking for external funding for working capital**

During the Period, the Group entered into two credit facility agreements with two independent third parties for unsecured revolving loan facility of HK\$50 million in April 2014 and HK\$150 million in June 2014 respectively. Both of the credit facilities carry interest at variable interest rate at prime rate as quoted by the Hongkong and Shanghai Banking Corporation Limited plus 5% per annum and are repayable within one year from the date of agreement. As at 30 September 2014, the utilised loan facility has been fully repaid.

**(ii) Enhancing the capital base of the Company**

On 11 September 2014, the Company announced the proposed placing under general mandate of 847,015,679 shares of HK\$0.01 each (the “Placing”) through a placing agent to not less than six independent placees at a price of HK\$0.09 per placing share, which represented a discount of approximately 15.89% to the closing price of the shares of the Company of HK\$0.107 on 11 September 2014, being the date of the placing agreement. The Company considered the Placing represents a good opportunity to enlarge the shareholder base and the capital base of the Company and strengthen the financial position of the Group.

The Placing was completed on 16 September 2014 to not less than six independent placees at a price of HK\$0.09 per placing share. The Company received net proceeds of approximately HK\$73.44 million, of which approximately HK\$44.30 million were utilised to repay the outstanding indebtedness and approximately HK\$29.14 were utilised for general working capital of the Group. The net price per placing share was approximately HK\$0.087 and the placees were independent individual, institutional and/or professional investors, who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

As at 30 September 2014, the Group maintained cash and bank balances of approximately HK\$76.6 million (As at 31 March 2014: approximately HK\$59.1 million). The increase in cash and bank balances was mainly due to the proceeds from placing of shares mentioned above.

As at 30 September 2014, the Group’s net deficit amounted to approximately HK\$35.8 million (As at 31 March 2014: approximately HK\$99.9 million) with total assets amounted to approximately HK\$137.6 million (As at 31 March 2014: approximately HK\$146.6 million). Net current assets were approximately HK\$54.7 million (As at 31 March 2014: net current liabilities of approximately HK\$34.8 million) and the current ratio was 2.0 times (As at 31 March 2014: 0.8 times). Gearing ratio calculated on the basis of the Group’s total debts (interest-bearing bank and other borrowings plus convertible bonds and obligations under finance lease) over shareholders’ funds was (271.04%) (As at 31 March 2014: (154.24%)).

As at 30 September 2014, the Group had no secured bank borrowings (As at 31 March 2014: approximately HK\$36.3 million (approximately NT\$142.7 million), which is a ten-year term loan denominated in new Taiwan Dollars and carry variable interest at local bank's deposit rate in Taiwan plus a spread of 1.8% per annum).

The Company issued convertible bonds with aggregate principal amount of HK\$1,450 million in connection with the acquisition of 50.1% interest in polycrystalline silicon business in July 2011 ("Convertible Bonds (I)"). The Convertible Bonds (I) were due in July 2014, with 5% per annum coupon interest rate payable semi-annually, and were convertible into ordinary shares of the Company at a conversion price of HK\$0.09 per share (adjusted for rights issue completed on 20 May 2013). Principal amount of HK\$130 million was converted into 1,444,444,444 new ordinary shares of the Company during the Period. The aggregate outstanding principal amount as at 30 September 2014 was HK\$700 million (As at 31 March 2014: HK\$830 million). During the Period, an aggregate interest expense paid to bondholders was approximately HK\$20.2 million (2013: approximately HK\$29.2 million).

The Company issued consideration bonds with an aggregate principal amount of HK\$1,750 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 were due in January 2014, with 2.5% per annum coupon interest rate payable quarterly. Upon the alteration of certain terms of the consideration bonds as disclosed in the announcement of the Company dated 11 November 2013 and effected on 13 December 2013, the terms and conditions of the consideration bonds were amended and hereinafter referred to as the Convertible Bonds (II). The Convertible Bonds (II) were due in December 2014, with 7.5% per annum coupon interest rate payable quarterly, and were convertible into ordinary shares of the Company at a conversion price of HK\$0.09 per share. Principal amount of HK\$670 million was converted into 7,444,444,444 new ordinary shares of the Company during the Period. The aggregate outstanding principal amount as at 30 September 2014 was HK\$145 million (As at 31 March 2014: HK\$815 million). During the Period, an aggregate interest expense paid to bondholders was approximately HK\$27.9 million (2013: approximately HK\$11.0 million).



As disclosed in the announcements of the Company dated 16 June 2014 and 19 June 2014, the Company and all holders of the Convertible Bonds (I) and (II) entered into two separate deeds of amendment in relation to, among other things, the alteration of certain terms and conditions of the Convertible Bonds (I) and (II) (the “Alteration”). The Alteration included change in the interest payment interval, interest rate and maturity date, details of which are disclosed in note 15 to the condensed consolidated financial statements.

## **CHARGE OF ASSETS**

As at 30 September 2014, no margin facility was granted to the Group as no securities investments were held by the Company (As at 31 March 2014: margin facilities of approximately HK\$0.001 million from one regulated securities broker were granted to the Group under which financial assets at fair value through profit or loss of approximately HK\$0.003 million were treated as collateral for the facilities granted).

As at 30 September 2014, the Group has no secured bank borrowings (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 (approximately NT\$142.7 million)).

Furthermore, the Group has no restricted bank deposit as at 30 September 2014 (As at 31 March 2014: approximately HK\$5.4 million (approximately NT\$21.1 million), which was placed to secure the lease agreement in relation to the land and buildings located in Taiwan).

## **CONTINGENT LIABILITIES**

The Company and the Group had not provided corporate guarantee to its subsidiaries or other parties and did not have other contingent liabilities as at 30 September 2014 (As at 31 March 2014: Nil).

## **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 approximately HK\$40.5 million of the Group's sales turnover. In safeguarding the volatile Euro Dollars currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting 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 Period, the directors of the Company are of the view that the Group's exposure to exchange rate risk is not material, and will continue to monitor it.

## **SHARE CAPITAL**

Details of movements in the share capital of the Company during the Period are set out in note 16 to the condensed consolidated financial statements.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2013: Nil).

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the Period.

## **SHARE-BASED PAYMENTS**

### **2003 Option Scheme**

The Company's share option scheme (the "2003 Option Scheme") was adopted pursuant to a resolution passed by the shareholders of the Company on 21 August 2003. The purpose is to providing incentives to eligible participants. During the Period, no options are exercised under the 2003 Option Scheme. As at 30 September 2014, the outstanding option shares are 78,955 (As at 31 March 2014: 78,955 option shares outstanding). The 2003 Option Scheme was expired on 20 August 2013.

## **2013 Option Scheme**

The Company's share option scheme (the "2013 Option Scheme") was adopted pursuant to a resolution passed by the shareholders of the Company on 31 October 2013. The purpose is to provide incentives to eligible participants. During the Period, no option has been granted to any participants, directors or employees and no share option is outstanding (As at 31 March 2014: Nil).

## **Option Deed**

As disclosed in the announcement dated 29 August 2011, the Company entered into option deeds (the "Option Deed") with each of the grantees pursuant to which the Company conditionally agreed to grant share options, which are convertible into the Company's new ordinary shares of HK\$0.01 each of up to 730,000,000, at a price of HK\$0.4 each share option (subject to adjustments). As disclosed in the announcement dated 21 May 2013, the price was adjusted to HK\$3.134 each share option upon the Company's rights issue becoming effective on 20 May 2013. During the Period, the Company was informed by the remaining option holders to give up their interests in the Option Deed, the Option Deed was accordingly terminated on 16 June 2014, details of which were disclosed in the Company's announcement dated on 16 June 2014.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2014, the Group employed approximately 341 employees, around 85.6% of them were employed in the People's Republic of China for the manufacturing business. The remuneration policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme. Total staff costs for the six months ended 30 September 2014, including directors' emoluments, amounted to approximately HK\$17.5 million.

## **REVIEW OF INTERIM RESULTS**

The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financing reporting matters. The Group's interim results for the six months ended 30 September 2014 have been reviewed by the Audit Committee.

## **CORPORATE GOVERNANCE**

The Board considers that good corporate governance practices of the Company are crucial to the smooth and effective operation of the Group and safeguarding the interests of the shareholders and other stakeholders. The Company has applied to principles compiled with the code provisions which set out in the Code during the six months ended 30 September 2014 except for the following deviations from the Code provision:

- 1) Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has no such title as chief executive officer but the daily operation and management of the Company are monitored by the executive directors. Mr. Chung Yuk Lun, an executive director of the Company, is also the Acting Chairman of the Company.
- 2) Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and be 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 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 independent non-executive directors ("INEDs") of the Company, 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.

- 3) Code Provision A.6.7 stipulates that independent non-executive directors should attend general meetings of the Company. The Company considers that one out of four INEDs being unable to attend the special general meeting of the Company held on 23 July 2014 due to overseas commitment would not constitute a deviation from the Code as there was already a majority of INEDs present at the meeting to ensure a balanced understanding of the views of shareholders.
- 4) Code provision D.1.4 sets out that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for all directors. All of the directors of the Company are, however, required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors” and “Guide for Independent Non-Executive Directors” published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. In the opinion of the directors, this meets the objective of the Code provision D.1.4.

#### **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the Company’s code of conduct regarding securities transactions by directors. Having made specific enquiries of all directors of the Company, they confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 September 2014.

#### **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**  
**Chung Yuk Lun**  
*Acting Chairman*

Hong Kong, 27 November 2014

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

*Executive Directors*

Mr. Chung Yuk Lun (*Acting Chairman*)

Mr. Eddie Woo

Mr. Chow Chi Wah, Vincent

*Independent Non-executive Directors*

Mr. Frank H. Miu

Dr. Agustin V. Que

Mr. Robert James Iaia II

Mr. Hung Cho Sing

Mr. Chung Kong Fei, Stephen