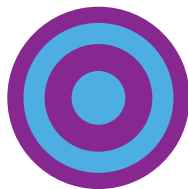


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## **MASCOTTE HOLDINGS LIMITED**

**馬斯葛集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

**(Stock Code of Warrants: 1493)**

### **ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2015**

#### **RESULTS**

The Board of Directors (the “Board”) of Mascotte Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2015 together with comparative figures for the previous year as follows:

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

*For the year ended 31 March 2015*

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>		
Turnover		
Sales of goods	<b>100,099</b>	107,874
Cost of sales	<b>(65,876)</b>	(74,019)
	<b>34,223</b>	33,855

\* *For identification purpose only*

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

*For the year ended 31 March 2015 — continued*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
Investment income		3	350
Rental income		1,122	1,122
Change in fair value of financial assets at fair value through profit or loss		<u>4,410</u>	<u>1,115</u>
		<b>39,758</b>	36,442
Other income		660	382
Other gains and losses		223	(307,750)
Selling and distribution costs		(5,532)	(6,859)
Administrative expenses		(98,607)	(75,277)
Finance costs		<u>(16,492)</u>	<u>(151,934)</u>
<b>Loss before tax</b>		<b>(79,990)</b>	<b>(504,996)</b>
Income tax credit (charge)	4	<u>10,687</u>	<u>(5,605)</u>
Loss for the year from continuing operations	5	<b>(69,303)</b>	<b>(510,601)</b>
<b>Discontinued operation</b>			
Loss for the year from discontinued operation	6	<u>(59,798)</u>	<u>(36,210)</u>
<b>Loss for the year</b>		<u><b>(129,101)</b></u>	<u><b>(546,811)</b></u>
<b>Other comprehensive (expense) income for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		–	3,819
Net loss on fair value changes of available-for-sale investment		(73)	–
Reclassification adjustment – transfer translation reserve to profit or loss upon disposal of subsidiaries	7	<u>89,460</u>	<u>–</u>
		<u><b>89,387</b></u>	<u>3,819</u>
<b>Total comprehensive expense for the year</b>		<u><b>(39,714)</b></u>	<u><b>(542,992)</b></u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2015 — continued*

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
Loss for the year attributable to owners of the Company:			
– from continuing operations		(68,633)	(511,392)
– from discontinued operation		(59,798)	(34,304)
		<u>(128,431)</u>	<u>(545,696)</u>
Profit (loss) for the year attributable to non-controlling interests			
– from continuing operations		(670)	791
– from discontinued operation		–	(1,906)
		<u>(670)</u>	<u>(1,115)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(39,044)	(541,974)
Non-controlling interests		(670)	(1,018)
		<u>(39,714)</u>	<u>(542,992)</u>
			(Re-presented)
Loss per share			
<b>From continuing and discontinued operations</b>			
Basic and diluted loss per share (HK cents)	8	<u>0.54</u>	<u>4.11</u>
<b>From continuing operations</b>			
Basic and diluted loss per share (HK cents)	8	<u>0.29</u>	<u>3.85</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>5,114</b>	5,790
Investment properties		<b>21,546</b>	21,924
Prepaid lease payments		<b>698</b>	1,059
Available-for-sale investment		<b>910</b>	–
Restricted bank deposits		–	5,379
Rental deposits		–	429
		<b>28,268</b>	34,581
<b>Current assets</b>			
Financial assets at fair value through profit or loss		<b>24,510</b>	15,103
Inventories		<b>3,523</b>	4,413
Trade receivables	9	<b>17,003</b>	14,620
Other receivables, deposits and prepayments	9	<b>5,991</b>	8,265
Loan and interest receivables		–	10,215
Prepaid lease payments		<b>336</b>	344
Bank balances and cash		<b>45,843</b>	59,102
		<b>97,206</b>	112,062

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2015 — continued*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade payables	<i>10</i>	<b>8,610</b>	5,647
Other payables and accrued charges	<i>10</i>	<b>51,879</b>	52,520
Borrowings	<i>11</i>	–	4,075
Tax payable		<b>11,076</b>	18,333
Obligations under finance leases			
– due within one year	<i>12</i>	<b>315</b>	214
Convertible bonds		<b>16,150</b>	66,079
		<u><b>88,030</b></u>	<u>146,868</u>
<b>Net current assets (liabilities)</b>		<u><b>9,176</b></u>	<u>(34,806)</u>
<b>Total assets less current liabilities</b>		<u><b>37,444</b></u>	<u>(225)</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>4,698</b>	7,159
Borrowings	<i>11</i>	<b>60,000</b>	92,262
Obligations under finance leases			
– due after one year	<i>12</i>	<b>430</b>	281
		<u><b>65,128</b></u>	<u>99,702</u>
<b>Net liabilities</b>		<u><b>(27,684)</b></u>	<u>(99,927)</u>
<b>Capital and reserves</b>			
Share capital		<b>312,689</b>	153,461
Reserves		<u><b>(345,401)</b></u>	<u>(259,086)</u>
Equity attributable to owners of the Company		<b>(32,712)</b>	(105,625)
Non-controlling interests		<u><b>5,028</b></u>	<u>5,698</u>
<b>Total deficit</b>		<u><b>(27,684)</b></u>	<u>(99,927)</u>

*Notes:*

## **1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

In the preparation of the consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group by continuous monitoring forecast and actual cash flows in light of the Group's recorded net liabilities of approximately HK\$27,684,000 as at 31 March 2015 and its incurred loss of approximately HK\$129,101,000 for the year then ended. In the opinion of the directors of the Company, the consolidated financial statements have been prepared on a going concern basis as the Group obtained cash of approximately HK\$44,666,000 from the exercise of bonus warrants by certain warrant holders subsequent to the end of the reporting period. The directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements and financial obligations in the next twelve months from the end of the reporting period.

## **2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

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

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

The application of new interpretation and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## **New and revised HKFRSs issue but not yet effective**

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

HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle <sup>5</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle <sup>3</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>4</sup>
Amendments to HKAS 1	Disclosure initiative <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>4</sup>
Amendments to HKAS 19	Defined benefit plans: Employee contributions <sup>3</sup>
Amendments to HKAS 27	Equity method in separate financial statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2014.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

### **HKFRS 9 “Financial instruments”**

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have impact on the Group’s financial assets. However, in the opinion of the directors, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.



## **HKFRS 15 “Revenue from contracts with customers”**

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, in the opinion of the directors, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

### **3. SEGMENT INFORMATION**

Information reported to the executive directors of the Company, being the chief operating decision makers (“CODM”), 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 sales of accessories: Manufacture and sales of accessories for photographic products

As the manufacture of solar grade polycrystalline silicon operation was discontinued through disposal of subsidiaries in the current year, the segment information reported below does not include financial information in respect of the discontinued operation, which are disclosed in more detail in note 6. Accordingly, the comparatives of segment information have been re-presented.

#### **Segment revenue and results**

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

*For the year ended 31 March 2015*

Continuing operations	Investments <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Manufacture and sales of accessories <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Segment revenue</b>					
Sales of goods	-	-	-	100,099	100,099
Investment income					
Interest income on loan receivable	-	3	-	-	3
Rental income	-	-	1,122	-	1,122
Change in fair value of financial assets at fair value through profit or loss ("FVTPL") ( <i>Note</i> )	<u>4,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,410</u>
	<u>4,410</u>	<u>3</u>	<u>1,122</u>	<u>100,099</u>	<u>105,634</u>
Segment profit (loss)	<u>4,725</u>	<u>3</u>	<u>(917)</u>	<u>(1,081)</u>	2,730
Unallocated corporate expenses					(66,641)
Unallocated other income					243
Unallocated finance costs					(16,464)
Gain on the alteration of terms of Convertible Bonds (II)					<u>142</u>
Loss before tax					<u>(79,990)</u>

*For the year ended 31 March 2014 (Re-presented)*

<b>Continuing operations</b>	Investments <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Manufacture and sales of accessories <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Segment revenue</b>					
Sales of goods	–	–	–	107,874	107,874
Investment income					
Interest income on loan receivable	–	350	–	–	350
Rental income	–	–	1,122	–	1,122
Change in fair value of financial assets at FVTPL ( <i>Note</i> )	1,115	–	–	–	1,115
	<u>1,115</u>	<u>350</u>	<u>1,122</u>	<u>107,874</u>	<u>110,461</u>
Segment profit (loss)	<u>1,070</u>	<u>350</u>	<u>11,224</u>	<u>(4,858)</u>	7,786
Unallocated corporate expenses					(41,636)
Unallocated other income					29
Unallocated finance costs					(151,831)
Change in fair value of derivative financial instrument					25,032
Loss on the alteration of terms of Consideration Bonds					<u>(344,376)</u>
Loss before tax					<u>(504,996)</u>

*Note:* The change in fair value of financial assets at FVTPL included realised gain of approximately HK\$9,900,000 (2014: Nil) and unrealised loss of approximately HK\$5,490,000 (2014: approximately HK\$9,900,000) arising from unlisted convertible bonds designated at FVTPL. During the year ended 31 March 2014, the change in fair value of financial assets at FVTPL included realised gain of approximately HK\$11,015,000 arising from held-for-trading investments which were purchased and disposed of during the year.

Segment revenue includes proceeds from sales of goods, interest income on loan receivable and rental income. In addition, the CODM also consider change in fair value of financial assets at FVTPL (excluding derivative financial instrument) as segment revenue.

Segment profit (loss) represents the profit earned by/loss from each segment without allocation of certain other income, change in fair value of derivative financial instrument, unallocated corporate expenses, gain on alteration of terms of Convertible Bonds (II), loss on alteration of terms of Consideration Bonds and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Segment assets and liabilities

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

*As at 31 March 2015*

Continuing operations	Investments <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Manufacture and sales of accessories <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>					
Segment assets	<u>24,567</u>	<u>-</u>	<u>21,546</u>	<u>28,349</u>	74,462
Unallocated property, plant and equipment					117
Unallocated other receivables, deposits and prepayments					4,142
Available-for-sale investment					910
Bank balances and cash					<u>45,843</u>
Consolidated total assets					<u>125,474</u>
<b>LIABILITIES</b>					
Segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,860</u>	35,860
Unallocated other payables and accrued charges					25,374
Unallocated borrowings					60,000
Tax payable					11,076
Convertible bonds					16,150
Deferred tax liabilities					<u>4,698</u>
Consolidated total liabilities					<u>153,158</u>

As at 31 March 2014 (Re-presented)

<b>Continuing operations</b>	Investments <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Manufacture and sales of accessories <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>					
Segment assets	<u>15,151</u>	<u>10,215</u>	<u>21,924</u>	<u>28,637</u>	75,927
Unallocated property, plant and equipment					163
Unallocated other receivables, deposits and prepayments					3,705
Bank balances and cash					59,102
Assets relating to discontinued operation					<u>7,746</u>
Consolidated total assets					<u>146,643</u>
<b>LIABILITIES</b>					
Segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,441</u>	33,441
Unallocated other payables and accrued charges					15,564
Unallocated borrowings					60,000
Tax payable					18,333
Convertible bonds					66,079
Deferred tax liabilities					7,159
Liabilities relating to discontinued operation					<u>45,994</u>
Consolidated total liabilities					<u>246,570</u>

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

- all assets are allocated to reportable and operating segments, other than certain property, plant and equipment, certain other receivables, deposits and prepayments, available-for-sale investment, assets relating to discontinued operation, and bank balances and cash; and
- all liabilities are allocated to reportable and operating segments, other than certain other payables and accrued charges, tax payable, convertible bonds, certain borrowings, liabilities relating to discontinued operation and deferred tax liabilities.

## Other segment information

For the year ended 31 March 2015

Continuing operations	Investments HK\$'000	Loan financing HK\$'000	Property investment HK\$'000	Manufacture and sales of accessories HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>Amounts included in measure of segment profit or loss or segment assets and liabilities:</b>							
Addition to property, plant and equipment	-	-	-	1,038	1,038	11	1,049
Reversal of allowance for inventory obsolescence	-	-	-	374	374	-	374
Reversal of allowance for doubtful debts on trade receivables, net	-	-	-	40	40	-	40
Depreciation of property, plant and equipment	-	-	-	(1,668)	(1,668)	(43)	(1,711)
Net gain on disposal of property, plant and equipment	-	-	-	185	185	-	185
Net fair value loss on investment properties	-	-	(378)	-	(378)	-	(378)
Amortisation of prepaid lease payments	-	-	-	(338)	(338)	-	(338)
Gain on disposal of prepaid lease payments	-	-	-	410	410	-	410
Finance costs	-	-	-	(28)	(28)	(16,464)	(16,492)
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets and liabilities:</b>							
Gain on the alteration of terms of Convertible Bonds (II)	-	-	-	-	-	142	142

*For the year ended 31 March 2014 (Re-presented)*

<b>Continuing operations</b>	Investments <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Manufacture and sales of accessories <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Amounts included in measure of segment profit or loss or segment assets and liabilities:</b>							
Addition to property, plant and equipment	-	-	-	1,101	1,101	18	1,119
Allowance for inventory obsolescence	-	-	-	(326)	(326)	-	(326)
Allowance for doubtful debts on trade receivables, net	-	-	-	(835)	(835)	-	(835)
Depreciation of property, plant and equipment	-	-	-	(1,585)	(1,585)	(44)	(1,629)
Net loss on disposal of property, plant and equipment	-	-	-	(1)	(1)	-	(1)
Net fair value gain on investment properties	-	-	1,957	-	1,957	-	1,957
Amortisation of prepaid lease payments	-	-	-	(715)	(715)	-	(715)
Gain on disposal of prepaid lease payments	-	-	10,542	-	10,542	-	10,542
Finance costs	(93)	-	-	(10)	(103)	(151,831)	(151,934)
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets and liabilities:</b>							
Loss on the alteration of terms of consideration bonds	-	-	-	-	-	(344,376)	(344,376)
Fair value gain on derivative financial instrument	-	-	-	-	-	25,032	25,032
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,032</u>	<u>25,032</u>

**Geographical information**

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC") (2014: Hong Kong, the PRC and Taiwan).



Information about the Group's revenue from external customers from continuing operations 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 from continuing operations by geographical location are detailed below:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Europe	<b>48,938</b>	45,989
United States of America	<b>14,420</b>	15,013
Hong Kong	<b>6,477</b>	8,154
PRC	<b>15,230</b>	20,466
Japan	<b>11,271</b>	13,031
Others	<b>3,763</b>	5,221
	<b>100,099</b>	107,874

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PRC	<b>25,577</b>	27,313
Hong Kong	<b>1,781</b>	1,460
Taiwan	<b>–</b>	429
	<b>27,358</b>	29,202

*Note:* Non-current assets exclude available-for-sale investment and restricted bank deposits.

## Information about major customers

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer A <sup>1</sup>	– <sup>2</sup>	11,576

<sup>1</sup> Revenue is generated from manufacture and sales of accessories.

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

## 4. INCOME TAX CREDIT (CHARGE)

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Continuing operations</b>		
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	(834)	(2,786)
	(834)	(2,786)
Overprovision in prior years:		
Hong Kong	3,288	–
PRC	4,739	–
	8,027	–
Deferred tax credit (charge) for the year	3,494	(2,819)
	<b>10,687</b>	<b>(5,605)</b>

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

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

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

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

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i> (Re-presented)
Loss before tax from continuing operations	<u>(79,990)</u>	<u>(504,996)</u>
Tax at income tax rate of 16.5% (2014: 16.5%)	<b>13,198</b>	83,324
Tax effect of expenses not deductible for tax purpose	<b>(3,882)</b>	(85,038)
Tax effect of income not taxable for tax purpose	<b>85</b>	4,541
Overprovision in prior years	<b>8,027</b>	–
Tax effect of deductible temporary differences not recognised	–	(3,459)
Tax effect of tax losses not recognised	<b>(6,172)</b>	(4,114)
Tax effect of non-allowable losses of offshore operation	<b>(309)</b>	(374)
Utilisation of tax losses previously not recognised	–	455
Effect of different tax rates for subsidiaries operating in other jurisdictions	<u>(260)</u>	<u>(940)</u>
Income tax credit (charge) for the year from continuing operations	<u><b>10,687</b></u>	<u>(5,605)</u>

## 5. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
Loss for the year from continuing operations has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments		
– fees and other emoluments	5,825	5,173
– equity-settled share-based payments	854	2,210
Other staff costs		
– salaries, allowances and bonus	33,819	30,666
– retirement benefits scheme contributions	1,685	1,716
– equity-settled share-based payments	19,507	(135)
	<b>61,690</b>	39,630
Equity-settled share-based payments granted to consultants	371	961
Amortisation of prepaid lease payments	338	715
Cost of inventories recognised as an expense (including reversal of allowance for inventory obsolescence amounted to approximately HK\$374,000 (2014: allowance for inventory obsolescence amounted to approximately HK\$326,000) for the year ended 31 March 2015)	65,876	74,019
Auditor's remuneration	1,709	2,330
Depreciation of property, plant and equipment (included in administrative expenses) ( <i>Note</i> )	1,711	1,629
Gross rental income from investment properties	(1,122)	(1,122)
Less: direct operating expenses from investment properties that generate rental income during the year	859	1,070
	(263)	(52)
Investment income		
– interest income on loan receivable	(3)	(350)
	<b>(3)</b>	<b>(350)</b>

*Note:* Depreciation of assets held under finance leases amounted to approximately HK\$180,000 (2014: approximately HK\$66,000).

## 6. DISCONTINUED OPERATION

On 16 June 2014, the Group entered into a sale and purchase agreement with an independent individual (“Purchaser”) (the “Agreement”). Pursuant to the Agreement, the Group conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of Sun Mass Energy Limited (“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 years is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented to re-classify performance of the solar grade polycrystalline silicon operation as a discontinued operation.

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss from the solar grade polycrystalline silicon operation for the period/year	<b>(8,586)</b>	(36,210)
Loss on disposal of subsidiaries ( <i>Note 7</i> )	<b>(51,212)</b>	–
Loss for the year from discontinued operation	<b><u>(59,798)</u></b>	<b><u>(36,210)</u></b>

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Other income	<b>320</b>	337
Other gains and losses	<b>188</b>	261
Impairment loss recognised in respect of manufacture of solar grade polycrystalline silicon business ( <i>Note</i> )	–	(12,730)
Administrative and other expenses	<b>(8,984)</b>	(22,746)
Finance costs	<b>(110)</b>	(1,332)
Loss for the period	<b>(8,586)</b>	(36,210)
Loss on disposal of subsidiaries ( <i>Note 7</i> )	<b>(51,212)</b>	–
Loss for the year from discontinued operation	<b><u>(59,798)</u></b>	<b><u>(36,210)</u></b>
Loss for the year attributable to:		
Owner of the Company	<b>(59,798)</b>	(34,304)
Non-controlling interest	–	(1,906)
	<b><u>(59,798)</u></b>	<b><u>(36,210)</u></b>
Net cash outflows from operating activities	<b>(9,642)</b>	(13,319)
Net cash outflows from investing activities	<b>(556)</b>	(16,403)
Net cash (outflows) inflows from financing activities	<b>(789)</b>	27,217
	<b><u>(10,987)</u></b>	<b><u>(2,505)</u></b>

*Note:* The amounts represent costs incurred for purchase of property, plant and equipment and other receivables and deposits attributable to the core technology relating to the manufacture of solar grade polycrystalline silicon during the year ended 31 March 2014. These expenditures were expensed when they were incurred as they related to the acquisition of Sun Mass which business was proven to be fictitious in prior year.

Loss for the year from discontinued operations have been arrived at after charging (crediting):

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Staff costs		
Directors' emoluments		
– fees and other emoluments	–	–
Other staff costs		
– salaries, allowances and bonus	<b>3,060</b>	12,273
– retirement benefits scheme contributions	<b>46</b>	562
	<b>3,106</b>	12,835
Bank interest income	<b>(5)</b>	(68)
Net loss on disposal of property, plant and equipment	–	21
Net foreign exchange gain	<b>(188)</b>	(259)
Research and development cost recognised as expense (included in other expense)	–	8,980
	<u><u>–</u></u>	<u><u>8,980</u></u>

## 7. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2015, the Group disposed of its entire interest in Sun Mass Group (see note 6 for details) for a total consideration of HK\$1. The net loss on disposal of Sun Mass Group is as follows:

	<i>HK\$'000</i>
Analysis of assets and liabilities over which control was lost:	
Restricted bank deposits	<b>5,379</b>
Rental deposits	<b>25</b>
Other receivables, deposits and prepayments	<b>1,781</b>
Bank balances and cash	<b>561</b>
Other payables and accrued charges	<b>(10,336)</b>
Borrowings	<b>(35,658)</b>
	<u><u>(38,248)</u></u>
Net liabilities disposed of	<b>(38,248)</b>

*HK\$'000*

Loss on disposal of subsidiaries:

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

Net loss on disposal of approximately HK\$51,212,000 is included in profit or loss from discontinued operation in the consolidated statement of profit or loss and other comprehensive income (see note 6 for details).

An analysis of the net outflow of cash and cash equivalent in respect of the disposal of subsidiaries is as follows:

*HK\$'000*

Bank balances and cash disposed of	<u><u><b>561</b></u></u>
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## 8. LOSS PER SHARE

	<b>2015</b>	2014
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	<u><u><b>23,925,015,832</b></u></u>	<u><u>13,277,599,563</u></u>

The computation of diluted loss per share does not assume the exercise of the Company's share options, bonus warrants and conversion of the Company's outstanding convertible bonds (2014: share options and conversion of the Company's outstanding convertible bonds) since their assumed exercise conversion would result in a decrease in loss per share from the continuing operations.

### From continuing and discontinued operations

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
Loss for the purposes of calculating basic and diluted loss per share (loss for the year attributable to owners of the Company)	<u><b>(128,431)</b></u>	<u>(545,696)</u>

### From continuing operations

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Re-presented)
Loss is calculated as follows:		
Loss for the year attributable to the owners of the Company	<b>(128,431)</b>	(545,696)
Less: Loss for the year from discontinued operation ( <i>Note 6</i> )	<u><b>59,798</b></u>	<u>34,304</u>
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	<u><b>(68,633)</b></u>	<u>(511,392)</u>

The denominators used are the same as those detailed above for calculating the basic and diluted loss per share.

### From discontinued operation

Basic and diluted loss per share from discontinued operation is HK0.25 cents (2014: HK0.26 cents) per share, is based on the loss for the year from discontinued operation of approximately HK\$59,798,000 (2014: approximately HK\$34,304,000) and the denominators detailed above for calculating basic and diluted loss per share.



## 9. TRADE RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

### Trade receivables

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	<b>21,839</b>	20,109
Less: Allowance for doubtful debts	<b>(4,836)</b>	(5,489)
	<b><u>17,003</u></b>	<u>14,620</u>

The Group allows an average credit period ranging from 60 to 150 days to its trade customers from manufacture and sales of accessories business. The following is an ageing analysis of trade receivables by age, based on the invoice date which approximates the revenue recognition date at the end of the reporting period, net of allowances for doubtful debts:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 60 days	<b>13,958</b>	10,811
61 to 150 days	<b>3,045</b>	3,809
	<b><u>17,003</u></b>	<u>14,620</u>

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

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

As at 31 March 2015 and 2014, there were no trade receivables which were past due but not impaired.

## Movement in the allowance for doubtful debts

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Balance at beginning of the year	5,489	6,888
Impairment losses recognised	108	960
Amounts written off as uncollectible	(613)	(2,234)
Amounts recovered during the year	(148)	(125)
	<u>4,836</u>	<u>5,489</u>

## Other receivables, deposits and prepayments

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

## 10. TRADE PAYABLES AND OTHER PAYABLES AND ACCRUED CHARGES

### Trade payables

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 60 days	8,563	4,513
61 to 150 days	–	698
Over 150 days	47	436
	<u>8,610</u>	<u>5,647</u>

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

### Other payables and accrued charges

Included in other payables and accrued charges are miscellaneous tax payables of approximately HK\$40,841,000 (2014: approximately HK\$19,550,000) and consideration payable to Hao Tian Resources Group Limited in relation to acquisition of Sun Mass of Nil (2014: HK\$10,000,000).

## 11. BORROWINGS

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Secured bank borrowing	<i>(i)</i>	–	36,337
Unsecured other borrowings	<i>(ii)</i>	<b>60,000</b>	60,000
		<b>60,000</b>	96,337
Carrying amount repayable based on scheduled repayment terms:			
Within one year		–	4,075
Between one to two years		–	4,075
Between two to five years		<b>5,000</b>	12,226
Over five years		<b>55,000</b>	75,961
		<b>60,000</b>	96,337
<i>Less:</i> Amount due within one year shown under current liabilities		–	(4,075)
Amount shown under non-current liabilities		<b>60,000</b>	92,262

### *Notes:*

- (i) Secured bank borrowing carried variable interest at local bank's deposit rate in Taiwan plus a spread of 1.8% per annum. The bank borrowing was secured by the leasehold land and buildings of the Group which were fully impaired as at 31 March 2014. During the year ended 31 March 2015, the entire bank borrowing balance was disposed of when the Group disposed of its entire interest in the Sun Mass Group during the year (see note 7 for details).
- (ii) The unsecured other borrowings granted from independent third parties carry fixed interest rate at 5% (2014: 5%) per annum with HK\$5,000,000 (2014: Nil) repayable within five years and HK\$55,000,000 (2014: HK\$60,000,000) repayable over five years.

## 12. OBLIGATIONS UNDER FINANCE LEASES

As at 31 March 2015, the Group leased motor vehicles (2014: a motor vehicle) under finance leases with lease terms ranging from 2 to 5 years (2014: 3 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.8% to 2.75% (2014: 1.8%) per annum. These leases have no terms of renewal or purchase options and escalation clauses.

	Minimum lease payments		Present value of minimum lease payments	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Amounts payable under finance leases:				
Within one year	345	232	315	214
In more than one year but not more than two years	172	289	154	281
In more than two years but not more than five years	294	–	276	–
	<u>811</u>	<u>521</u>	<u>745</u>	<u>495</u>
Less: Future finance charges	<u>(66)</u>	<u>(26)</u>	<u>–</u>	<u>–</u>
Present value of lease obligations	<u>745</u>	<u>495</u>	<u>745</u>	<u>495</u>
Less: Amount due for settlement within one year			<u>(315)</u>	<u>(214)</u>
Amount due for settlement after one year			<u>430</u>	<u>281</u>

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

## 13. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 22 April 2015, the Company granted share options (the "Share Options") to the directors of the Company and employees of the Group (collectively, the "Grantees") pursuant to the Company's 2013 Option Scheme. The Share Options entitle the Grantees to subscribe for a total of 2,223,507,839 new shares at an exercise price of HK\$0.275 per share with nominal value of HK\$0.01 each in the capital of the Company if the exercise of the Share Options in full. The Share Options granted are vested immediately and exercisable from 22 April 2015 to 21 April 2025. All these 2,223,507,839 Share Options were surrendered by the Grantees and cancelled on 22 May 2015. As at the date of this announcement, the directors of the Company are in the process of assessing the effect of this transaction.

Subsequent to the end of the reporting period, 446,663,901 warrants had been exercised by the warrant holders and 446,663,901 ordinary shares were issued and allotted by the Company. The Group received gross proceeds of approximately HK\$44,666,000. As at the date of this announcement, 4,931,260,716 warrants remain outstanding.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS AND BUSINESS REVIEW**

The loss attributable to shareholders for the year amounted to approximately HK\$128.4 million, which was decreased by approximately HK\$417.3 million as compared to a loss of approximately HK\$545.7 million (re-presented) in last year. The loss was mainly attributable to:

- (i) the loss from discontinued solar grade polycrystalline silicon business of approximately HK\$59.8 million (2014: approximately HK\$36.2 million (re-presented));
- (ii) the equity-settled share-based payments expenses of approximately HK\$20.7 million (2014: approximately HK\$3.0 million); and
- (iii) finance costs of approximately HK\$16.5 million recognised during the year, which was decreased by approximately HK\$135.4 million, from approximately HK\$151.9 million (re-presented) in last year, of which approximately HK\$13.1 million arising from the amortisation of interest expenses for convertible bonds and approximately HK\$3.4 million arising from interest expenses on other borrowings during the year.

#### **Investments**

The segment recorded an improvement with the segment's gain increased from approximately HK\$1.1 million in last year to approximately HK\$4.7 million for the year, which was mainly attributable to net gain from fair value change in investment in securities of approximately HK\$4.4 million and interest income from investment in securities of approximately HK\$0.3 million.

#### **Loan financing**

During the year, all loan receivables have been received in early April 2014 and no new loan was granted thereafter. Interest income of approximately HK\$0.003 million was generated for this segment (2014: approximately HK\$0.4 million).

#### **Property investment**

During the year, rental income of approximately HK\$1.1 million from property investment remain unchanged when compared to last year. With the management fee of approximately HK\$1.6 million paid during the year and the fair value loss of approximately HK\$0.4 million recognized during the year as a result of the slightly decrease in the market price of investment properties as at 31 March 2015 as compared to last year, the segment recorded a loss of approximately HK\$0.9 million during the year.

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

### **Manufacture and sales of accessories**

The segment's turnover decreased from approximately HK\$107.9 million in last year to approximately HK\$100.1 million for the year, representing a decrease of approximately 7.2%. 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 34.2% on average for the year. Moreover, with the decrease in distribution costs and administrative expenses, the segment loss decreased by approximately HK\$3.8 million, from approximately HK\$4.9 million in last year to approximately HK\$1.1 million for the year.

### **Solar grade polycrystalline silicon business**

The entire solar grade polycrystalline silicon business was disposed of 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 such disposal, the loss from the Discontinued Operation increased by approximately 1.7 times from approximately HK\$36.2 million (re-presented) in last year to approximately HK\$59.8 million during the year. Please refer to the Company's announcement dated 25 June 2014 for details.

## **PROSPECTS**

The Group expects that its manufacture and sales of photographic accessories will encounter sluggish market demand attributable to weakening Euro dollars which may reduce the demand of European markets, the biggest markets accounted for approximately 50% of the Group's turnover in this business segment, and keen competition from its competitors. In this regard, the Group will continuously control its costs, strengthen customer relationship, broaden customer base, develop products to suit customer needs in action camera, monitor its level of indebtedness and funding requirements. Overall speaking, the Group expects the performance of this business will remain stable in the year ahead. Moreover, the Group will closely monitor and capture any opportunity to improve the Group's position, both financially and operationally.

As disclosed in the announcement of the Company dated 23 June 2015, the Company has entered into a subscription agreement with Evergrande Real Estate Group Limited (“Evergrande”) and Mount Yandang Investment Limited, a wholly-owned subsidiary of Tencent Holdings Limited (“Tencent”) on 15 June 2015. Upon completion of the subscription agreement, Evergrande and Tencent will become the substantial shareholders and obtain the control of the Company. They will not only provide additional funding to the Company and improve its financial position but also introduce new business opportunities and provide long-term shareholder support to the Company, which is beneficial to shareholders and the Company as a whole.

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

The basic and diluted loss per share for continuing and discontinued operations was HK0.54 cents for the year, as compared to that of HK4.11 cents (re-presented) in last year.

The Group primarily financed its operations through fund raising exercise, other borrowing and by its internal resources. During the year, the liquidity of the Group was closely monitored by the Board that 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 issuance of bonus warrants in order to widen the capital base of the Company.

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

During the year, the Group entered into two credit facility agreements with two independent third parties for unsecured revolving credit 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 31 March 2015, the utilised credit facility has been fully repaid.

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

***Placing of shares under general mandate announced on 11 September 2014***

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. 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 million 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.

***Bonus warrants issue announced on 24 December 2014***

On 24 December 2014, the Company announced the proposed bonus warrants issue (the “Bonus Warrants Issue”) to shareholders of the Company on the basis of one warrant (the “Warrant”) for every five shares held on the record date, entitling the warrant holder to subscribe in cash for one new share at an initial subscription price of HK\$0.1 per new share which represented a discount of approximately 19.35% to the closing price of the shares of the Company of HK\$0.124 on 24 December 2014, subject to adjustment, at any time during the period from the date of issue of the Warrants and end on the date falling 24 months from the date of issue of the Warrants, which is from 24 February 2015 to 23 February 2017 (both days inclusive). The Company considered the Bonus Warrants Issue would allow the shareholders to participate in the growth of the Company and to strengthen the capital base of the Company when the subscription rights attaching to the Warrants are exercised. The Company intended to use the subscription monies received from the Bonus Warrants Issue to finance the interest expenses to be incurred on the outstanding convertible bonds of the Company, to capture any potential investments that may arise and as general working capital of the Group.



The Bonus Warrants Issue was completed on 24 February 2015. A total of 5,378,641,037 Warrants were issued to the shareholders, conferring the rights to subscribe for up to 5,378,641,037 new shares at an initial subscription price of HK\$0.10 per new share. Assume all the Warrants are exercised in full, the Company would raise a proceeds of approximately HK\$537.86 million. Up to 31 March 2015, 716,420 Warrants had been exercised with net proceeds of approximately HK\$0.07 million. The net proceeds have been used as working capital of the Group.

As at 31 March 2015, the Group maintained cash and bank balances of approximately HK\$45.8 million (As at 31 March 2014: approximately HK\$59.1 million). The decrease in cash and bank balances was mainly due to payment of interest expenses on borrowings and convertible bonds and operating expenses of the Group.

As at 31 March 2015, the Group's net deficit amounted to approximately HK\$27.7 million (As at 31 March 2014: approximately HK\$99.9 million) with total assets amounted to approximately HK\$125.5 million (As at 31 March 2014: approximately HK\$146.6 million). Net current assets were approximately HK\$9.2 million (As at 31 March 2014: net current liabilities of approximately HK\$34.8 million) and the current ratio was 1.1 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 (235.07%) (As at 31 March 2014: (154.24%)).

As at 31 March 2015, the Group had no secured bank borrowings (As at 31 March 2014: approximately HK\$36.3 million (approximately NT\$142.7 million), which was 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 solar grade polycrystalline silicon business in July 2011 (the "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 (adjusted) per share and subsequently at a conversion price of HK\$0.08 (adjusted) per share. During the year, principal amount of HK\$130 million and HK\$350 million were converted into 1,444,444,444 and 4,375,000,000 new ordinary shares of the Company at a conversion price of HK\$0.09 per share and HK\$0.08 per share respectively. The aggregate outstanding principal amount as at 31 March 2015 was HK\$350 million (As at 31 March 2014: HK\$830 million). During the year, an aggregate interest expense paid to bondholders was approximately HK\$38.6 million (2014: approximately HK\$52.7 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\$815 million was converted into 9,055,555,555 new ordinary shares of the Company during the year. The aggregate outstanding principal amount as at 31 March 2015 was nil (As at 31 March 2014: HK\$815 million). During the year, an aggregate interest expense paid to bondholders was approximately HK\$31.2 million (2014: approximately HK\$24.9 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 changes in the interest payment interval, interest rate and maturity date.

## **CHARGE OF ASSETS**

As at 31 March 2015, no margin facility was granted to the Group as no listed equity securities 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 31 March 2015, 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 31 March 2015 (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).

## **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\$78.4 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 year, 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.

## **COMMITMENT**

As at 31 March 2015, the Group has no capital commitment (2014: approximately HK\$7.4 million, mainly for the acquisition of property, plant and equipment).

## **CONTINGENT LIABILITIES**

The Company and the Group had not provided corporate guarantee to its subsidiaries or other parties and did not have other contingent liabilities as at 31 March 2015 (As at 31 March 2014: Nil).

## **NUMBER OF EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2015, the Group employed approximately 327 employees, around 85.3% of them were employed in the PRC 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 from continuing operations for the year, including directors' emoluments, amounted to approximately HK\$61.7 million.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year (2014: Nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

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

## **CODE ON 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 the principles compiling with the code provisions which set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2015, 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. During the year, Mr. Wong Danny F. acted as the Company's Chairman during the period from 1 April 2014 to 3 June 2014, and Mr. Chung Yuk Lun acted as the Company's Vice Chairman and Acting Chairman during the period from 7 May 2014 to 2 June 2014 and the period from 3 June 2014 to 31 March 2015 respectively, while the role of chief executive officer was performed by Mr. Suen Yick Lun Philip, the managing director of the Company, during the period from 1 April 2014 to 1 July 2014. After the resignation of Mr. Suen Yick Lun Philip, 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 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"), 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 the four INEDs being unable to attend the special general meeting of the Company held on 23 July 2014 and 3 February 2015 due to overseas commitment and overseas business matter respectively would not constitute a deviation from the Code as there were already a majority of INEDs present at the meetings 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 year ended 31 March 2015.

## **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), Mr. Robert James Iaia II and Mr. Hung Cho Sing. The consolidated financial statements of the Group for the year ended 31 March 2015 have been reviewed by the Audit Committee together with the management and the external auditor.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

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

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By order of the Board  
**MASCOTTE HOLDINGS LIMITED**  
**Chung Yuk Lun**  
*Chairman*

Hong Kong, 25 June 2015

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

### *Executive Directors*

Mr. Chung Yuk Lun (*Chairman*)  
Dr. Kwong Kai Sing, Benny (*Managing Director*)  
Mr. Chow Chi Wah, Vincent

### *Independent Non-executive Directors*

Mr. Frank H. Miu  
Mr. Robert James Iaia II  
Mr. Hung Cho Sing  
Mr. Chung Kong Fei, Stephen