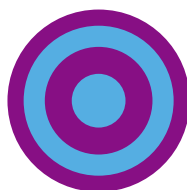


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



## **MASCOTTE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

### **AMENDMENT OF TERMS OF THE CONSIDERATION BONDS AND CONVERSION INTO CONVERTIBLE BONDS**

The Board announces that on 11 November 2013, the Company and the Bondholders entered into the Deed of Amendment, pursuant to which the Company and the Bondholders agreed to amend certain terms and conditions of the Consideration Bonds. As at the date of this announcement, an aggregate principal amount of the Consideration Bonds amounting to HK\$885 million is still outstanding. The Amendment of Terms in substance constitutes a conversion of the existing Consideration Bonds into the Convertible Bonds (II) held by the Bondholders.

The Deed of Amendment and the transactions contemplated thereunder, including the issue and allotment of the Conversion Shares under the Specific Mandate, are subject to the approval of the Shareholders at the SGM.

A circular containing, among other things, details about the proposed Amendment of Terms and the notice convening the SGM, will be despatched to the Shareholders on or before 2 December 2013.

## **INTRODUCTION**

The Board announces that on 11 November 2013, the Company and the Bondholders entered into the Deed of Amendment, pursuant to which the Company and the Bondholders agreed to amend certain terms and conditions of the Consideration Bonds. As at the date of this announcement, an aggregate principal amount of the Consideration Bonds amounting to HK\$885 million is still outstanding. The Amendment of Terms in substance constitutes a conversion of the existing Consideration Bonds into the Convertible Bonds (II) held by the Bondholders.

## **THE CONSIDERATION BONDS**

On 4 January 2012, the Consideration Bonds with an aggregate principal amount of HK\$1,750 million were issued by the Company. Pursuant to the existing terms and conditions of the Consideration Bonds, the outstanding Consideration Bonds will mature on 4 January 2014, unless extended by the Company at its discretion. The principal terms of the Consideration Bonds are summarized as follows:

Principal amount	HK\$1,750 million
Maturity date	The second (2nd) anniversary of the issue date of the Consideration Bonds (i.e. 4 January 2014) or, if the Company elects in its discretion to extend the term of the Consideration Bonds, the seventh (7th) anniversary of the issue date of the Consideration Bonds (i.e. 4 January 2019).
Interest	2.5% per annum in respect of the period up to and including the second (2nd) anniversary of the issue date of the Consideration Bonds and thereafter interest shall accrue daily on the principal amount of the outstanding Consideration Bonds at 12.5% per annum, payable quarterly in arrears.
Redemption price	The redemption price of the Consideration Bonds shall be an amount in HK\$ equal to: (a) 100% of the principal amount of the Consideration Bonds; plus (b) all interest accrued up to the date of redemption.

Final redemption Unless previously redeemed or purchased and cancelled, the Company shall redeem the Consideration Bonds at the redemption price on the maturity date of the Consideration Bonds.

Early redemption at the Company's option The Company may redeem the Consideration Bonds in whole or in part, at the redemption price at any time before the maturity date of the Consideration Bonds by giving notice in writing to the Bondholders.

Early redemption at the Bondholders' option Each Bondholder shall be entitled, upon giving written notice to the Company, to require the Company to redeem all (but not part only) of the Consideration Bonds at the redemption price of the Consideration Bonds within 30 days following (i) a change of control of the Company; or (ii) a delisting of the Shares from the Stock Exchange. A "change of control of the Company" means an offer is made for all or substantially all of the Shares of the Company under the Takeovers Code and such offer becomes or is declared unconditional in all respects. Redemption shall take place on the 10th Business Day after the service of Bondholder's notice to the Company.

The Bondholders shall not be entitled to require early redemption of the Consideration Bonds under any other circumstances.

Transferability Freely transferable

Up to the date of this announcement, the Company has made early redemption of part of the Consideration Bonds and an aggregate principal amount of the Consideration Bonds amounting to HK\$885 million is still outstanding. As at the date of this announcement and to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Consideration Bonds are held by no less than six Bondholders.

## **THE DEED OF AMENDMENT**

For the reasons stated in the paragraph headed “REASONS FOR THE PROPOSED AMENDMENT OF TERMS” below, on 11 November 2013 (after trading hours), the Company and the Bondholders entered into the Deed of Amendment pursuant to which the Company and the Bondholders agreed to amend certain terms and conditions of the Consideration Bonds. The Amendment of Terms in substance constitutes a conversion of the existing Consideration Bonds into the Convertible Bonds (II) held by the Bondholders.

Details of the Deed of Amendment and the principal terms of the Convertible Bonds (II) are set out below.

### **Particulars of the Deed of Amendment**

Date: 11 November 2013 (after trading hours)

Parties: (i) the Company; and  
(ii) the Bondholders

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Bondholders are third party independent of the Company and its connected persons.

### **Principal terms of the Convertible Bonds (II) after the Amendment of Terms**

The principal terms of the Convertible Bonds (II) are arrived at after arm’s length negotiation between the Company and the Bondholders. Pursuant to the Deed of Amendment, the material terms of the Convertible Bonds (II) are summarised as follows:

Principal amount	HK\$885 million
Maturity Date	31 December 2014
Interest	7.5% per annum on the principal amount of the outstanding Convertible Bonds (II), payable quarterly in arrears.
Redemption price	The redemption price of the Convertible Bonds (II) shall be an amount in HK\$ equal to: (a) 100% of the principal amount of the outstanding Convertible Bonds (II); plus (b) all interest accrued up to the date of redemption.

Conversion right

Bondholders are entitled to the conversion rights attached to the Convertible Bonds (II) to convert the outstanding Convertible Bonds (II) in whole or in part into Conversion Shares.

The conversion rights attached to the Convertible Bonds (II) shall not be exercisable if such exercise would either:

- (i) result in any person being required to make a general offer for all or part of the Company's issued share capital under the Takeovers Code; or
- (ii) result in the Company ceasing to satisfy the minimum public float requirement under the Listing Rules.

Conversion period

From and including the date on which the Deed of Amendment becoming effective up to the seventh Business Day prior to the earlier of the Maturity Date and the date of early redemption as elected by the Company (if applicable).

Conversion Shares

The number of Conversion Shares shall be determined by dividing the aggregate principal amount of the outstanding Convertible Bonds (II) subject to conversion by the Conversion Price.

Assuming full conversion of the Convertible Bonds (II) at the initial Conversion Price of HK\$0.09 per Conversion Share, a total of 9,833,333,333 Conversion Shares will be issued by the Company, representing:

- (i) approximately 80.55% of the issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 44.62% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares to be issued will rank pari passu in all respects with all other existing Shares outstanding within the same class in issue as at the date on which the Bondholder or its nominee is entered into the register of members of the Company as the holder of such Conversion Shares and be entitled to all dividends and distributions declared by the Company after such date.

#### Conversion Price

HK\$0.09 per Conversion Share, subject to adjustment in certain events including, among other things, share consolidation or subdivision, capital distribution, issue of right or warrant to subscribe for new Shares (at less than 80% of the market price per Share), issue of securities convertible into or exchangeable for new Shares (at less than 80% of the market price per Share), provided that the conversion price shall not be less than the par value of the Shares on the conversion date unless permitted by law and in compliance with the Listing Rules.

The initial Conversion Price represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.099 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 10.00% to the average closing price of HK\$0.100 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 11.76% to the average closing price of HK\$0.102 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day.

The Conversion Price was determined with reference to (i) the prevailing market price of the Shares; and (ii) the adjusted conversion price of the convertible bonds issued by the Company on 14 July 2011 as set out in the Company's announcement dated 21 May 2013. The Directors are of the view that the Conversion Price is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Final redemption

Unless previously redeemed, converted or purchased and cancelled, the Company will, at its sole and absolute discretion, redeem each outstanding Convertible Bonds (II) at the redemption price of the Convertible Bonds (II) on the Maturity Date by (i) cash; or (ii) by issuing a number of new Shares equivalent to the sum of the redemption price of the Convertible Bonds (II) divided by the Conversion Price.

Redemption by the Company

The Company may redeem the Convertible Bonds (II) in whole or in part, at the redemption price of the Convertible Bonds (II) in cash at any time before the maturity date of the Convertible Bonds (II) by giving notice in writing to the Bondholders.

Redemption by the Bondholders

The Bondholders shall not be entitled to an early redemption of the Convertible Bonds (II).

Transferability

Freely transferable.

Other covenant

The Company shall not early redeem any bonds including the convertible bonds issued by the Company on 14 July 2011, other than the Convertible Bonds (II), prior to the Convertible Bonds (II) being fully redeemed on or before the Maturity Date. For the avoidance of doubt, this covenant does not apply to the redemption of any bonds issued by the Company on maturity or as may be required by any applicable laws.

## **Conditions Precedent**

Completion of the Amendment of Terms is conditional upon the fulfillment of the following conditions precedent:

- (i) the approval by the Shareholders of the Deed of Amendment, the issue and allotment of the Conversion Shares upon the exercise of the conversion rights and all transactions contemplated hereunder having been obtained by the Company in compliance with the Listing Rules and the bye-laws of the Company;
- (ii) the written approval from the Bondholders representing 51% or more of the aggregate principal amount of the outstanding Consideration Bonds of the Amendment of Terms pursuant to the terms and conditions of the Consideration Bonds having been obtained by the Company;
- (iii) the Stock Exchange having consented to the Amendment of Terms as set out in the Deed of Amendment; and
- (iv) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Conversion Shares upon the exercise of the conversion rights attached to the Convertible Bonds (II).

If any of the above conditions is not fulfilled within 3 months after the date of the Deed of Amendment (i.e. on or before 11 February 2014) or such other extended period as the Company and the relevant Bondholders may agree in writing, the Company may unilaterally terminate the Deed of Amendment by a written notice to the Bondholders and the parties thereto shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

## **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of, and the permission to deal in, the Convertible Bonds (II) on the Stock Exchange or any other stock exchange.

## **REASONS FOR THE PROPOSED AMENDMENT OF TERMS**

The Group is principally engaged in the business of manufacturing solar grade polycrystalline silicon in Taiwan, investment and trading of securities, provision of finance, property investment and manufacture and sale of accessories for photographic and multimedia products.



Since 2012, the Company has been seeking additional financial resources and restructuring its debts to improve the working capital of the Group. Although the Company amended the terms of the convertible bonds issued on 14 July 2011 as set out in the circular of the Company dated 31 December 2012 which led to a reduction of the Group's net liabilities, the Group's net liabilities still amounted to approximately HK\$236 million as at 31 March 2013.

Apart from the deficit position, the Group had net current liabilities of approximately HK\$220 million as at 31 March 2013 and the bank balances and cash of the Group as at 31 March 2013 amounted to approximately HK\$53 million only. Moreover, the Group continued to suffer losses and recorded a loss attributable to owners of the Company of approximately HK\$3,033 million for the year ended 31 March 2013.

In order to further redress the financial position of the Group, the Company has been considering revising the terms of the Consideration Bonds and undertaking other fund raising activities. In that regard, the Group has raised external funding by completing a rights issue in May 2013 for partial repayment of its debts.

Based on the existing terms and conditions of the Consideration Bonds as described in the circular dated 19 December 2011, the Consideration Bonds will mature on 4 January 2014. Although the Company has an option to extend the repayment period by five years to 4 January 2019, the interest cost of the Consideration Bonds will be increased from 2.5% per annum to 12.5% per annum if the Company decides to extend the repayment period of the Consideration Bonds.

Pursuant to the Deed of Amendment, the interest cost of the Convertible Bond (II) will be reduced to 7.5% per annum, as compared to the interest rate of 12.5% per annum of the Consideration Bonds that would be applicable after 4 January 2014 had the repayment of the Consideration Bonds been extended. The Directors are of the view that the Amendment of Terms would alleviate the on-going interest burden of the Company and improve the financial condition of the Company in the future.

In addition, the Directors are of the view that the Deed of Amendment will provide greater flexibility to the Company in managing its working capital, as the Amendment of Terms will remove the mandatory condition imposed on the Company to redeem the Consideration Bonds by cash settlement. In the event that the Company chooses to redeem the Convertible Bonds (II) by issuing the Conversion Shares, the Company's liabilities will be reduced and the Company's equity base will be enlarged which in turn shall improve the financial position and gearing of the Group.

The proposed Amendment of Terms was arrived at after arm's length negotiations between the Company and the Bondholders. Because of the foregoing, the Board is of the view that the proposed Amendment of Terms is in the interests of the Company and the Shareholders as a whole.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to the full conversion of the Convertible Bonds (II) by its holders at the Conversion Price of HK\$0.09 per Conversion Share, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after full conversion of the Convertible Bonds (II) at HK\$0.09 per Conversion Share are illustrated as follows:

	As at the date of this announcement		Immediately after full conversion of the Convertible Bonds (II) at the Conversion Price of HK\$0.09 per Conversion Share (assuming no further issue of Shares from the date of this announcement) (Note 1)	
	Number of Shares	%	Number of Shares	%
<b>Substantial Shareholders/Directors</b>				
Mr. Andrew Liu	1,900,000,000	15.56%	1,900,000,000	8.62%
Mr. Peter Temple Whitlam (Note 2)	78,125	0.00%	78,125	0.00%
Mr. Lo Yuen Wa Peter (Note 2)	156,250	0.00%	156,250	0.00%
<i>Sub-total</i>	1,900,234,375	15.56%	1,900,234,375	8.62%
<b>The Bondholders</b>	–	–	9,833,333,333	44.62%
<b>Public Shareholders</b>	10,307,066,245	84.44%	10,307,066,245	46.76%
<b>Total</b>	<u>12,207,300,620</u>	<u>100.00%</u>	<u>22,040,633,953</u>	<u>100.00%</u>

Notes:

1. It is assumed that the outstanding share options of the Company and existing convertible bonds will not be converted into Shares.
2. Directors of the Company.

## FUND RAISING ACTIVITIES IN THE PRIOR 12-MONTH PERIOD

Apart from the fund raising activities mentioned below, the Company has not carried out other fund raising activities in the past twelve months immediately preceding the date of this announcement.

Date of initial announcement	Description	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds
24 December 2012 (Note 1)	Placing of 176,000,000 Shares at a price of HK\$0.165 per Share	HK\$27.62 million	To repay part of the indebtedness of the Group	Terminated on 30 January 2013
28 December 2012	Placing an aggregate amount up to HK\$100 million placing notes	HK\$28.50 million	To repay part of indebtedness of the Group	Used as intended
4 February 2013	Issuing 7,365,840,496 rights shares at the subscription price of HK\$0.07 per rights share	HK\$494.62 million	For facilities implementation and to repay part of indebtedness of the Group	Used as intended
22 February 2013	Placing of 306,910,020 Shares under general mandate at a price of HK\$0.10 per Share	HK\$29.44 million	To repay part of indebtedness of the Group	Used as intended
8 November 2013 (Note 2)	Placing of 1,250,000,000 Shares under general mandate at a price of HK\$0.085 per Share	HK\$99.7 million	General working capital	Not completed yet as at the date of this announcement

*Note:*

- Such proposed placing was terminated on 30 January 2013. Details of which are set out in the announcement of the Company dated 30 January 2013.
- The placing agreement was entered into between the placing agent and the Company on 8 November 2013. As at the date of this announcement, the proposed placing has not been completed. Details of such proposed placing are set out in the announcement of the Company dated 8 November 2013.

## **GENERAL**

The Deed of Amendment and the transactions contemplated thereunder, including the issue and allotment of the Conversion Shares under the Specific Mandate, are subject to the approval of the Shareholders at the SGM.

To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Amendment of Terms. Therefore, no Shareholder is required to abstain from voting on the necessary resolution(s) to be proposed at the SGM to approve the Deed of Amendment and the transactions contemplated thereunder.

A circular containing, among other things, details about the proposed Amendment of Terms and the notice convening the SGM, will be despatched to the Shareholders on or before 2 December 2013.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Amendment of Terms”	proposed amendments of certain terms and conditions of the Consideration Bonds under the Deed of Amendment which in substance constitutes a conversion of the existing Consideration Bonds into the Convertible Bonds (II)
“Board”	the board of Directors
“Bondholder(s)”	existing holder(s) of the Consideration Bonds and subsequently become the holder(s) of the Convertible Bonds (II) after the Amendment of Terms becomes effective
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are generally open for normal banking business
“Company”	Mascotte Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Consideration Bonds”	consideration bonds of HK\$1,750 million issued by the Company on 4 January 2012

“Conversion Price”	the price at which each Conversion Share shall be issued upon conversion, which shall be HK\$0.09 per Conversion Share, subject to adjustment in accordance with the Deed of Amendment
“Conversion Share(s)”	new Share(s) which would fall to be issued by the Company upon exercise of the conversion rights attached to the Convertible Bonds (II)
“Convertible Bonds (II)”	the convertible bonds of HK\$885 million as converted from the Consideration Bonds pursuant to the Deed of Amendment
“Deed of Amendment”	the deed of amendment dated 11 November 2013 entered into between the Company and the Bondholders in relation to the Amendment of Terms, subject to the terms and conditions contained therein
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“Last Trading Day”	Friday, 8 November 2013, being the trading day prior to the publishing of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	31 December 2014
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and approve, if thought fit, the Amendment of Terms
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	a specific mandate to be granted to the Directors in relation to the proposed allotment and issue of the Conversion Shares to be approved by the Shareholders at the SGM
“Stock Exchange	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board  
**MASCOTTE HOLDINGS LIMITED**  
**Suen Yick Lun Philip**  
*Executive Director and Company Secretary*

Hong Kong, 11 November 2013

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

*Executive Directors*

Mr. Peter Temple Whitlam (*Chairman*)  
Mr. Lo Yuen Wa Peter (*Managing Director*)  
Mr. Eddie Woo  
Mr. Suen Yick Lun Philip  
Mr. Lau King Hang

*Independent Non-executive Directors*

Mr. Frank H. Miu  
Dr. Agustin V. Que  
Mr. Robert James Iaia II  
Mr. Hung Cho Sing