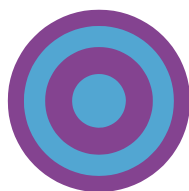


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MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

ADJUSTMENTS OF THE TERMS OF THE CONVERTIBLE BONDS

On 3 December 2012, the Company and the Bondholders with 100% of the aggregate principal amount of the outstanding Convertible Bonds entered into the Deed of Amendment in relation to, among other things, the alteration of terms and conditions of the Convertible Bonds.

According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. An application for the said approval will be submitted to the Stock Exchange by the Company in due course.

BACKGROUND

Reference is made to the circular dated 20 May 2011 (the “**Circular**”) and the announcements dated 15 July 2011 and 25 April 2012 (the “**Announcements**”) issued by Mascotte Holdings Limited (the “**Company**”), in relation to, inter alia, the issue of the Convertible Bonds. Capitalised terms used herein shall have the same meanings as those defined in the Circular, unless the context herein requires otherwise.

On 14 July 2011, the placing of the Convertible Bonds in the aggregate principal amount of HK\$1,450 million with the conversion rights to convert into the shares of the Company (the “**Shares**”) at the Initial Conversion Price of HK\$0.50 was completed. The Convertible Bonds will fall due on the date falling 36 months after the date of issue, i.e. 14 July 2014, at which time the Company will redeem each bond at the Redemption Price.

On 26 April 2012, pursuant to the terms and conditions of the Convertible Bonds, the Conversion Price was adjusted from HK\$0.50 per Share to HK\$8.00 per Share upon the capital reorganisation of the Company taking effect.

As at the date of this announcement, the outstanding principal amount of the Convertible Bonds is HK\$1,419 million, which is convertible into 177,375,000 Shares upon exercise of the conversion rights attaching to the Conversion Bonds. There are six holders of the Convertible Bonds (the “**Bondholders**”). To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Bondholders, other than their holding of the Convertible Bonds, are third party independent of the Company and its connected persons under the Listing Rules.

THE DEED OF AMENDMENT (THE “DEED”)

Pursuant to terms and conditions as stipulated in the Bond Documents, any modification by the Company requires the written approval of Bondholders of 51% or more of the aggregate principal amount of the outstanding bonds.

On 3 December 2012, the Company and Bondholders with 100% of the aggregate principal amount of the outstanding Convertible Bonds entered into the Deed in respect of the alteration of certain terms and conditions of the Convertible Bonds.

Date: 3 December 2012 (after trading hours)

Parties: the Company
the Bondholders

Alteration of Terms

Pursuant to the Deed, the terms and conditions of the Convertible Bonds are proposed to be altered (the “**Alteration of Terms**”) as follows:

	Existing Terms	Amendments
Conversion Price	HK\$0.50 per Share, subject to adjustment (subsequently adjusted to HK\$8.00 per Share following the capital reorganisation of the Company becomes effective on 26 April 2012)	HK\$0.20 per Share, subject to adjustment

	Existing Terms	Amendments
Maturity	The Company will redeem each Convertible Bond at the Redemption Price on the Maturity Date.	The Company, at its sole and absolute discretion, will redeem each Convertible Bond at the Redemption Price (i) by cash or (ii) by issuing Shares in the amount equivalent to the Redemption Price divided by the Conversion Price.
Early Redemption at Bondholders' option	<p><u>Event of Default</u></p> <p>Each bondholder shall be entitled (upon Bondholders with more than 51% of the aggregate principal amount of the outstanding Convertible Bonds giving written notice to the Company) to require the Company to redeem (but not part of) the Convertible Bonds at the Redemption Price upon the occurrence of, among others, the following events of default:</p> <p>(i) any indebtedness having an aggregate outstanding amount of at least HK\$100 million becomes prematurely repayable following its default which shall not have been remedied, or steps are taken to enforce any security therefor, or the Company or any of its subsidiaries defaults in the repayment of any such indebtedness at its maturity or at the expiration of any applicable grace period or any guarantee of or indemnity given by the Company or any of its subsidiaries in respect of any indebtedness of others having an aggregate outstanding amount of at least HK\$100 million shall not be honoured when due and called upon; or</p> <p>(ii) the Shares shall cease to be listed on the Stock Exchange or trading in the Shares on the Stock Exchange has been suspended for 30 consecutive trading days.</p>	The early redemption at Bondholders' option under these two events of default is proposed to be deleted in entirety.

Existing Terms

Amendments

Delisting or Change of Control

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 Convertible Bonds at the Redemption Price upon (i) a delisting of the Shares from the Stock Exchange or (ii) the occurrence of a change of control of the Company.

The early redemption at Bondholders' option under these delisting or change of control of the Company is proposed to be deleted in entirety.

Apart from the above Alteration of Terms, all the other terms and conditions of the Convertible Bonds shall remain intact and unchanged.

The Alteration of Terms was arrived at after arm's length negotiations between the Company and the Bondholders and the Board is of the view that the Deed and the Alteration of Terms are in the interests of the Company and the Shareholders as a whole.

Conditions

The Alteration of Terms shall only take effect after the following conditions having been fulfilled:

- (a) the approval by the independent Shareholders having been obtained by the Company, in relation to the Deed and all transactions contemplated thereunder in compliance with the applicable Listing Rules and the bye-laws of the Company;
- (b) the written approval from holders of 51% or more of the aggregate principal amount of the outstanding Convertible Bonds for the Alteration of Terms pursuant to Bond Documents, having been obtained by the Company; and
- (c) the Stock Exchange having consented to the Alteration of Terms set out in the Deed.

As at the date of this announcement, the Company has obtained the written approvals from Bondholders with 100% of the aggregate principal amount of the outstanding Convertible Bonds by virtue of the Deed and accordingly, condition (b) of the Deed has been satisfied.

As at the date of this announcement, the closing price of the Shares on the Stock Exchange is HK\$0.169 per Share, which represents a discount of 15.50% to the new Conversion Price of HK\$0.20.

REASONS FOR THE PROPOSED ALTERATION

- (i) 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 investments and the manufacturing and sale of accessories for photographic and multimedia products. However, as the commercial production of polycrystalline silicon has not commenced as at the date of this announcement, this has yet to bring in any revenue, net profit or net cash inflow to the Group and therefore has adversely affected the economic benefits of the Group. Further delay of commencement of its commercial production, if any, will continue to adversely affect the economic benefits of the Group in the future.

Moreover, based on the valuation report dated 28 November 2012, the Group recognised an impairment loss of approximately HK\$1,921.0 million against the aggregate carrying value of the investment in the Group's polycrystalline silicon business. As a result, the Group recorded a loss attributable to the Shareholders of approximately HK\$2,392.2 million for the six months ended 30 September 2012 with the Group's current assets and current liabilities amounted to approximately HK\$119.5 million and HK\$162.4 million as at 30 September 2012 respectively.

- (ii) Although the Company completed a placement of new Shares on 15 November 2012 raising a net proceed of approximately HK\$11.1 million for general working capital purposes and announced on 22 November 2012 the proposal to dispose its entire equity interests in a wholly-owned subsidiary in an attempt to reduce the Group's liabilities, the total net proceed being raised are far from sufficient to repay all of the outstanding debts of the Group.

As first announced on 17 July 2012, the Company disclosed its intention to propose a rights issue for the repayment of existing debts and interests as well as for the enhancement of the Group's polycrystalline silicon production facilities. However, the Company has experienced a prolonged process in pushing ahead with the proposed rights issue. Given the tightened liquidity of the Company and the uncertainties in the Group's commercial production of polycrystalline silicon, the Company has been considering revising the structure of the proposed rights issue including an increase in the net proceeds to be raised by the proposed rights issue. The majority of the net proceeds is intended to be dedicated to repayment of debts with the remaining balance to be retained as general working capital of the Group. However, the Shareholders should take note that none of the terms of the proposed rights issue have been finalised and it remains uncertain whether the proposed rights issue will proceed.

- (iii) On 14 July 2011, the date of the issue of the Convertible Bonds, the closing price of the Shares was HK\$7.68 (adjusted by subsequent capital reorganisation). From the effective date of the capital reorganisation on 26 April 2012 to the date of this announcement, the Shares have been traded between HK\$0.168 and HK\$0.620 per Share. The adjusted Conversion Price of HK\$8.00 following the capital reorganisation of the Company represents a premium of approximately 47.34 times to the closing price of HK\$0.169 as quoted on the Stock Exchange as at the date of this announcement. Accordingly, it is unlikely that any rational holders will convert the outstanding Convertible Bonds. As the Convertible Bonds will fall due in less than 2 years from the date of this announcement, the Directors foresee that without further fund-raising or debt restructuring activities, the Company will not be able to satisfy the payment obligations under the Convertible Bonds upon their maturity.

The Alteration of Terms will provide greater flexibility to the Company in managing its working capital, as the Alteration of Terms will remove the mandatory condition imposed on the Company to redeem the Convertible Bonds by cash settlement. In the event that the Company chooses to redeem the Convertible Bonds by issuing Shares, the Company's total liabilities will be reduced and the Company's equity base will be enlarged without cash outflow and the Group shall in turn enhance its financial position and improve its gearing ratio. As such, the Alteration of Terms would allow the Company to retain the source of funding for future investment opportunities and/or repayment of other debts up to the Maturity Date. Accordingly, the Alteration of Terms will not pose any adverse impact on the operations of the Group.

Meanwhile, the Company continues to seek available financial resources including but not limited to further debt restructuring and/or other fund raising activities to reduce its debt level and to enhance its working capital. Although certain debts will not fall due within the next 12 months from the date of this announcement, the Directors consider it necessary for the Company to pro-actively work on its capital structure so as to serve the working capital requirements arising from the debts and associated finance costs when they fall due.

Having considered the above, the Board is of the view that the Alteration of Terms are in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming 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 by the Bondholders at HK\$0.20 per Share, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon full conversion of the Convertible Bonds HK\$0.20 per Share are illustrated as follows:

<i>Shareholders</i>	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds at HK\$0.20 per Share	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Peter Temple Whitlam*	78,125	0.02	78,125	0.00
Mr. Lo Yuen Wa Peter*	156,250	0.04	156,250	0.00
Dr. Wu Yi-Shuen*	17,797,250	4.05	17,797,250	0.24
Bondholders	—	—	7,095,000,000	94.17
Public Shareholders	421,518,479	95.89	421,518,479	5.59
Total	439,550,104	100.00	7,534,550,104	100.00

* *Directors of the Company*

Notes:

- Pursuant to the Bond Documents, the conversion right of the Bondholders 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.*
- It is assumed that the outstanding share options of the Company will not be converted into the Shares.*

IMPLICATION UNDER LISTING RULES

According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. An application for the said approval will be submitted to the Stock Exchange by the Company in due course.

A circular containing, among other matters, details of the Alteration of Terms and notice of the special general meeting of the Company, will be despatched to the Shareholders in compliance with the Listing Rules.

By Order of the Board
Mascotte Holdings Limited
Suen Yick Lun Philip
Executive Director and Company Secretary

Hong Kong, 3 December 2012

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

Executive Directors:

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

Independent non-executive Directors:

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