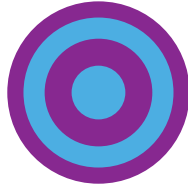


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## **MASCOTTE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

### **ANNOUNCEMENT SALE AND PURCHASE SHARES AGREEMENT**

The Company wishes to announce that on 16 June 2014 the Purchaser and Vendors entered into a Sale and Purchase Shares Agreement in relation to the Disposal. The Disposed Group will cease to be a subsidiary of the Company upon the completion of the Disposal.

The Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

Reference is made to the announcement of the Mascotte Holdings Limited (the “**Company**”) dated 6 June 2014 in relation to the Proposed Transaction (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement, unless otherwise specified. The Board wishes to announce that on 16 June 2014, Vendors entered into a Sale and Purchase Shares Agreement (“**SPSA**”) with an individual (the “**Purchaser**”) in relation to the disposal of the entire issued share capital of Sun Mass (the “**Disposal**”).

Sun Mass, a company incorporated with limited liability in the British Virgin Islands, is an indirect wholly-owned subsidiary of the Company, and its principal business is investment holding. Sun Mass is an immediate holding company of Lution International Holdings Co., Ltd (祿訊國際股份有限公司) (“**Lution**”) which is a company incorporated with limited liability in Taiwan and its principal business is investment holding. Sun Materials Technology Co., Ltd. (山陽科技股份有限公司) (“**Sun Materials**”), a company incorporated with limited liability in Taiwan, is wholly-owned by Lution, and its principal business is the manufacture and sale of solar grade polycrystalline silicon in Taiwan. Sun Mass, Lution and Sun Materials are collectively defined as a Disposed Group.

## **SALE AND PURCHASE SHARES AGREEMENT**

The principal terms of the Sale and Purchase Shares Agreement are set out below:

### **Parties**

Purchaser: an individual

Vendors: Sun Mass Corporation and Sun Mass Funding Corporation

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Purchaser is third party independent of the Company and its connected persons (as defined in the Listing Rules).

### **Subject matter**

Vendors agree to dispose their entire issued shares of Sun Mass, in a total of 16,580,000 shares, to the Purchaser, of which 1,658,000 shares and 14,922,000 shares will be contributed from Sun Mass Corporation and Sun Mass Funding Corporation respectively.

### **Consideration**

The Purchaser agrees to purchase all the aforesaid shares at a total consideration of HK\$1.00.

### **Registration of share transfer of Sun Mass**

The Purchaser shall complete the registration of transfer and relevant procedures in respect of all the shares or on before 3 September 2014. Vendors shall coordinate with the Purchaser for related documents on the registration of transfer upon signing the SPSA.

## **Representations and Warranties of the Purchaser**

- (i) The Purchaser agrees the assumption of all operation and administration responsibilities of the Disposed Group, including but not limited to operational, financial and legal activities, from the date of completion of the share transfer. Any request or claim made by any third party on the loans, administration or operation responsibilities of the Disposed Group shall be handled by the Purchaser.
- (ii) Directors and supervisors appointed by Vendors in the Disposed Group shall maintain the operation the board of directors of the Disposed Group until the date of registration of the transfer. The Purchaser shall re-elect directors and supervisors in compliance with laws and regulations from the date of the registration of transfer.
- (iii) The Purchaser has been sufficiently informed of the contracts, loans, disputes, litigation and non-contentious cases as well as any related information of the Disposed Group, and will be handling by itself all the contracts, loans, disputes, litigation and non-contentious cases of the Disposed Group from the date of the registration of the share transfer.

## **Representations and Warranties of Vendors**

- (i) From the date that the Purchaser completes the registration of share transfer of Sun Mass, the responsibilities of the Disposed Group and its parents or affiliates of the Disposed Group or the shareholders or directors thereof on the loans or operation and administration of the Disposed Group prior to the date of registration of the transfer shall be relieved.
- (ii) The legal representatives of Vendors are legally authorized by Vendors for signing the SPSA.

## **Breach of any provision of the SPSA**

Where any party is in breach of any provision in the SPSA, the parties not in breach of SPSA can request rectification in writing. The party in breach of the SPSA, if not rectify within 15 days upon receipt of the written notice on rectification or any longer period as specified by the parties not in breach of the SPSA, shall be liable to the damages of the parties not in breach of the SPSA.

## **Applicable Laws**

The laws of the Republic of China shall be adopted as applicable laws in the interpretation and application of the SPSA.

## Completion date

The registration of shares transfer and members of the Disposed Group are completed.

## FINANCIAL INFORMATION OF THE DISPOSED GROUP

The following table summarises the unaudited consolidated financial results of the Disposed Group prepared in accordance with the Hong Kong Financial Reporting Standards for each of the two financial years ended 31 March:

	For the year ended	
	31 March 2014	31 March 2013
	HK\$'000	HK\$'000
Turnover	–	–
(Loss) before tax	(379,213)	(261,969)
(Loss) after tax	(379,213)	(261,969)

Based on the unaudited consolidated management accounts of the Disposed Group made up to 31 March 2014 prepared in accordance with the Hong Kong Financial Reporting Standards, the unaudited consolidated net liability of the Disposed Group as at 31 March 2014 was approximately HK\$86.6 million.

## REASONS FOR ENTERING INTO THE SPSA

As of the date of this announcement, the Disposed Group has a pledged bank borrowing of approximately HK\$36,841,000 (NTD 139,999,000) which is secured by the land and the manufacturing factory located at Letzer Industrial Zone (“**Letzer**”) in Yi-Lan County, Taiwan (台灣宜蘭縣利澤工業區), and the total outstanding interest payable on this pledged bank borrowing is approximately HK\$2,929,000 (NTD11,129,000). Furthermore, there is a long-term leasing agreement between Sun Materials and Letzer pursuant to which Sun Materials is entitled to use the land for 20 years with an option to purchase the land at an agreed price. As of the date of this announcement, the outstanding lease payment is approximately HK\$119,046,000 (NTD452,377,000) for the remaining thirteen years. Save as mentioned above, the present monthly operating costs are now approximately HK\$1.0 million after downsizing the daily operation of the Disposed Group from time to time. Sun Materials is now merely a cost center and not able to generate any income to provide funding for its recurring operating costs and financial obligations. In view of the latest net liability position of the Disposed Group, the Board is of the view that the Disposal will release the financial burden of the Company to provide funding for the monthly operating costs, payment of interest and principal of the pledged bank borrowing.

## **FINANCIAL EFFECT OF THE DISPOSAL**

As a result of the Disposal, subject to further audit procedures to be performed by the auditor of the Group, the Group is expected to record an unaudited gain on disposal of the Disposed Group of approximately HK\$86.6 million.

Upon the completion of the SPSA, the Disposed Group will no longer be a subsidiary of the Group. Accordingly, the assets, liabilities and the financial results of the Disposed Group will no longer be consolidated into the financial statements of the Group.

## **GENERAL INFORMATION**

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

The Disposed Group engages in the business of manufacture and sale of solar grade polycrystalline silicon in Taiwan, and the Disposed Group will cease to be a subsidiary of the Company upon completion of the SPSA. Accordingly, the Group's principal businesses are investment and trading of securities, provision of finance, property investment and manufacturing and sale of accessories for photographic products.

## **LISTING RULES IMPLICATIONS**

The Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

By order of the Board  
**MASCOTTE HOLDINGS LIMITED**  
**Suen Yick Lun Philip**  
*Managing Director, Chief Executive Officer  
and Company Secretary*

Hong Kong, 16 June 2014

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

*Executive Directors*

Mr. Chung Yuk Lun (*Acting Chairman*)

Mr. Suen Yick Lun Philip (*Managing Director  
and Chief Executive Officer*)

Mr. Eddie Woo

Miss Wong Yuen Mui

Ms. Shum Ching Yee Jennifer

*Independent Non-executive Directors*

Mr. Frank H. Miu

Dr. Agustin V. Que

Mr. Robert James Iaia II

Mr. Hung Cho Sing