MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

ANNOUNCEMENT

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE AT HK$0.07 PER RIGHTS SHARE

Underwriter of the Rights Issue

KINGSTON SECURITIES LTD.

Financial adviser to Mascotte Holdings Limited

KINGSTON CORPORATE FINANCE LTD.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of not less than approximately HK$429.67 million and not more than approximately HK$515.62 million by issuing not less than 6,138,200,416 Rights Shares and not more than 7,365,996,744 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at the Subscription Price of HK$0.07 per Rights Share, on the basis of four (4) Rights Shares for every one (1) Share held on the Record Date.

The estimated net proceeds of the Rights Issue will be not less than approximately HK$408.67 million and not more than approximately HK$494.62 million and are intended to be used by the Company for the implementation of recycling plant and facilities to its polycrystalline silicon business and repayment of part of the Credit Line.

IRREVOCABLE UNDERTAKING

As at the date of this announcement, the Company has outstanding Convertible Bonds in the aggregate principal amount of HK$1,200,000,000. All the holders of the outstanding Convertible Bonds have given their respective Irrevocable Undertaking to the effect that each of them will not exercise any of the conversion rights attached to the Convertible Bonds prior to completion of the Rights Issue.

OPTION DEEDS UNDERTAKING

As at the date of this announcement, there are 40,937,500 outstanding share options under the Option Deeds. Pursuant to the terms of the Option Deeds, 25% of the share options granted to the grantees should vest on the date which is 12 months after the grant of the share options, i.e. 12 months after 11 January 2012. As such, 10,234,375 share options under the Option Deeds were vested on 11 January 2013. All the Option Deeds holders have given the Option Deeds Undertaking pursuant to which each of them will not exercise any of the subscription rights attached to the outstanding share options under the Option Deeds prior to completion of the Rights Issue.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon the fulfilment of the conditions set out in the section headed "Conditions of the Rights Issue" in this announcement. In particular, the Rights Issue is conditional, among others, upon:

(i) the Independent Shareholders having approved the Rights Issue and the transactions contemplated thereunder at the SGM;

(ii) **the Listing Committee granting or agreeing to grant (subject to allotment), and not having withdrawn or revoked, the listing of, and permission to deal in, the Rights Shares in nil-paid and fully-paid forms; and**

(iii) **the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the section headed "Termination of the Underwriting Agreement" in this announcement).**

If the conditions of the Rights Issue are not fulfilled or waived (as the case may be) or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares and/or nil-paid Rights Shares (as the case may be) from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

Any Shareholders or other persons contemplating dealing in the Shares and/or nil-paid Rights Shares are recommended to consult their own professional advisers.

GENERAL

The Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to Rule 7.19(6)(a) of the Listing Rules, any controlling shareholder and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Rights Issue. As at the date of this announcement, as the Company has no controlling shareholder within the meaning of the Listing Rules, the Directors (excluding the independent non-executive Directors), namely Mr. Peter Temple Whitelam and Mr. Lo Yuen Wa Peter and chief executive of Sun Materials, namely Dr. Wu Yi-Shuen, and their respective associates will abstain from voting in favour of resolutions to approve the Rights Issue at the SGM. Save that Mr. Peter Temple Whitelam, Mr. Lo Yuen Wa Peter and Dr. Wu Yi-Shuen held 78,125 Shares (representing approximately 0.01% of the issued share capital of the Company), 156,250 Shares (representing approximately 0.01% of the issued share capital of the Company) and 17,797,250 shares (representing approximately 1.16% of the issued share capital of the Company) respectively, none of the Directors nor the chief executive of the Company held any Shares as at the date of this announcement. Save as disclosed above, none of the Shareholders will be required to abstain from voting in favour of the resolutions to approve the Rights Issue at the SGM.

The Company will establish an independent board committee comprising the independent non-executive Directors to make recommendation to the Independent Shareholders. The Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders in this regard.

A SGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Rights Issue. A circular containing, among other things, (i) further details about the Rights Issue; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before Friday, 1 March 2013.

Upon the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Shareholders for information only.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	Four (4) Rights Shares for every one (1) Share held on the Record Date and payable in full on acceptance
Subscription Price	:	HK$0.07 per Rights Share
Number of Shares in issue as at the date of this announcement	:	1,534,550,104 Shares
Number of Rights Shares	:	Not less than 6,138,200,416 Rights Shares (assuming no further issue of new Shares on or before the Record Date) and not more than 7,365,996,744 Rights Shares (assuming the Issue Mandate is approved and fully utilised, the outstanding Share Options are fully exercised and no further issue of new Shares on or before the Record Date)

Total number of issued Shares immediately upon completion of the Rights Issue	:	not less than 7,672,750,520 Shares and not more than 9,207,495,930 Shares
Aggregate nominal value of Rights Shares	:	not less than HK$61,382,004.16 and not more than HK$73,659,967.44
Underwriter	:	Kingston Securities Limited, which is an Independent Third Party

As at the date of this announcement:

(1) There are outstanding Convertible Bonds in the aggregate principal amount of HK$1,200,000,000 convertible into new Shares at the conversion price of HK$0.2 per Conversion Share (subject to adjustments). As at the date of this announcement, all the respective holders of the outstanding Convertible Bonds have given the Irrevocable Undertaking.

(2) There are outstanding Share Options under the Share Option Scheme to subscribe for an aggregate of 39,062 Shares. Assuming full exercise of the subscription rights attaching to the outstanding Share Options on or before the Record Date, an additional of 156,248 Rights Shares will be issued.

(3) There are 40,937,500 outstanding share options under the Option Deeds dated 29 August 2011 and subsequent to the adjustments of the capital reorganisation became effective on 26 April 2012, to subscribe for an aggregate of 40,937,500 Shares. Pursuant to the Option Deeds, 25% of the share options granted to the grantees should vest on the date which is 12 months after the grant of the share options, i.e. 12 months after 11 January 2012. As such, 10,234,375 share options under the Option Deeds were vested on 11 January 2013. All the Option Deeds holders have given the Option Deeds Undertaking pursuant to which each of them will not exercise any of the subscription rights attached to the outstanding share options under the Option Deeds prior to completion of the Rights Issue.

(4) Based on the 1,534,550,104 Shares in issue as at the date of this announcement and assuming that: (i) there is no change in the issued share capital of the Company from the date of this announcement until the date of the Issue Mandate SGM, and (ii) the Issue Mandate is approved in the Issue Mandate SGM and fully utilised on or before the Record Date, an additional of 1,227,640,080 Rights Shares will be issued.

Save as disclosed above, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

As disclosed in the announcements of the Company dated 28 December 2012 and 22 January 2013, the Company has entered into a placing agreement in relation to the Note Placing. Save for the Note Placing, the Company has no discussion in respect of other equity or debt fund-raising activities up to the date of this announcement.

Assuming no outstanding Share Options being exercised and the Issue Mandate not being utilised on or before the Record Date, the 6,138,200,416 Rights Shares proposed to be provisionally allotted represent 400% of the Company's issued share capital as at the date of this announcement and 80.00% of the Company's issued share capital of 7,672,750,520 Shares as enlarged by the issue of 6,138,200,416 Rights Shares.

Assuming the Issue Mandate is approved and fully utilised, the outstanding Share Options are fully exercised and no further issue of new Shares on or before the Record Date, the 7,365,996,744 Rights Shares proposed to be provisionally allotted represent approximately 480% of the Company's issued share capital as at the date of this announcement and issued share capital of 9,207,495,930 Shares as enlarged by the issue of 7,365,996,744 Rights Shares.

As at the date of this announcement, the Board has not received any information from any substantial Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not being an Excluded Shareholder on the Record Date. In order to be registered as a member of the Company on the Record Date, all transfer of Shares must be lodged (together with the relevant share certificate(s)) with the Registrar before 4:30 p.m. (Hong Kong time) on Thursday, 21 March 2013 at the following address:

Tricor Secretaries Limited at
26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Rights of the Excluded Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong and Bermuda. If there are any Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong as at the Record Date, the Company will comply with all necessary requirements under Rule 13.36(2) of the Listing Rules and will only exclude the Shareholders from the Rights Issue after making enquiries regarding the legal restrictions under the laws of the relevant jurisidictions. If based on the legal opinions provided by legal advisers, the Directors consider that it is necessary or expedient not to offer the Rights Shares to any particular Shareholder because of either: (i) the legal restrictions under the laws of the place of his registered address, or (ii) the requirements of the relevant regulatory body or stock exchange in that place, the Rights Shares will not be offered to such Shareholder. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Excluded Shareholders (if any) for their information only. The Company will not send PAL(s) and EAF(s) to the Excluded Shareholders.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end. If a premium (net of expenses) can be obtained, the proceeds of such sale, less expense, will be paid to the Excluded Shareholders pro-rata to their shareholdings held as at the Record Date. In light of the administrative costs, the Company will retain individual amounts of HK$100 or less for its own benefit. Any unsold entitlement of the Excluded Shareholders to the Rights Shares, together with any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the EAF(s) and lodging the same with a separate remittance for the excess Rights Shares.

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

(1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to top up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and

(2) subject to availability of excess Rights Shares after allocation under principle (1) above, any further remaining excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied for by them (i.e. the Qualifying Shareholders applying for smaller numbers of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas the Qualifying Shareholders applying for larger numbers of Rights Shares are allocated with a smaller percentage of successful application but will receive higher number of Rights Shares).

The Rights Issue provides an opportunity for the Shareholders to subscribe for new Shares that allows them to maintain their respective shareholding interests in the Company. The allotment of excess Rights Shares to applicants with reference to their respective shareholdings in the Company as at the Record Date is a measure for the Shareholders who subscribe for excess Rights Shares to largely maintain their respective shareholdings after completion of the Rights

Issue. In the event that the Company discovered certain applications may have been made with the intention to abuse the mechanism whereby preference would have been given to applications for topping up odd-lot holdings, the Company will change the allocation method for the excess Rights Shares on a fair and equitable basis.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee as a single shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own name prior to the Record Date.

For Shareholders whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, for completion of the relevant registration not later than 4:30 p.m. on Thursday, 21 March 2013.

Closure of register of members

The register of members of the Company, in relation to the Rights Issue, will be closed from Friday, 22 March 2013 to Tuesday, 26 March 2013, both dates inclusive. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price for the Rights Issue is HK$0.07 per Rights Share, payable in full on application.

The Subscription Price represents:

(i) a discount of approximately 65.85% to the closing price of HK$0.2050 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 65.65% to the average closing price of approximately HK$0.2038 as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and

(iii) a discount of approximately 27.84% to the theoretical ex-entitlement price of approximately HK$0.0970 per Share after the Rights Issue, based on the closing price of HK$0.2050 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares, the financial conditions of the Company and the prevailing market conditions. Moreover, the Directors consider that the discount would encourage Shareholders to participate in the Rights Issue, maintain their shareholdings in the Company and participate in the future growth of the Group. In view of the prevailing market conditions of the capital market in Hong Kong and the benefits of the Rights Issue, the Directors (excluding the independent non-executive Directors whose opinion will be set forth in the circular to be despatched to the Shareholders in relation to, inter alia, the Rights Issue, after having been advised by an independent financial adviser) consider that the terms of the Rights Issue are fair and reasonable and in the best interests of the Group and the Shareholders as a whole. The estimated expenses in relation to the Rights Issue, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses will be borne by the Company. The net price per Rights Share upon full acceptance of the relevant provisional allotment of the Rights Shares (assuming no further issue of new Shares on or before the Record Date) will be approximately HK$0.0665.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

Certificates of the Rights Shares

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the Rights Shares are expected to be sent on or before Monday, 22 April 2013 to those entitled thereto by ordinary post at their own risk.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms). No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchanges.

Dealings in the Rights Shares in both nil-paid and fully-paid forms which are registered with the Registrar will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Irrevocable Undertaking

As at the date of this announcement, the Company has outstanding Convertible Bonds in the aggregate principal amount of HK$1,200,000,000. All the holders of their respective outstanding Convertible Bonds, including SPARX Emerging Opportunities Fund SPC (formally known as PMA Emerging Opportunities Fund SPC) (with an outstanding principal amount of HK$350 million), VMS Private Investment Partners II Limited (with an outstanding principal amount of HK$350 million), Mr. Andrew Liu (with an outstanding principal amount of HK$400 million), and two other holders (with an outstanding principal amount of HK$100 million) have given the Irrevocable Undertaking to the effect that each of them will not exercise any of the conversion rights attached to the outstanding Convertible Bonds prior to the completion of the Rights Issue.

Option Deeds Undertaking

As at the date of this announcement, there are 40,937,500 outstanding share options under the Option Deeds. Pursuant to the Option Deeds, 25% of the share options granted to the grantees should vest on the date which is 12 months after the grant of the share options, i.e. 12 months after 11 January 2012. As such, 10,234,375 share options under the Option Deeds were vested on 11 January 2013. All the Option Deeds holders have given the Option Deeds Undertaking pursuant to which each of them will not exercise any of the subscription rights attached to the outstanding share options under the Option Deeds prior to the completion of the Rights Issue.

UNDERWRITING AGREEMENT

The Underwriting Agreement

Date	:	4 February 2013 (after trading hours)
Underwriter	:	Kingston Securities Limited. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties
Total number of Rights Shares being underwritten by the Underwriter	:	The Underwriter has agreed to fully underwrite not less than 6,138,200,416 Rights Shares and not more than 7,365,996,744 Rights Shares not taken up by the Qualifying Shareholders.
Commission	:	3% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares

Pursuant to the Underwriting Agreement, the Underwriter will subscribe or procure subscribers to subscribe for such number of Untaken Shares under the Rights Issue. The Underwriter shall and shall cause the sub-underwriter(s) to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with upon completion of the Rights Issue.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

(i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

   (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

   (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/ or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter are likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Group, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or

(vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or the circular in connection with the Rights Issue, or the Prospectus Documents,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following:

(i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date and the filing of the Prospectus Documents duly signed by one Director (for and on behalf of all the Directors) with the Registrar of Companies in Bermuda in compliance with the Companies Act on or as soon as reasonably practicable after publication of the Prospectus Documents;

(ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;

(iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of, and permission to deal in the Rights Shares (in both nil-paid and fully-paid forms) by no later than the first day of their dealings;

(iv) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time of Termination;

(v) the Independent Shareholders having approved the Rights Issue and the transactions contemplated thereunder at the SGM;

(vi) compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;

(vii) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares; and

(viii) in the event that the number of Untaken Shares exceeds 19.9% of the issued share capital of the Company immediately upon the completion of the Rights Issue, the Underwriter successfully procuring subscriber(s): (i) who are third parties independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii) none of whom (together with their respective parties acting in concert (within the meaning of the Takeovers Code) with them) will hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue, so that all Untaken Shares are subscribed for.

The conditions (other than condition (vi) above) are incapable of being waived. If any of the above conditions is not satisfied in whole or in part by the Latest Time for Termination, the Underwriting Agreement shall be terminated accordingly and no party shall have any claim against the other save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares, shall to the extent agreed by the Company be borne by the Company, and the Rights Issue will not proceed.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

Scenario 1: Assuming no new Shares are issued on or before the Record Date

			Immediately after the completion of the Rights Issue			
	As at the date of this announcement		Assuming all the Rights Shares are subscribed by the Qualifying Shareholders		Assuming none of the Rights Shares are subscribed by the Qualifying Shareholders *(note 3)*	
	Shares	*Approx.*	*Shares*	*Approx.*	*Shares*	*Approx.*
Substantial Shareholders/Directors						
Mr. Peter Temple Whitelam *(note 1)*	78,125	0.01%	390,625	0.01%	78,125	0.00%
Mr. Lo Yuen Wa Peter *(note 1)*	156,250	0.01%	781,250	0.01%	156,250	0.00%
Dr. Wu Yi-Shuen *(note 2)*	17,797,250	1.16%	88,986,250	1.16%	17,797,250	0.23%
SPARX Emerging Opportunities Fund SPC *(note 4)*	200,000,000	13.03%	1,000,000,000	13.03%	200,000,000	2.61%
VMS Private Investment Partners II Limited *(note 4)*	200,000,000	13.03%	1,000,000,000	13.03%	200,000,000	2.61%
Mr. Andrew Liu *(note 4)*	200,000,000	13.03%	1,000,000,000	13.03%	200,000,000	2.61%
Public Shareholders						
The Underwriter	—	0.00%	—	0.00%	6,138,200,416	80.00%
Others	916,518,479	59.73%	4,582,592,395	59.73%	916,518,479	11.94%
Total	1,534,550,104	100.00%	7,672,750,520	100.00%	7,672,750,520	100.00%

Scenario 2: Assuming the outstanding Share Options are fully exercised and the Issue Mandate is approved and fully utilised on or before the Record Date

	As at the date of this announcement		As at Record Date (Assuming the outstanding Share Options have been fully exercised and the Issue Mandate has been approved and fully utilised)		Immediately after the completion of the Rights Issue: Assuming all Rights Shares are subscribed by the Qualifying Sharesholders		Immediately after the completion of the Rights Issue: Assuming none of the Rights Shares are subscribed by the Qualifying Shareholders *(note 3)*	
	Shares	*Approx.*	*Shares*	*Approx.*	*Shares*	*Approx.*	*Shares*	*Approx.*
Substantial Shareholders/ Directors								
Mr. Peter Temple Whitelam *(note 1)*	78,125	0.01%	78,125	0.00%	390,625	0.00%	78,125	0.00%
Mr. Lo Yuen Wa Peter *(note 1)*	156,250	0.01%	156,250	0.01%	781,250	0.01%	156,250	0.00%
Dr. Wu Yi-Shuen *(note 2)*	17,797,250	1.16%	17,797,250	0.97%	88,986,250	0.97%	17,797,250	0.19%
SPARX Emerging Opportunities Fund SPC *(note 4)*	200,000,000	13.03%	200,000,000	10.86%	1,000,000,000	10.86%	200,000,000	2.17%
VMS Private Investment Partners II Limited *(note 4)*	200,000,000	13.03%	200,000,000	10.86%	1,000,000,000	10.86%	200,000,000	2.17%
Mr. Andrew Liu *(note 4)*	200,000,000	13.03%	200,000,000	10.86%	1,000,000,000	10.86%	200,000,000	2.17%
Public Shareholders								
The Underwriter	—	0.00%	—	0.00%	—	0.00%	7,365,996,744	80.00%
Holder(s) of Shares issued under the Issue Mandate *(note 5)*	—	0.00%	306,910,020	16.67%	1,534,550,100	16.67%	306,910,020	3.33%
Outstanding Share Options being fully exercised	—	0.00%	39,062	0.00%	195,310	0.00%	39,062	0.00%
Others	916,518,479	59.73%	916,518,479	49.77%	4,582,592,395	49.77%	916,518,479	9.95%
Total	1,534,550,104	100.00%	1,841,499,186	100.00%	9,207,495,930	100.00%	9,207,495,930	100.00%

Notes:

1. An executive Director of the Company.

2. Dr. Wu Yi-Shuen has resigned as an executive Director of the Company with effect from 31 December 2012. He remains as the chairman, director, chief executive officer and chief technology officer of Sun Materials as at the date of this announcement.

3. **This scenario is for illustrative purpose only and will never occur.** Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Untaken Shares:

(i) the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Rights Issue;

(ii) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares (which form part of the Underwritten Shares) procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates and concert parties; and (ii) any subscribers procured by the Underwriter shall not, together with any party acting in concert with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue; and

4. A holder of the Convertible Bonds. As disclosed in the shareholding table above, each of the three holders of the Convertible Bonds, namely SPARX Emerging Opportunities Fund SPC, VMS Private Investment Partners II Limited and Mr. Andrew Liu is interested in 200,000,000 Shares, representing 13.03% of the issued share capital of the Company.

5. If the Issue Mandate is approved at the Issue Mandate SGM, the Directors will be authorised to allot, issue and deal with new Shares not exceeding 20% of the issue Share capital of the Company as at the date of the Issue Mandate SGM.

6. The Company will ensure the compliance with the public float requirements under Rule 8.08 of the Listing Rules upon completion of the Rights Issue in accordance with the Underwriting Agreement. To this end, the Underwriter shall and shall cause the sub-underwriter(s) to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.

7. The approximate percentage of shareholding of respective shareholders is subject to rounding error.

As at the date of this announcement, to the best knowledge, information and belief of the Directors, the Underwriter, holders of the Consideration Bonds and their respective associates do not hold any Shares.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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. There has been no material change on each of the Group's business segments since 30 September 2012.

As disclosed in the interim report of the Company for the period ended 30 September 2012, before completion of the Group's acquisition of Sun Mass Group in 2011, the recycling facilities of the Group's polycrystalline silicon business were planned to be constructed and implemented after the commencement of commercial production of polycrystalline silicon, and that the capital commitment for the recycling facilities would be financed by the cash flow generated from commercial production. In April 2012, after improving the thermal decomposition capabilities at the production plant, Sun Materials was able to produce samples of polycrystalline silicon using the commercial production line. The need to expedite the further enhancement of its production facilities before formal commercial production is prompted by, among other reasons, the accumulation of a high volume of hydrofluoric acid which poses environmental pollution risk in the peak typhoon season if the production is proceeded without enhancement of the production facilities. Therefore, the Group has to enhance its production facilities now before commencing formal large-scale production.

The Group expects that once the enhancement work on the decomposition and recycling/regeneration capabilities of its production facilities is completed and that production will commence as planned, the same model will be applied to the construction of the additional five production plants.

Further details of the business update on the Group's polycrystalline silicon business are set out on pages 37 to 50 in the interim report of the Company for the period ended 30 September 2012.

The Company has no intention to change its business strategies, and the funding for each business segment will be based on its own development in future.

Currently, the Company has no negotiation, agreement, arrangement and undertaking about any acquisitions, business co-operations, or any disposal, scaling-down and/or termination of its existing businesses as at the date of this announcement. However, the Company intends to take all necessary steps to sustain the Group's operations including pursuing strategic investors and partners for its operation to reduce its debt level and enhance its working capital; and the Company will consider any opportunity that is in the interests of the Shareholders if and when it arises in the future.

Factors the Board has considered in arriving at the Rights Issue:

Current financial resources available to the Group

In arriving at the Rights Issue, the Company has taken into consideration the financial resources available to the Group. As of 31 December 2012, the unaudited cash balance of the Group was approximately HK$37.9 million. As at the date of this announcement, the Group does not have any facilities available to be drawn down.

Changes in the Group's working capital requirements

As at the date of the 2nd VSA Circular, the Directors believed that the operations of the Group for the next twelve months (since the date of the 2nd VSA Circular) would rely on, among others, (i) the available internal financial resources, (ii) the then existing margin facilities, (iii) the Standby Line, and (iv) the cashflows expected to be generated from the operating activities of the Sun Materials.

However, the working capital requirement is changed due to the following reasons:

(a) The Standby Line has expired

The Standby Line expired on 3 January 2013 pursuant to the terms of the Standby Line agreement.

(b) Delays in commercial production affected the Group's cashflow forecast

As mentioned above, the commercial production cannot be commenced without the enhancement of the production and recycling plants and facilities.

As there have been delays in the commercial production of polysilicon crystalline, which has in turn affected the Group's cashflow forecast, the Directors are of the view that there was an imminent need to speed up the enhancement of the recycling plant in the Group's production facilities in order to cope with the large volumes of hydrofluoric acid discharge.

Save as disclosed above, there has been no other material change in the Group's working capital requirements since 30 September 2012, being the end date of the latest published unaudited financial statements of the Group for the six months ended 30 September 2012.

Set out below are the Company's major cash inflow and outflow items since 30 September 2012:

	Approx. HK$' million
Unaudited cash and bank balances as at 30 September 2012	31.0
Add:	
Unsecured loan from Chung Nam Finance Limited *(Note 1)*	60.0
Proceeds from the exercise of Share Options under the Share Option Scheme *(Note 2)*	5.8
Disposal of securities and investments	34.6
Proceeds from the placing of 68,501,684 new Shares under general mandate *(Note 3)*	11.1
Draw down of the Credit Line	415.0
Sub-total	557.5
Less:	
Redemption of Consideration Bonds *(Note 4)*	399.0
Interests paid for Consideration Bonds	9.5
Interests paid to secured loan from Chung Nam Finance Limited	0.6
Document fee in relation to the Credit Line	3.1
Unsecured loan repayment – Chung Nam Finance Limited	35.0
Capital expenditure for the implementation of recycling plant	50.0
Working capital for the Group's polycrystalline silicon business	8.5
Loan installment (principal plus interest)	1.8
Professional fee	6.6
Payroll – the Company	4.1
Others	1.4
Unaudited cash and bank balances as at 31 December 2012	37.9

Notes:

1. An unsecured loan facility due to Chung Nam Finance Limited bearing an interest rate of 1% per month with an aggregate principal amount up to HK$100.0 million due in January 2013.

2. As disclosed in the announcement dated 5 October 2012, the Company offered to grant an aggregate of 28,540,000 Share Options to subscribe for the new ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme to certain eligible participants, at an exercise price of HK$0.204 each. 28,540,000 Share Options were fully exercised on 9 October 2012.

3. As disclosed in the announcement dated 8 November 2012, the Company entered into the placing agreement pursuant to which the placing agent has conditionally agreed to place a total of 68,501,684 new ordinary shares of HK$0.01 each on a fully underwritten basis, to not less than six placees, at a price of HK$0.17 per Share, under the Company's general mandate. The net proceeds from the placing was approximately HK$11.1 million.

4. Since completion of the acquisition of Sun Materials on 4 January 2012, the trading price of the Shares has been on a continuous downward trend and has declined to levels significantly lower than expected. The downward spiral of the trading price in the Shares has reflected a decline of the market's confidence in the future prospects of the Company. Quinella, the major creditor of the Company with an exposure far exceeding the total market capitalization of the Company, expressed its concern to the Company and made repeated requests to the Company since January 2012 to partially reduce the amount of the outstanding Consideration Bonds. Initially, the Company has declined Quinella's requests for early repayment, given that it was well before the maturity of the Consideration Bonds and that the Company planned to continue to fulfil its payment obligations (including interest payments) as and when the Consideration Bonds fall due.

   Quinella was dissatisfied and continued to exert pressure on the Company to make partial early repayment, claiming that this is the only way for the Company to demonstrate that it is still financially sound. Quinella also indicated to the Company that failure to repay early would further dampen its confidence in the Company and would jeopardise the business relationship between Quinella and the Company in the long run.

   Nevertheless, Quinella is the former owner of the innovative technology which is believed to significantly reduce the production costs of polycrystalline silicon and has extensive business network in the industry. Despite the Company did not have (at the time of early redemption of the then outstanding Consideration Bonds) and still has no direct business relationship with Quinella as at the date of this announcement, the Company is of the view that the Company is under the threat that Quinella may jeopardize the business opportunity (i) between the Company and Quinella; and (ii) between the Company and other potential business partners, if arise in the future. Therefore, the Company has no alternative but to early redeem certain amount of the Consideration Bonds from Quinella in order to maintain amicable relationship with Quinella.

   Having considered the future prospect of the Group and business relationship with creditors in the long-run, the Company has redeemed the aggregated principal amounted to approximately HK$860 million of the Consideration Bonds up to the date of this announcement.

Further, the following sets out the major cash-flow items from 31 December 2012 to the date of this announcement:

		Approx. *HK$' million*
(i)	Interest payments for the Convertible Bonds	(35.7)
(ii)	Interest payments for the Consideration Bonds	(5.8)
(iii)	Redemption of part of the Consideration Bonds	(29.0)
(iv)	Further draw down of the Credit Line	85.0

Alternative forms of financing

The Group has tightened liquidity and the Company has been exploring various initiatives to seek new funding as demonstrated by various equity fund raisings, issuance of new notes and disposal of assets and securities investment portfolios. Meanwhile, the Company also announced to amend the terms of the Convertible Bonds. The Company first announced its intention of rights issue on 17 July 2012 and due to unexpected prolonged process in conducting the Rights Issue, the Company and the Underwriter finally entered into the Underwriting Agreement on 4 February 2013.

The Directors have considered bank financing and decided against it given the additional financing costs and the requirement of securities collateral by controlling shareholders. Most importantly, the Board is of the view that it is unrealistic and impracticable to seek bank borrowings in the amount required to satisfy the funding needs of the Company, in particular given the Company's current financial position and that the borrowed fund would be utilised for a new business segment of the Company with no proven track record.

The Directors believe that it is prudent to finance the growth of the Company by long-term equity. The Rights Issue will offer all the Shareholders an equal opportunity to increase their interest in the Company's prospects. In view of the current market environment and having weighed the pros and cons of the alternatives, the Directors conclude that the Rights Issue is the best method for the Company to raise funds.

Accordingly, the Directors consider that they have fulfilled their fiduciary duty and duty of skill, care and diligence in considering the fairness and reasonableness of the Rights Issue.

In view of the above, the Directors (excluding the independent non-executive Directors whose opinion will be set forth in the circular to be despatched to the Shareholders in relation to, inter alia, the Rights Issue, after having been advised by an independent financial adviser) consider that the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reduction of financing costs and gearing

The Company's debt-to-equity ratio after completion of the acquisition of Sun Mass and financing costs are higher than those in 2011 and it is keen to reduce both. The Company closely monitors its daily operations with an aim to improve its efficiency by cost savings and cash balance for daily operations.

Set out below is the information of the Debts and a comparison of the financing costs associated with the Debts, as at 31 January 2013:

Description	Identity of the lender	Approximate outstanding principal as at 31 January 2013	Terms	Due date	Approximate interest rate per annum	Approximate simple interest payable per annum based on the remaining principals *(Note 1)*	Interest repayment schedule
Consideration Bonds *(Note 2)*	Holders of the Consideration Bonds	HK$890.00 million	2 years	4 January 2014	2.5%	HK$22.25 million	Quarterly
Convertible Bonds *(Note 3)*	Holders of the Convertible Bonds	HK$1,200.00 million	3 years	14 July 2014	5.0%	HK$60.00 million	Semi-annually
Credit Line	Chung Nam Finance Limited	HK$500.00 million	2 years	21 November 2014	10.25% equivalent to prime rate plus 5%	HK$51.25 million	Monthly
Bank borrowings	Bank and financial institutions	HK$42.70 million (equivalent to new Taiwan dollar 160.00 million) *(Note 4)*	10 years	3 February 2023	1.8%	HK$0.77 million (equivalent to new Taiwan dollar 2.90 million) *(Note 4)*	Monthly
Total		HK$2,632.70 million				HK$134.27 million	

Notes:

1. Interest payable is estimated based on simple method as at 31 January 2013 and the outstanding principals;

2. The maturity date of the Consideration Bonds shall be 2nd anniversary of the issue of the Consideration Bonds 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, the interest thereafter shall accrue daily on the principal amount of the outstanding Consideration Bonds at 12.5% per annum;

3. On 3 December 2012, the Company entered into the Deeds of Amendment with each of the bond holders of the Convertible Bonds to alter the certain terms and conditions of the Convertible Bonds, which was approved by the Shareholders on 18 January 2013. Further details of the Deeds has been set out in the circular of the Company dated 31 December 2012; and

4. Principal amounts of the liabilities in new Taiwan dollar have been converted into Hong Kong dollar at approximately HK$1 = new Taiwan dollar 3.75.

The total deficit of the Group as at 30 September 2012 was approximately HK$1,101.3 million (as at 31 March 2012: the total equity of the Group was approximately HK$1,231.2 million). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing bank and other borrowings plus Convertible Bonds and Consideration Bonds) over shareholders' funds was approximately (211.2%) (as at 31 March 2012: approximately 193.7%). Given the high financing costs associated with the Credit Line, the Directors are of the view that although the Credit Line will not become due until 2014, it is in the interest of the Company to repay part of the Credit Line.

The Directors were aware of the interest burden and the worsened gearing at the time when the Company published the 2nd VSA Circular. At the time of publication of the 2nd VSA Circular, the Directors were satisfied that the impact of the interest burden and gearing was acceptable.

Nevertheless, combined with the Group's net loss position for the period ended 30 September 2012 and the delay in the Company's commercial production of polycrystalline silicon, the Directors consider that it is not desirable for the Company to continue to bear high financing costs associated with the Credit Line until they become due in 2014.

The Company will rely principally on the surplus cashflow to be generated from the polycrystalline silicon operation, after commencement of commercial production, to fund the repayment of the outstanding Debts.

Given that commercial production of polycrystalline silicon cannot commence until the necessary enhancement work and the construction of the recycling facility have been completed, the Company is currently not in the position to estimate a reliable amount of cash flow to be generated from the production of polycrystalline silicon. However, the estimated cashflow has been prepared by Sun Materials for the impairment test which was carried by an independent valuer for the 2012 interim results. Save as disclosed in the Company's interim report, which was dispatched on 24 December 2012, the basis of the preparation has been disclosed. There has been no materials change in respect of the information disclosed since the publication of the 2012 interim report to the date of this announcement.

Even if commercial production will commence shortly, the Company estimates that the amount of surplus cashflow to be generated from the polycrystalline silicon operation may still fall short of the total amount required to fund the repayment of all the outstanding Debts before their maturity. This is because the Debts will mature soon and because of the delay in the commencement of commercial production, the Company would not be able to generate cashflow from the polycrystalline silicon operation. As at the date of this announcement, the Company expects that the total amount of cash which could be generated from the polycrystalline silicon operation before the maturity of the Debts is zero. Accordingly, the Company believes that it is necessary to explore other means of financing, including further equity fund raising, to generate funds to finance the repayment of the Debts.

Application of use of net proceeds

The estimated net proceeds from the Rights Issue will be approximately HK$408.67 million (assuming no further issue of new Shares on or before the Record Date), of which approximately HK$149.70 million, representing approximately 36.63% of the net proceeds from the Rights Issue, will be applied to the implementation of recycling plant and facilities as disclosed in the 2nd VSA Circular, and the remaining of approximately HK$258.97 million, representing approximately 63.37% of the net proceeds from the Rights Issue, will be applied to the repayment of part of the Credit Line.

Assuming the Issue Mandate is approved and fully utilised, the outstanding Share Options are fully exercised and no further issue of new Shares on or before the Record Date, the estimated net proceeds from the Rights Issue will be approximately HK$494.62 million, of which approximately HK$149.70 million will be applied to the implementation of recycling plant and facilities, and the remaining of approximately HK$344.92 million will be applied to the repayment of part of the Credit Line, representing approximately 30.27% and 69.73% respectively of the net proceeds of the Rights Issue.

The summary of the net proceeds from the Rights Issue will be applied as follows:

	Assuming no further issue of new Shares on or before the Record Date *HK$ million approximately*	Assuming the Issue Mandate is approved and fully utilised, the outstanding Share Options are fully exercised and no further issue of new Shares on or before the Record Date *HK$ million approximately*
(A) Capital expenditure — for implementation of recycling plant and facilities *(Note 1)*		
— apply to additional civil work, general utility/piping, the production/piping and building costs for the extension part *(Note 2)*	53.50	53.50
— apply to the purchase of additional and/or refined factory's machineries/piping *(Note 2)*	96.20	96.20
(B) For repayment of the Credit Line	258.97	344.92
Total	**408.67**	**494.62**

Notes:

1. The costs are estimated on the basis of enhancing the plant to operate on its commercial designed capacity.

2. These relate to enhancing production facilities to address the risk as set out on pages 16-17 in the section headed "Reasons for the Rights Issue and use of proceeds".

With respect to the enhancement work in relation to the implementation of the recyclying plant and facilities, the "additional civil work, general utility/piping, the production/piping and building costs for the extension part" covers the construction costs of new buildings to house new gas decomposing facilities and other ancillary facilities for the transfer of gas to and from the production unit to the recycling plant of the Group's production facilities.

The "purchase of additional and/or refined factory's machineries/piping" is needed to construct new recycling reactors to store and break down the hydrofluoric acid discharge and construct additional piping to cope with the increased processing power/storage capacity of the recycling plant.

Set out below is summary of the capital expenditure plan for the Group's polycrystalline silicon business for the next 12 months from the date of this announcement:

Items for the enhancement of the recycling facilities for the existing plant	**Approximate amount** *(HK$' million)*	**Actual start date**	**Expected finish date**
Civil work	39.0	June 2012	March 2013
Plant production machineries	96.2	—	—
General utility and related piping work	14.5	July 2012	March 2013
Total	**149.7**		

The timing for purchasing the office equipment and tools is dependent upon the progress of the piping work and the construction of a recycling plant. It is expected that the piping work and the construction of a recycling plant will be completed by early 2013. As a reference, set out below is the schedule with the milestone dates and percentage of completion of the civil work, general utility and piping:

Percentage of completion	Estimated completion date	Actual date of completion
1. Civil Work		
10%	10 June 2012	June 2012
35%	20 August 2012	August 2012
60%	20 October 2012	October 2012
75%	5 December 2012	December 2012
90%	25 December 2012	—
100%	31 January 2013	—
2. General Utility		
10%	10 June 2012	July 2012
35%	20 August 2012	December 2012
60%	20 October 2012	—
75%	5 December 2012	—
90%	25 December 2012	—
100%	31 January 2013	—
3. Piping		
50%	18 January 2013	December 2012
100%	22 February 2013	—

As at the date of this announcement, the Group has not commenced full production of its polycrystalline silicon business. The nature of the Group's other principal businesses in trading in securities and money lending is such that they have no fixed business cycle and are dependent on market conditions. The business cycle of the Group's manufacturing and trading business ranges from a few weeks to a few months depending on the product specifications. As such, the Group has no specific business cycle and it is impossible to give an exact estimate on such length accordingly.

The capital expenditure of approximately HK$149.7 million (equivalent to US$19.2 million) will mainly be used for the enhancement of the Company's existing plant to enable it to reach full production capacity as disclosed in the 2nd VSA Circular.

A review of the Group's existing production capacity as well as floor plan has revealed that to reach full-scale production, prompt enhancement should be made to two major areas of the production cycle, namely decomposition and recycling/regeneration.

More decomposition reactors are essential to produce sufficient silicon tetraflouride to match the existing reactive combustion chambers whereas enhancement of the recycle/regeneration functions of the plants is essential for the Group to comply with the relevant environmental laws and regulations.

Accordingly, a new gas production and recycling building with related piping facilities and equipment, such as material drying systems, gas compression systems and scrubbers, should be constructed to accommodate the increased production capacity.

Having weighed the costs and benefits associated with various financing options, the Directors have come to the view that the Rights Issue is the more acceptable option. As such, the Directors believe that it is in the best interest of the Company to raise funds by means of the Rights Issue and that it is currently an optimal time.

Under the current market conditions, the Directors believe that it is difficult to secure an underwriter to commit to a rights issue. As such, the Directors are of view that the support from the Underwriter for the Rights Issue has presented an opportunity to increase the Company's equity capital base and reduce the Company's gearing while raising funds through alternative sources are not feasible or desirable as disclosed in this announcement.

The Board is also aware of the dilution impact of the Rights Issue in the case of low participation, and acknowledges that this is a downside of the Rights Issue. For the reasons below, the Board is of the view that the Rights Issue is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole:

(i) As compared to other equity alternatives, the Shareholders are offered an equal opportunity to participate and can benefit from the nil-paid share trading if they choose not to take up their entitlements. The major terms of the Rights Issue are in line with those generally adopted in Hong Kong for rights issues conducted on a fully-underwritten basis.

(ii) The dilution impact should not be considered in isolation and should be assessed against the potential benefits of the Rights Issue (which are set out under the section headed "Reasons for the Rights Issue and use of proceeds" in this announcement) to the Company and its Shareholders as a whole.

(iii) Other equity fund-raising alternatives such as a placing of Shares will equally have a material dilution impact on the shareholding of the Shareholders.

Having weighted the pros and cons of each of the alternatives, the Directors conclude that the Rights Issue is the best method for the Company to raise funds in view of the current market environment.

Apart from the Rights Issue and the Note Placing, the Company will continue to seek available financial resources including further fund-raising activities and/or pursuing strategic investors and partners for its operations to reduce its debt level and to enhance its working capital.

The intended uses of proceeds from the Rights Issue were arrived at after the Directors' due and careful consideration. The Directors consider that the intended uses of proceeds are specific and well-defined with the flexibility to use as intended to the Company. The Rights Issue will give every Qualifying Shareholder an opportunity to subscribe for and maintain its pro-rata interests in the Company. Furthermore, the Company believes that the Rights Issue will enhance its capital base and financial position.

WORKING CAPITAL NEEDS OF EACH OF THE GROUP'S BUSINESS SEGMENTS IN THE NEXT 12 MONTHS

The Group's major business segments other than the polycrystalline silicon operation are mature and financial resources previously deployed in running their operations are sufficient to satisfy the working capital needs at their existing levels of activities for the next twelve months. Furthermore, there is no plan to expand the scale of activities of these business segments in the foreseeable future.

Set out below are the working capital requirements by business segments for the next 12 months:

Loan financing and investment segments

Activities in both the loan financing and investment segments are now less active than before. In fact, the Company commenced liquidation of its investments in securities and repayment of its loans receivable from the first quarter of 2012. The Company does not plan to inject additional working capital to its loan financing and investment segments and both segments are and will be financed by the working capital already deployed. As at the date of this announcement, the Group has no outstanding loan receivable and investments.

Property investment segment

Income from property investment is secured by two tenancy agreements with third parties for a term ranging from two to five years. Currently, the operation of the property investment segment is financed by the rental income generated from its property investment portfolio.

As the disposal of a wholly-owned subsidiary of the Company was completed on 8 January 2013, the Company has entered into a new rental agreement with the current landlord. Based on the preliminary assessment made by the Company, the estimated additional working capital for the next 12 months for operation of the property investment from the date of this announcement is approximately HK$2.5 million which will be satisfied by the Credit Line and/or proceeds from further fund raising exercises.

Manufacturing and sale of accessories for photographic and multimedia products segment

The manufacturing and sale of accessories for photographic and multimedia products segment is able to generate sufficient cash to fund its own operation. Furthermore, this segment has maintained an average cash balance of approximately HK$10.0 million in the past two years. Therefore, the Company believes that there will be sufficient self-generated funds to support this operation in the next 12 months from the date of this announcement.

With respect to capital expenditure, the manufacturing plants in respect of this segment are all located in China and are fully equipped for operation. Accordingly, no material capital expenditure is expected in the next 12 months from the date of this announcement.

Polycrystalline silicon segment

Based on the existing factory size and costs incurred on a monthly basis for the last 12 months, the working capital required for the daily operation (such as administrative expenses, including staff costs) of the polycrystalline silicon business was approximately HK$2.8 million per month. Based on the Company's preliminary analysis (assuming there will be no further need for capital expenditure and no income will be generated), the Company will require additional working capital in the amount of approximately HK$33.6 million to maintain the daily operation of the polycrystalline silicon business for the next 12 months from the date of this announcement. The additional working capital will be allocated from the Credit Line and/or proceeds from further fund raising exercises.

Other segments (including unallocated corporate expenses)

Based on the Company's audited accounts for the year ended 31 March 2012, average operating costs (excluding the legal and professional expenses for the acquisition of Sun Mass and non-cash flow items such as changes in fair value of securities, depreciation, amortization of interest expenses of the Debts) amounted to approximately HK$2.5 million per month in which approximately HK$1.1 million was attributable to staff costs. Furthermore, the aggregate interest payment for the next 12 months from the date of this announcement is approximately HK$134.3 million. The aggregate working capital required is approximately HK$200.4 million which will be covered by the Credit Line and/or proceeds from further fund raising exercises.

The existing internal sources of funds applied to these segments are allocated from the Group's cash and bank balance and the Credit Line. As at the date of this announcement, the cash balance of the Group is approximately HK$40.6 million.

In summary, the total working capital requirements not intended to be covered by proceeds from the Rights Issue amount to approximately HK$200.4 million for the next 12 months, which are to be satisfied from the Company's existing financial resources and/or Credit Line and/or proceeds from further fund raising exercises.

SUMMARY OF KEY EVENTS THE DELAY IN THE COMMERCIAL PRODUCTION OF POLYCRYSTALLINE SILICON

Set out below is a summary of the key events and developments leading to the delay in the commercial production of polycrystalline silicon by the Group for a period from the publication of the 1st VSA Circular to the publication of the 2nd VSA Circular:

Date	Event/Development
20 May 2011	Publication of the 1st VSA Circular
From late 1st quarter to the 3rd quarter of 2011	On-going sodium fluorosilicate decomposition tests conducted on the new second-generation decomposition reactor delivered on 28 March 2011 revealed that the feeding system of the reactor did not allow thorough decomposition of the sodium fluorosilicate because of frequent blockages of the feeding channel during the process. The blockages resulted in a lower level of efficiency because of the frequent maintenance cycles, which the Company has been finding ways to resolve the problem during the 2nd and 3rd quarters of 2011.
On-going through November 2011	The Group commenced on-going reassessment of the efficiency of the sodium fluorosilicate decomposition reactor, which generates silicon tetrafluoride. A decision was made to re-design the reactor and the new third-generation reactor was delivered on 15 September 2011. The new design was radically different from the old system and eliminated the material feeding problem. The reactor was put into use in October 2011 and provided an improvement to the overall efficiency compared with the previous second-generation design. However, during testing, it was found that the reactor was not sufficiently robust to handle the new pressure level required to achieve a silicon tetrafluoride concentration of 80%.
December 2011	Extensive improvement work to the reactor completed by the reactor vendor but the pressure related issues could not be resolved with the existing third generation reactor design. Dr. Wu and his team requested more time to proceed with a new fourth-generation design.
December 2011	The Directors resolved to accept Dr. Wu's recommendation and allow Dr. Wu more time to refine the decomposition process in order to achieve the targeted concentration level of 80% for silicon tetrafluoride.
19 December 2011	Publication of the 2nd VSA Circular.

PREVIOUS FUND-RAISING EXERCISE IN THE PRIOR 12-MONTH PERIOD

Save as disclosed below, the Company has not conducted any fund-raising activities in the past twelve months before the date of this announcement:

Date of initial announcement	**Description**	**Net proceeds (approximately)** *HK$*	**Intended use of net proceeds**	**Actual use of net proceeds** *HK$*
19 June 2012	Placing of 57,084,736 new Shares under general mandate at a price of HK$0.24 per Share	HK$12.7 million	Approximately HK$11.7 million would be used for the down payment for the construction of the new facility building of the Group's polycrystalline silicon business and the remaining balance of approximately HK$1 million would be utilised for the construction works, details of which were set out in the Company's announcement dated 19 June 2012	Used as intended. Approximately HK$11.7 million was used for down payment for the construction of the new facility building and approximately HK$1 million for electric works for the Group's polycrystalline silicon business
8 November 2012	Placing of 68,501,684 Shares under general mandate at a price of HK$0.17 per Share	HK$11.10 million	General working capital	Used for the partial redemption of the Consideration Bonds
24 December 2012 *(Note)*	The 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	The Note Placing	Up to HK$94.8 million	To repay part of indebtedness of the Group	Yet to be completed

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.

EXPECTED TIMETABLE

Note: All references to time in this announcement are references to Hong Kong time.

Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

	2013
Expected date of despatch of the circular, notice of SGM and form of proxy of the SGM	Friday, 1 March
Latest time for lodging transfers of shares to qualify for attendance and voting at the SGM	4:30 P.M. on Friday, 15 March
Latest time for return of proxy form of SGM (not less than 48 hours prior to the time of SGM)	4:30 P.M. on Saturday, 16 March
Register of members closes	Monday, 18 March
Record date for attendance and voting at SGM	Monday, 18 March
SGM	4:30 P.M. on Monday, 18 March
Announcement of results of the SGM	Monday, 18 March
Last day of dealings in the Shares on a cum-rights basis	Tuesday, 19 March
First day of dealings in the Shares on an ex-rights basis	Wednesday, 20 March
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue	4:30 P.M. on Thursday, 21 March
Register of members closes	Friday, 22 March to Tuesday, 26 March (both dates inclusive)
Record Date	Tuesday, 26 March
Register of members re-opens	Wednesday, 27 March
Despatch of the Prospectus Documents	Wednesday, 27 March
First day of dealings in nil-paid Rights Shares	Tuesday, 2 April

	2013
Latest time for splitting nil-paid Rights Shares	4:30 P.M. on Friday, 5 April
Last day of dealings in nil-paid Rights Shares	Wednesday, 10 April
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 P.M. on Monday, 15 April
Rights Issue expected to become unconditional	4:00 P.M. on Thursday, 18 April
Announcement of results of the Rights Issue	Friday, 19 April
Certificates for the Rights Shares expected to be despatched on or before	Monday, 22 April
Refund cheques in respect of wholly or partially unsuccessful applications for excess Right Shares expected to be posted on or before	Monday, 22 April
Commencement of dealings in fully-paid Rights Shares	Tuesday, 23 April

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon the fulfilment of the conditions set out in the section headed "Conditions of the Rights Issue" in this announcement. In particular, the Rights Issue is conditional, among others, upon:

(i) the Independent Shareholders having approved the Rights Issue and the transactions contemplated thereunder at the SGM;

(ii) the Listing Committee granting or agreeing to grant (subject to allotment), and not having withdrawn or revoked, the listing of, and permission to deal in, the Rights Shares in nil-paid and fully-paid forms; and

(iii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the section headed "Termination of the Underwriting Agreement" in this announcement).

If the conditions of the Rights Issue are not fulfilled or waived (as the case may be) or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares and/or nil-paid Rights Shares (as the case may be) from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

Any Shareholders or other persons contemplating dealing in the Shares and/or nil-paid Rights Shares are recommended to consult their own professional advisers.

GENERAL

The Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to Rule 7.19(6)(a) of the Listing Rules, any controlling shareholder and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Rights Issue. As at the date of this announcement, as the Company has no controlling shareholder within the meaning of the Listing Rules, the Directors (excluding the independent non-executive Directors), namely Mr. Peter Temple Whitelam and Mr. Lo Yuen Wa Peter and chief executive of Sun Materials, namely Dr. Wu Yi-Shuen and their respective associates will abstain from voting in favour of resolutions to approve the Rights Issue at the SGM. Save that Mr. Peter Temple Whitelam, Mr. Lo Yuen Wa Peter and Dr. Wu Yi-Shuen held 78,125 Shares (representing approximately 0.01% of the issued share capital of the Company), 156,250 Shares (representing approximately 0.01% of the issued share capital of the Company) and 17,797,250 shares (representing approximately 1.16% of the issued share capital of the Company) respectively, none of the Directors nor the chief executive of the Company held any Shares as at the date of this announcement. Save as disclosed above, none of the Shareholders will be required to abstain from voting in favour of the resolutions to approve the Rights Issue at the SGM.

The Company will establish an independent board committee comprising the independent non-executive Directors to make recommendation to the Independent Shareholders. The Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders in this regard.

A SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Rights Issue. A circular containing, among other things, (i) further details about the Rights Issue; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights

Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before Friday, 1 March 2013.

Upon the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Shareholders for information only.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"1st VSA Circular"	the Company's circular dated 20 May 2011
"2nd VSA Circular"	the Company's circular dated 19 December 2011
"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"associates"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Companies Act"	the Companies Act 1981 of Bermuda (as amended)
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company"	MASCOTTE HOLDINGS LIMITED, a company incorporated in Bermuda with limited liability and the Shares are listed on the main board of the Stock Exchange
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Consideration Bonds"	the 2.5% unsecured notes due 2014 in the aggregate principal amount of HK$1,750,000,000 of which HK$890,000,000 remains outstanding as at 31 January 2013
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules

"Convertible Bonds"	the 5% unsecured convertible bonds due 2014 in the aggregate principal amount of HK$1,450,000,000 constituted and issued by the Company on 14 July 2011 pursuant to the Convertible Bonds Documents and the Deeds of Amendment, of which HK$1,200,000,000 remains outstanding as at 31 January 2013
"Convertible Bonds Documents"	the bond certificates and bond terms and conditions constituting the Convertible Bonds
"Conversion Share(s)"	new Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
"Credit Line"	On 21 November 2012, the Group was granted a two-year revolving loan facility of HK$500 million from Chung Nam Finance Limited and was secured by the shares of Sun Mass Energy Limited with a valuation of Sun Mass Group of not less than HK$750 million and bearing an interest of the prime rate as quoted by Chong Hing Bank Limited from time to time plus 5% per annum, an aggregate principal amount of HK$500 million was outstanding as at 31 January 2013
"Debts"	the Company's outstanding Convertible Bonds in the amount of HK$1,200 million, outstanding Consideration Bonds in the amount of HK$890 million, the Credit Line, and bank borrowings with The Bank of East Asia Limited and a Taiwanese bank in the amount of HK$42.7 million secured by certain buildings in Taiwan with a total unaudited carrying value of approximated HK$80.4 million as at 31 January 2013
"Deeds of Amendment"	the deeds of amendment dated 3 December 2012 entered into between the Company and each of the holders, details of which are disclosed to the Company's announcement dated 3 December 2012 and the Company's circular dated 31 December 2012, such deeds were subsequently approved by the Shareholders at the Company's special general meeting on 18 January 2013 and the Company obtained (i) listing approval for any Shares which may be issued on exercise of such conversion rights attached to the Convertible Bonds; and (ii) approval for the alternations pursuant to such deeds, from the Stock Exchange on 21 January 2013
"Dr. Wu"	Dr. Wu Yi-Shuen, the chairman, director, chief executive officer and chief technology officer of Sun Materials
"Director(s)"	the director(s) of the Company

"EAF(s)"	application form(s) for the Untaken Shares
"Excluded Shareholder(s)"	the Overseas Shareholder(s) on the Record Date where the Directors, after making enquiries, consider it necessary or expedient, after taking into account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Shareholders
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Shareholder(s)"	Shareholders other than the Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates
"Independent Third Party(ies)"	a party (parties) independent of and not connected with the Company and its connected persons
"Irrevocable Undertaking"	an irrevocable undertaking dated 4 February 2013 under which the respective holders of the outstanding Convertible Bonds provided irrevocable undertakings to the Company and the Underwriter as described under the section headed "Irrevocable Undertaking" in this announcement
"Issue Mandate"	an issue mandate to be sought from the Shareholders to authorize the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the Issue Mandate SGM, details of which are set out in the circular of the Company dated 1 February 2013
"Issue Mandate SGM"	the special general meeting of the Company to be convened and held on 21 February 2013 to consider and approve, among other things, the Issue Mandate
"Last Trading Day"	4 February 2013, being the last trading day for the Shares on the Stock Exchange before the release of this announcement

"Latest Time for Acceptance"	4:00 p.m. on Monday, 15 April 2013, or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
"Latest Time for Termination"	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
"Listing Committee"	the listing sub-committee of the board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Lution"	Lution International Holdings Co., Ltd (祿訊國際股份有限公司), a company incorporated with limited liability in Taiwan and a wholly owned subsidiary of the Company
"Note Placing"	Placing of 5% unsecured seven-year notes in the aggregate of up to HK$100 million, details of which are disclosed in the Company's announcements dated 28 December 2012 and 22 January 2013
"Option Deeds"	the option deeds dated 29 August 2011 entered into between the Company and each of the grantees as set out in the Company's announcement dated 29 August 2011
"Option Deeds Undertaking"	an irrevocable undertaking dated 4 February 2013 pursuant to which the Option Deeds holders undertake not to exercise any subscription rights attached to the share options under the Option Deeds prior to completion of the Rights Issue
"Overseas Shareholder(s)"	the Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
"PAL(s)"	provisional allotment letter(s) for the Rights Issue
"PRC"	the People's Republic of China, excluding for the purposes of this announcement, Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC

"Prospectus"	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriter
"Prospectus Documents"	the Prospectus, the PAL(s) and the EAF(s)
"Prospectus Posting Date"	Wednesday, 27 March 2013, or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents
"Qualifying Shareholder(s)"	the Shareholder(s), whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
"Quinella"	Quinella International Incorporated, a company incorporated under the laws of the British Virgin Islands, and an independent third party
"Record Date"	4:30 p.m. on Tuesday, 26 March 2013, being the date and time by reference to which entitlements to the Rights Issue will be determined
"Registrar"	the Company's branch share registrar and transfer office in Hong Kong, which is Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
"Rights Issue"	the proposed issue of the Rights Shares by way of rights issue to the Qualifying Shareholders for subscription on the terms to be set out in the Prospectus Documents and summarised herein
"Rights Share(s)"	rights shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of four (4) Rights Shares for every one (1) Share held on the Record Date pursuant to the Rights Issue
"SGM"	the special general meeting of the Company to be convened and held to consider and approve, among other things, the Rights Issue
"Share(s)"	the ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)

"Share Options"	the share options to subscribe for Shares under the Share Option Scheme
"Share Option Scheme"	the share option scheme of the Company adopted on 21 August 2003
"Standby Line"	a standby line of credit of HK$500 million for a term of 12 months commencing from 4 January 2012 provided by Quinella to the Group
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.07 per Rights Share
"Sun Mass"	Sun Mass Energy Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company
"Sun Mass Group"	Sun Mass and its subsidiaries
"Sun Materials"	Sun Materials Technology Co., Ltd (山陽科技股份有限公司), a company incorporated with limited liability in Taiwan and wholly owned by Lution
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Underwriter"	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
"Underwriting Agreement"	the underwriting agreement dated 4 February 2013 entered into between the Company and the Underwriter in relation to the Rights Issue
"Underwritten Share(s)"	Not less than 6,138,200,416 Rights Shares and not more than 7,365,996,744 Rights Shares underwritten by the Underwriter
"Untaken Share(s)"	the Rights Shares not taken up by the Qualifying Shareholders

"US$"	United States dollar, the lawful currency of the United States of America
"%"	per cent.

By Order of the Board
MASCOTTE HOLDINGS LIMITED
Lo Yuen Wa Peter
Managing Director

Hong Kong, 4 February 2013

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

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

Independent Non-executive Directors
Mr. Frank H. Miu
Dr. Agustin V. Que
Mr. Robert James Iaia II
Mr. Hung Cho Sing