MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

(1) VERY SUBSTANTIAL ACQUISITION
(2) COMPANY'S SATISFACTION OF HAREON'S RESULTS ON SUN MATERIALS' SAMPLES
(3) ISSUE OF SHARES UNDER GENERAL MANDATE TO SAMUEL YANG
(4) PLACING OF SHARES AND CONVERTIBLE BONDS
AND
(5) RESUMPTION OF TRADING

Financial Adviser and Placing Agent of the Company

Deutsche Bank

Reference is made to the announcements of the Company dated 3 August 2010, 16 September 2010, 27 September 2010 and 29 October 2010 and 3 January 2011, in relation to the Preliminary Agreement in respect of the possible acquisition of a majority interest in a polycrystalline silicon manufacturing company, the Strategic Cooperation Agreement and the suspension of trading in the Company's Shares.

I. VERY SUBSTANTIAL ACQUISITION

Acquisition of 50.1% of the Target

The Board is pleased to announce that the Company entered into the Sale and Purchase Agreement with the Seller, Ms Hsieh and Dr Wu on 31 December 2010 whereby the Company conditionally agreed to purchase from the Seller 50.1% of the issued shares of the Target for US$150,000,000 in accordance with the terms of the Sale and Purchase Agreement. The Consideration for the Acquisition shall be paid in cash by the Company to the Seller on Completion.

The Target Group developed a new and innovative technology and patented in the USA, Europe, Japan, Taiwan and China the key production reactor for such technology, with a view to significantly reduce the plant construction costs, production costs, production hazards and adverse environmental effects of manufacturing polycrystalline silicon. The Target Group completed the construction of its first production plant in Taiwan in October 2010.

Completion of the Acquisition is conditional on the satisfaction (or, if applicable, waiver) of each Sale Condition.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company pursuant to Rule 14.06(5) of the Listing Rules and is therefore subject to the shareholders' approval requirements under Rule 14.49 of the Listing Rules.

Call Option to Purchase the Remaining 49.9% of the Target

The Seller and the Company also entered into the Call Option Agreement dated 31 December 2010 whereby, in consideration of the payment of the sum of US$1, the Seller irrevocably agreed to grant the Company an option to buy, and to require the Seller to sell, the Option Shares (representing 49.9% of the issued shares of the Target), at the Company's absolute discretion, during the Call Option Period in accordance with the terms of the Call Option Agreement. Unless the Seller and the Company otherwise agree on the purchase price, the purchase price for the Option Shares shall be determined at the relevant time with reference to the business valuation of the Target Group by an independent valuer jointly appointed by the Company and the Seller or in default of such agreement, the Valuer. Details of the Call Option Agreement are set out under the paragraphs headed "Grant of Call Option" below.

Upon Completion, the Seller will be a connected person of the Company. According to Ruls 14.75(1) and 14A.70(1) of the Listing Rules, only the premium of the Call Option (i.e. US$1) will be taken into account for the purpose of determining the applicable percentage ratios (as defined under the Listing Rules). Since the applicable percentage ratios for the grant of the Call Option will be less than 0.1%, the grant of the Call Option to the Company does not fall within the classification set out in Rule 14.06 and will be exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.31(2).

The amount payable by the Company for the exercise of the Call Option to acquire any further interest in the Target has yet to be determined. The Company will comply with the relevant requirements under the Listing Rules, in particular, Rules 14.75 and 14A.70 of the Listing Rules in respect of notifiable transactions and connected transactions, as and when appropriate, in relation to any exercise of the Call Option to acquire any further interest in the Target.

II. COMPANY'S SATISFACTION OF HAREON'S RESULTS ON SUN MATERIALS' SAMPLES

As stated in the Company's announcement on 27 September 2010, Hareon, a partner of the Company and Sun Materials under the Strategic Cooperation Agreement, agreed to purchase polycrystalline silicon from Sun Materials after Sun Materials' production plant commences operations. To satisfy a condition precedent to Completion, Sun Materials carried out polycrystalline silicon production trials and the samples produced from such trials were tested independently by Hareon. On the basis of Hareon's indication of the testing results in December 2010 and January 2011, the Company is pleased to accept that the relevant condition precedent to Completion is fulfilled. It is expected that the commercial production of polycrystalline silicon by Sun Materials will commence in the first quarter of 2011. Information in relation to Hareon is set out in the description of Samuel Yang, under the section headed "III. Issue of Shares under General Mandate to Samuel Yang".

III. ISSUE OF SHARES UNDER GENERAL MANDATE TO SAMUEL YANG

The Board is pleased to announce that the Company entered into the Subscription Agreement with Samuel Yang and Improve Forever on 12 January 2011 whereby Improve Forever, the Subscriber, conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 354,100,608 Subscription Shares at a price of HK$0.40 per Subscription Share. Improve Forever is 100% beneficially owned by Samuel Yang.

It is anticipated that the gross proceeds from the Subscription will be approximately HK$141.64 million. The net proceeds (after deducting legal and professional fees and publication fees payable by the Company) will be approximately HK$141 million. The Company has undertaken that the net proceeds of the Subscription will be used primarily for funding capital expenditure and working capital of the Company in relation to potential investments in the renewable energy related industry.

The Subscription Shares will be issued under the general mandate granted at the Company's annual general meeting on 30 September 2010. They will rank, upon issue, pari passu in all respects with the Shares in issue on the date of the allotment and issue of the Subscription Shares. Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

IV. PLACING OF PLACING SHARES AND CONVERTIBLE BONDS

The Company proposes to place the Placing Shares and the Convertible Bonds with a view to raising an aggregate amount of approximately HK$2,800,000,000 pursuant to the Placing Agreement between the Company and Deutsche Bank AG, Hong Kong Branch dated 17 January 2011.

The Placing Agent was appointed by the Company, as agent on an exclusive basis, the sole bookrunner and placing agent of the Company. Subject to the terms of the Placing Agreement and the definitive Bond Documents, the Placing Agent conditionally agreed, on a best effort basis, to procure the Placees to subscribe for the Placing Shares and the Convertible Bonds.

It is anticipated that the gross proceeds from the Placing, if approved and successful, will be approximately HK$2.8 billion. The net proceeds (after deducting the Placing commission, legal and professional fees and publication fees payable by the Company) will be approximately HK$2.714 billion. The net proceeds of the Placing will be used to fund the Acquisition, as well as the capital expenditure, research and development costs, and working capital of the Target and its Subsidiaries following completion of the Acquisition.

The Board intends to issue the Placing Shares and the Conversion Shares under the Placing Mandate to be approved by the Shareholders at the SGM.

CIRCULAR AND SGM

The Acquisition and the Placing Mandate are subject to approval by the Shareholders at the SGM.

A circular containing, among other things, (i) a letter from the Board setting out details of the Acquisition and the Placing Mandate and its recommendation to the Shareholders on them; (ii) financial and other information on the Group; (iii) financial information on the Target Group; (iv) pro forma financial information of the Group assuming Completion occurs; (v) the Business Valuation Report; (vi) the Technical Report and (vii) the notice convening the SGM is expected to be despatched to the Shareholders on or before 11 February 2011.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 3 January 2011 pending the release of this announcement. Application was made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 20 January 2011.

Shareholders and potential investors should note that Completion is subject to the satisfaction (or, if applicable, waiver) of the Sale Conditions under the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

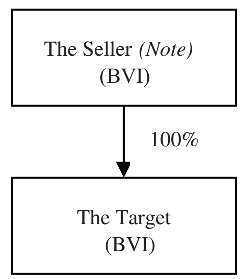
I. VERY SUBSTANTIAL ACQUISITION

Acquisition of 50.1% of the Target

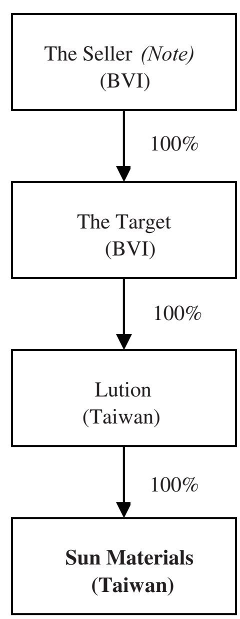
Information on the Target Group

Set out below is the background information, shareholding structure and financial information of the Target Group based on the information provided by the Seller.

The shareholding structure of the Target Group as at the date of this announcement:



The shareholding structure of the Target Group immediately after the Reorganisation:



Note: Ms Hsieh is indirectly interested in the entire issued shares of the Seller.

The Target

The Target is a limited liability company incorporated in the BVI and wholly-owned by the Seller. Upon completion of the Reorganisation, its principal business will be investment holding and it will be the sole shareholder of Lution.

Lution

Lution is a limited liability company incorporated in Taiwan and its principal business is investment holding. It is the sole shareholder of Sun Materials.

Sun Materials

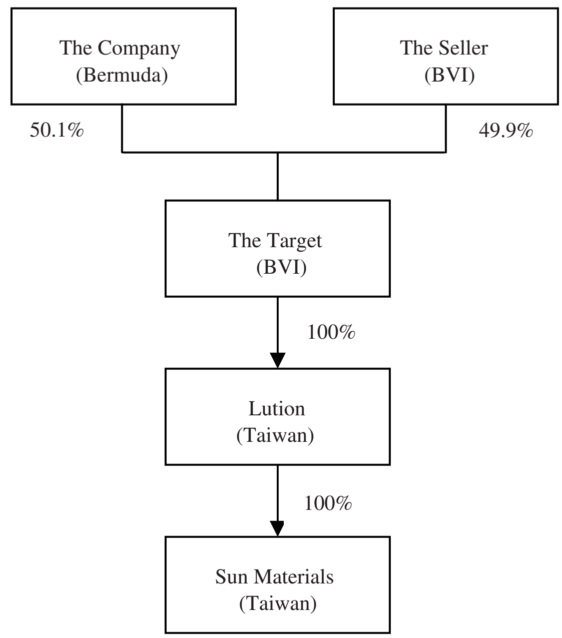
Sun Materials is a limited liability company incorporated in Taiwan and its principal business is the manufacture of solar grade polycrystalline silicon. According to the Seller, Sun Materials developed a new and innovative technology and patented in the USA, Europe, Japan, Taiwan and China the key production reactor for such technology, with a view to significantly reduce the plant production costs, production costs, production hazards and adverse environmental effects of manufacturing solar grade polycrystalline silicon. Sun Materials has completed construction of its first production plant in Taiwan in October 2010, which has a production capacity of up to 3,500 metric tons. It plans to commence construction of five additional production plants by July 2011, which will increase its production capacity to up to 21,000 metric tons by the first quarter of 2012.

Polycrystalline silicon is a primary raw material used in the solar energy value chain. The traditional "Siemens" process of manufacturing polycrystalline silicon is being associated with environmental risks and general safety concerns by the industry. A newer "modified Siemens" process and the FBR process are used by some manufacturers of polycrystalline silicon to address some of the environmental and safety issues of the older technology, but further innovation is being sought by the industry to make the entire solar energy product value chain more environmentally friendly with a lower carbon footprint and less costly.

Compared to the traditional and modified "Siemens" processes and the FBR process, which are commonly used by manufacturers of solar grade polycrystalline silicon, Sun Materials considers the production process it intends to adopt to be innovative in that it uses modular production lines and is designed with a view to using lower cost feedstock while substantially reducing the consumption of electricity and water. Sun Materials believes that its technology will significantly assist in reducing the production cost and the adverse environmental effects of manufacturing polycrystalline silicon. This potentially translates into a lower cost of polycrystalline silicon procurement by downstream customers in the solar energy value chain which may allow them to deliver a product that can generate electricity at or below grid parity without the aid of subsidies. Sun Materials intends to compete with established polycrystalline silicon suppliers in the market. Most of these suppliers are known to use the "Siemens" process and they dominate the polycrystalline silicon market in terms of production output.

The target customers of the Sun Materials are downstream manufacturers of wafers, ingots and photovoltaic cells in the global clean technology market. Sun Materials entered into fixed term purchase agreements with both domestic and international customers, which, unless terminated by the parties thereto, are effective until at least 2015. One of the customer contracts has been extended to 2021. According to Sun Materials' estimation, seventy-five percent of its production plant's output until the end of 2011 will be attributable to the orders generated by these purchase agreements.

The shareholding structure of the Target Group upon Completion



Financial information of the Target Group

None of the Target, Lution or Sun Materials recorded any turnover or net profit for the periods since their respective dates of incorporation. Based on their respective unaudited management accounts provided by the Seller, as at 30 June 2010, the unaudited net asset values of the Target, Lution and Sun Materials are nil, NT$870,176,359 (or equivalent to approximately US$29,607,906) and NT$845,605,449 (or equivalent to approximately US$28,771,876), respectively. The net asset value of Lution mainly represents its investment in Sun Materials.

An accountants' report on the Target Group prepared in compliance with the requirements of the Listing Rules will be included in the circular to be despatched to the Shareholders.

Trading Prospects of the Target Group

Solar cell production

Photovoltaic silicon, which includes both monocrystalline and polycrystalline silicon, is the primary raw material required for solar cell production. According to the Annual World Photovoltaic Market Review published by Solarbuzz in March 2010 (the "**Solarbuzz Report**"), the market share of solar cell production for China and Taiwan increased from 11% in 2005 to 49% in 2009 on an annual basis. Such growth was achieved largely at the expense of European and Japanese manufacturers, whose market shares have fallen from 29% to 20% and from 46% to 15% respectively during that period. At the end of 2009, leading Chinese manufacturers were noted to incur lower average solar module production costs than those of western and Japanese manufacturers. As mentioned in the Solarbuzz Report, the profile of future manufacturing costs is increasingly weighted in favour of Chinese and Taiwanese manufacturers. With lower cost basis, these manufacturers are expected to dominate the open global solar photovoltaic markets.

Market growth for photovoltaic silicon

In order to meet expected demand requirements of polyscrstalline silicon, the manufacturing capacity in the sector expanded by 75% in 2009. Despite a sluggish economy in 2009, the Solarbuzz Reports indicates that demand for polycrystalline silicon was 59,670 metric tons. According to the Solarbuzz Report, in a green world scenario which assumes an improved economic environment together with supportive photovoltaic-friendly government policies, the market may see an increase in the demand for the photovoltaic silicon from 68,290 metric tons in 2010 to 129,050 metric tons in 2014, representing a compound annual growth rate (CAGR) of 17.2%. This is assuming that polycrystalline silicon manufacturers will achieve 70% utilization of their production facilities by 2014, which the Directors believe to be a reasonable assumption on the basis that polycrystalline silicon factories generally operate at a maximum utilization of approximately 80%-85%. The Directors also consider that other factors such as new production processes and technology could potentially lower the procurement costs of photovoltaic silicon for downstream customers in the solar energy value chain, which may in turn lead to a substantially larger demand for photovoltaic silicon produced by such new and/or more cost-competitive production processes.

Pricing of polycrystalline silicon

According to the Solarbuzz Report, the spot prices for polycrystalline silicon had fallen from US$150-200/kg at the beginning of 2009 to US$50-55/kg in early 2010. Nonetheless, the spot prices for polycrystalline silicon have recovered since then and reached US$65-$80/kg at the end of December 2010 due to increasing demand and lucrative support from governments in Europe and the United States of America for new solar project installations. Despite the volatility in recent years in spot pricing, market information shows that producers of polycrystalline silicon continue to maintain superior profit margins when compared to other suppliers in the solar energy value chain. However, given the decrease in the spot prices, manufacturers of solar grade polycrystalline silicon are constantly looking at ways to reduce production costs in order to maintain and/or improve their profit margins.

Prospects of Sun Materials

The data above show that the demand for polycrystalline silicon will continue to increase in the next few years, and manufacturers of polycrystalline silicon will, in turn, increase capacity. With the overall supply being higher than the published general demand for polycrystalline silicon and the downward pressure on spot prices, there is competition among polycrystalline silicon manufacturers to control their manufacturing costs in order to sustain business. By reducing plant construction costs, the consumption of water and electricity and using a lower cost feedstock in the production processes, Sun Materials' technology would give the Target Group a significant cost advantage over other manufacturers of solar grade polycrystalline silicon. Sun Materials therefore believes that its products have the potential of providing downstream vendors with lower average costs and thus better profit margins. Demand forecast based on the production of polycrystalline silicon using the traditional processes may not be indicative of the demand for its products.

On the basis that Sun Materials' technology will reduce significantly plant construction costs, the consumption of water and electricity and use a lower cost feedstock in the production processes, the Directors believe that Sun Materials could potentially enjoy the best profit margins in the industry after achieving economies of scale, and at the same time maintain its cost-competitiveness.

Operation Plan of the Target Group

Sun Materials completed the construction of its first production plant in Taiwan in October 2010. In November 2010, Sun Materials commenced trial production at the plant for the purposes of fulfilling the qualification requirements of its customers. Information in relation to the testing of Sun Materials' products is set out in the section headed "II. Company's satisfaction of Hareon's results on Sun Materials' samples". Information in relation to Hareon is set out in the description of Samuel Yang, under the section headed "III. Issue of Shares under General Mandate to Samuel Yang". It is expected that the commercial production of polycrystalline silicon by Sun Materials will commence in the first quarter of 2011.

Sun Materials' existing production plant in Taiwan has a designed production capacity of up to 3,500 metric tons. According to Sun Materials, it plans to commence construction of five additional production plants by July 2011, which will increase the production capacity to up to 21,000 metric tons by the first quarter of 2012. Based on the information and estimates provided by Sun Materials, the Board anticipates that the total capital expenditure and working capital required for the five additional production plants up to the first quarter of 2012 will be approximately in the range from US$200,000,000 to US$250,000,000, which the Board believes is significantly lower than those for traditional polycrystalline silicon production plants with similar production capabilities. The Directors expect that part of the net proceeds from the Placing will be used to fund such working capital and capital expenditure.

Sale and Purchase Agreement

The Company entered into the Sale and Purchase Agreement with the Seller to purchase the Sale Shares. Details of the Sale and Purchase Agreement are set out below.

Date

31 December 2010

Parties

Buyer:	The Company.
Seller:	Quinella International Incorporated, being the sole shareholder of the Target after completion of the Reorganisation.
Guarantor:	Ms Hsieh, as guarantor of the Seller's obligations under the Sale and Purchase Agreement.

Ms Hsieh irrevocably and unconditionally guarantees to the Company the full, prompt and complete performance by the Seller of all its obligations under the Sale and Purchase Agreement, the due and punctual payment on demand of all sums now or subsequently due and payable by the Seller to the Company under the Sale and Purchase Agreement and the truth and correctness of the Seller's representations and warranties under the Sale and Purchase Agreement at the Signing Date and the Completion Date, respectively, and agreed as primary obligor to indemnify the Company on demand from and against any loss suffered or incurred by the Company as a result of any of the Seller's obligations under the Sale and Purchase Agreement being or becoming void, voidable, unenforceable or ineffective as against the Seller, in accordance with the terms of the Sale and Purchase Agreement. The aggregate liability of Ms Hsieh under the Sale and Purchase Agreement is limited to US$150,000,000.

Covenantor: Dr Wu, in relation to the restrictions set out under the paragraphs headed "Restrictions on and undertakings from Dr Wu".

Ms Hsieh is indirectly interested in the entire issued shares of the Seller. She is a director of the Target. Dr Wu is a director of the Target, Lution and Sun Materials. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller, Ms Hsieh and Dr Wu are third parties independent of each of the Company and any of its connected persons. The principal business activity of the Seller is investment holding. The Group has not engaged in any previous transactions which were related to the Acquisition or with the Seller in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Assets to be acquired

The Company will acquire the Sale Shares, being 50.1% of the entire allotted and issued shares of the Target. Further information in relation to the Target is set out under the paragraphs headed "Information on the Target Group" above.

Consideration and payment method

The Consideration of US$150,000,000 shall be paid in cash on Completion by the Company to the Seller.

Basis for determining the Consideration

The Consideration was determined after arm's length negotiations between the Company and the Seller, taking into consideration (i) the Preliminary Business Valuation as at 30 June 2010 by the Valuer which ranges from US$274,000,000 to US$330,000,000, (ii) Sun Materials' plans to commence construction of five additional production plants, which will increase its production capacity from its current designed production capacity of 3,500 metric tons to up to 21,000 metric tons by the first quarter of 2012 (iii) the scarcity of technologies for reducing the production cost of solar grade polycrystalline silicon, and (iv) anticipated future demand for solar grade polycrystalline silicon. Accordingly, the value attributable to the Sale Shares ranges from US$137,274,000 to US$165,330,000.

The Consideration represents (i) a discount of approximately 9.27% to the highest end of and a premium of approximately 9.27% to the lowest end of the range of value attributable to the Sale Shares as stated above and (ii) a premium of approximately 941% over the net asset value of Sun Materials as attributable to the Sale Shares. The net asset value of Sun Materials, as shown in the unaudited management accounts of Sun Materials as at 30 June 2010, is NT$845,605,449 (or equivalent to approximately US$28,771,876).

The Preliminary Business Valuation was conducted primarily by the guideline company method ("GCM") under the market approach and also made reference to the guideline transaction method ("GTM") under the market approach. The GCM and GTM relate to the market values of publicly-traded comparable companies and transaction price to measures of their operating results and other value drivers. Such multiples were applied to the relevant parameters of the Target by the Valuer in determining the Preliminary Business Valuation. Eight publicly traded companies, which were engaged in the business of manufacturing polycrystalline silicon, were selected as comparable companies for the GCM. For the GTM, six publicly known transactions involving target companies operating in the polycrystalline silicon manufacturing industry, which were completed during the three years ended 30 June 2010, were selected as comparable transactions. Although Sun Materials' technology differs from those of the comparable companies and the target companies in the comparable transactions, polycrystalline silicon is a commodity commonly used in the photovoltaic industry as a key component for the production of solar cells. Further, the variances among business enterprises would eventually be reflected in the trading or transaction prices and economic measures in the guideline companies or transactions. The Valuer therefore considers the selection of the guidelines companies and transactions for the Preliminary Business Valuation to be appropriate. The Business Valuation Report will be set in the Circular.

The most common technologies used for the production of solar grade polycrystalline silicon in the current market include two dominant processes, namely the "Siemens" process and the FBR process. Compared with these processes, the Target Group will use a process which significantly reduces plant construction costs and production costs, and alleviates the environmental hazards of polycrystalline silicon production. The Directors believe that the Target Group's technology is a "disruptive innovation" that has the potential to radically transform the industry landscape and reset the threshold for polycrystalline silicon production volume and the related production costs, and provides a safer production environment using a greener production process.

As stated in the Company's announcement of the Preliminary Agreement on 3 August 2010, the consideration for the Acquisition was expected to be not more than US$125,000,000. Since the date of Preliminary Agreement, the Company and Sun Materials have formed a strategic relationship with Hareon under the Strategic Cooperation Agreement. The Directors were also informed that Sun Materials received expression of interests from a number of potential strategic partners in working with Sun Materials to expedite the completion the expansion plans for a total of six operating plants by the first quarter of 2012. Taking into account the Preliminary Business Valuation and these positive responses in evaluating the business prospect of the Target Group, the Directors believe that the value of the Target Group's business exceeds its original evaluation in August 2010. On the above bases, the Directors consider that the bases for determining the Consideration are fair and reasonable and the Acquisition in the interest of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Sale and Purchase Agreement is conditional on the following conditions being satisfied or waived in accordance with the Sale and Purchase Agreement by noon on the day which is the ninetieth (90th) Business Day after the Signing Date, or such later date as the Company and the Seller may agree:

1. the Securities and Futures Commission not having indicated that any matter relating to the transactions contemplated under the Transaction Documents shall give rise to any obligations under the Takeovers Code;

2. no indication having been received from the Stock Exchange that the transactions contemplated under the Sale and Purchase Agreement will be treated as or, as the case may be, ruled by the Stock Exchange to be a reverse take-over under the Listing Rules, or that they may otherwise trigger mandatory general offer obligations under the Takeovers Code;

3. the Placing having been completed in accordance with its terms;

4. the resignation of Mr Chang Wen-Shan as director of Lution and Sun Materials before the despatch of the circular of the Company to the Shareholders in relation to the Transactions;

5. the completion of the Reorganisation to the satisfaction of the Company in its sole discretion;

6. the passing by the Shareholders at the SGM of a resolution to approve the Transaction Documents, the transactions contemplated under the Transaction Documents, and the appointment of Dr Wu as a Director, in accordance with the Listing Rules and the Company's articles of association;

7. the Company completing, to its satisfaction, a due diligence review of the Target Group, which shall include but not be limited to technical, legal, financial and operational aspects of the Target Group and its business and operations;

8. Hareon having confirmed to the Company in writing that the polycrystalline silicon production trials conducted by Sun Materials and the results of independent testing by Hareon of the polycrystalline silicon produced by Sun Materials satisfy the standards applicable to the polycrystalline silicon which Hareon uses in its manufacturing;

9. the Company being reasonably satisfied with the results of any intellectual property review on the manufacturing process of the Target Group that the Company or its agent may commission;

10. the Company having received a Business Valuation Report on the fair market value of the Target Group being not less than US$300,000,000 in form and substance satisfactory to the Company;

11. the Seller's warranties under the Sale and Purchase Agreement being true, accurate and not misleading on the Completion Date;

12. the Company's warranties under the Sale and Purchase Agreement being true, accurate and not misleading on the Completion Date;

13. all necessary waivers, consents, licenses and approvals (as defined in the Sale and Purchase Agreement), as applicable, from government or regulatory authorities and other third parties for the Seller to sell the Sale Shares (including without limitation, the waiver of any first right of refusal from any existing Shareholders) having been obtained;

14. the Equipment Procurement Agreement being in full force and effect at Completion and no termination or material breach of the Equipment Procurement Agreement having occurred on or before Completion;

15. the Service Agreement being in full force and effect at Completion and no termination or material breach of the Service Agreement having occurred on or before Completion;

16. the Call Option Agreement being in full force and effect at Completion and no termination or material breach of the Call Option Agreement having occurred on or before Completion;

17. all applicable permits (as defined in the Sale and Purchase Agreement) in respect of the Acquisition or the transactions contemplated by the Transaction Documents or any other matter contemplated by the Transaction Documents having been obtained in terms satisfactory to the Company without requiring any modification to or attaching any condition, undertaking or obligation on the transactions contemplated by the Transaction Documents;

18. all authorisations, consents, approvals and waivers (other than the applicable permits) required to secure for the Group the benefit of the transactions contemplated by the Transaction Documents, including:

    (a) a foreign investment approval and investment verification letter issued by the Taiwanese Investment Commission for the Target's ownership of the entire issued share capital of Lution;

    (b) completion of the registration of such ownership with the Taiwanese Ministry of Economic Affairs;

    (c) factory license issued by Taiwan's Yi-lan County Government for Sun Materials' operation of its factory in the Letzer Industrial Zone;

    (d) consent issued by the Taiwanese Ministry of Economic Affairs for Sun Materials' creation of a mortgage over its factory buildings in favour of Taiwan Cooperative Bank; and

    (e) consent issued by the Taiwanese Ministry of Economic Affairs for Sun Materials' sublease of office space to Lution, having been obtained (or deemed to have been obtained in compliance with the laws of the relevant jurisdiction) prior to Completion in all relevant jurisdictions in a form satisfactory to the Company and all necessary filings having been made and all necessary waiting periods under any applicable legislation or regulation of any jurisdiction having expired; and

19. no law or regulation being enacted or coming into force on or prior to the Completion Date which would require the Seller or any person acting in concert or deemed to be acting in concert with the Seller (as such phrase is integrated under the Takeovers Code) to make an offer to acquire Shares.

Completion

Completion shall take place on the day which is the third Business Day after the date on which the last in time of the Sale Condition (except such Sale Conditions which are expressed to be satisfied on or as of the Completion Date but subject to the satisfaction or waiver of such Sale Conditions) to be satisfied or waived in accordance with the Sale and Purchase Agreement is first satisfied or waived.

Information on Dr Wu

It is proposed that Dr Wu will be appointed as an executive Director following Completion. Set out below is the biography of Dr Wu.

Dr Wu

Dr Wu Yi-Shuen (吳以舜), also known as Mark Wu, aged 51, is a director of the Target, Lution and Sun Materials. He is also the chief executive officer and chief technical officer of Sun Materials. Dr Wu currently serves as the chairman of the board of directors of Enerage, Inc, a company focussed on the research and development of clean technology applications. He received a Bachelor of Science degree with high honours in chemistry from the National Taiwan University in 1981 and a Ph.D in chemical physics from the California Institute of Technology ("Caltech") in 1992. Previously, Dr Wu had served as a lecturer at the IBM Europe Summer Institute in Switzerland, a scientific research staff at the Center for Concurrent Supercomputing Facility of Caltech, a project reviewer of the "U.S. High Performance Computing and Communications (HPCC): Grand Challenge Supercomputing Program", and a senior research fellow at the Center for Advanced Supercomputing of Caltech. He had also worked as consultants at various organizations, including the Jet Propulsion Laboratory of the National Aeronautics and Space Administration ("NASA") of the United States of America, IBM and San Diego Supercomputing Center.

In recent years, Dr Wu has focused his research in the area of inorganic materials for lithium battery, fuel cell and solar photovoltaic energy application.

As at the date of this announcement, Dr Wu has no beneficial interest in the issued shares of the Seller.

The Company will make further announcement(s) and comply with the relevant requirements of the Listing Rules, as and when appropriate, in relation to the proposed appointment of Dr Wu as an executive Director.

Restrictions on and undertakings from Dr Wu

Non-Compete Undertaking

Except with the Company's prior permission and subject to the exceptions set out in the Sale and Purchase Agreement, Dr Wu shall not at any time during the Restricted Period:

(a) engage in or operate or be concerned or interested in a Restricted Business, or encourage or assist another person to engage in or operate or be concerned or interested in a Restricted Business;

(b) (i) seek to obtain orders or accept orders from a person who has been a customer of a Target Group Company during the 24 months ending on the Completion Date for the supply of any goods or services substantially similar to or otherwise competing with those supplied by a Target Group Company in the normal course of the Restricted Business; or

(ii) induce or seek to induce a person of the kind described in (b)(i) above to stop being a customer of a Target Group Company or to reduce its custom or change the terms on which it deals with a Target Group Company;

(c) solicit or entice away or knowingly encourage an Employee in the research and development department of a Target Group Company or an Employee employed as an operation manager of (or otherwise holds any other more senior position in) a Target Group Company to leave the employment of the Target Group Company (whether or not the Employee would by reason of so leaving commit a breach of his or her employment contract), provided that the foregoing shall not prohibit the solicitation or employment of such Employee (i) resulting from general advertisements for employment conducted by Dr Wu or his affiliates; (ii) if such Employee approaches Dr Wu or his affiliates on an unsolicited basis; or (iii) after the date which is 3 months after the cessation of such Employee's office or employment with a Target Group Company; or

(d) at any time during the Restricted Period disclose any confidential information relating to any intellectual property in connection with the Patented and Related Technology to any third party, except for the purposes of (i) protecting or enforcing his rights in such intellectual property, or (ii) developing and exploiting such Patented and Related Technology for use in, or in connection with, any business or production processes of a Target Group Company.

Dr Wu currently has no interest in any entity engaged in the manufacture of polycrystalline silicon which competes with the business of Sun Materials.

First Right on the Relevant Technology

In consideration of the payment of the sum of US$1 by the Company to Dr Wu (receipt of which is acknowledged by Dr Wu), Dr Wu undertakes that during the Restricted Period and thereafter, where applicable, for as long as he has any beneficial interest in the Shares, if he proposes to transfer, assign, license or otherwise grant any right or interest in respect of the intellectual property subsisting in the Relevant Technology to a third party, he will first offer the Company and Sun Materials the right to enter into such arrangement on terms no less favourable than those he would offer to a third party in accordance with the Sale and Purchase Agreement. He also represents, warrants and undertakes that he has not disclosed and will not disclose any confidential information relating to any Relevant Technology to any third party, except for the purposes of (i) protecting or enforcing his rights in such Relevant Technology, (ii) developing and/or exploiting such Relevant Technology for use in, or in connection with, any business or production processes, or (iii) offering such arrangement to a third party, if no agreement is reached between Dr Wu, the Company and Sun Materials on such arrangement in accordance with the Sale and Purchase Agreement.

It is proposed that Dr Wu will be appointed as a Director upon Completion. Following such appointment, Dr Wu will be a connected person of the Company. The grant of the right of first refusal on the Relevant Technology to the Company will be exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.31(2) since the applicable percentage ratios for such grant will be less than 0.1%. The Company will comply with the relevant requirements under the Listing Rules, in particular, Rules 14.75 and 14A.70 of the Listing Rules in respect of notifiable transactions and connected transactions, as and when appropriate, in relation to any exercise of the first right on the Relevant Technology.

Shareholders' Agreement

Upon Completion, the Company, the Seller, Ms Hsieh and the Target intend to enter into the Shareholders' Agreement in relation to the management of the Target Group. The Shareholders' Agreement will provide, among other things, that the Company and the Target will enter into a facility agreement under which the Company will initially provide a facility of up to US$20,000,000 to the Target for the acquisition of certain equipment (to be specified and agreed) and the working capital requirements of Sun Materials after Completion. Subject to any necessary approval of its Directors and Shareholders, the Company may provide additional sums to the Target from time to time to fund the projected cash requirements under the business plan and budget of the Target Group, on terms and conditions to be agreed between the Company and the Target.

Under the Shareholders' Agreement, the parties will agree, among other things, that no member of the Target Group may undertake the reserved matters (as defined in the Shareholders' Agreement) without the prior written consent of each of the Company and the Seller for as long as each of them holds not less than 25% of the issued shares of the Target.

Reasons for the Acquisition

The Company is engaged in the business of, among other things, the trading of investments, loan financing, property investment and the manufacturing of computer, photographic, video, phone and solar powered multi-media bags and accessories. The Company implemented a diversification strategy aimed at identifying suitable investment opportunities, including that of renewable energy related businesses.

Based on its experience in manufacturing solar powered multi-media bags and accessories, the Company wishes to embrace high technology ventures, specifically in the renewable energy industry through the acquisition of companies operating in that field. It understood from negotiations with the Seller and through its due diligence that Sun Materials developed a technology which has the potential to significantly reduce the cost of plant construction and the cost of manufacturing solar grade polycrystalline silicon. The technology will also assist in reducing workplace hazards and the adverse environmental effects in polycrystalline silicon production, the process of which is traditionally considered to be among the most polluting in the solar energy value chain. Compared to manufacturers of polycrystalline silicon which employ the Siemens and/or the FBR processes, Sun Materials production process appears to have a broad based competitive advantage.

Based on the Company's due diligence, the technological requirements required for producing solar grade polycrystalline silicon set a high threshold for entry into the industry. The Directors observed that prior entrants sought to enter the industry by producing upgraded metallurgical grade silicon ("**UMG**"), which, compared to polycrystalline silicon, is a lower grade product with lower cost of production. The emergence of UMG silicon was initially seen as a "low cost alternative" to the production of polycrystalline silicon using the Siemens or the FBR processes, but the cost benefit and product quality did not meet market expectations. UMG silicon solar cells generally possess lower conversion efficiency and have a higher rate of degradation when compared to monocrystalline or polycrystalline silicon solar cells. UMG silicon is currently produced by a few manufacturers in the market on a limited scale and does not compete directly with polycrystalline silicon. Sun Materials intends to compete with other market players in the production and sale of solar grade polycrystalline silicon, being the largest segment of the polycrystalline silicon market, when it commences commercial production.

The Directors believe that Sun Materials' production process is a "disruptive innovation" that has the potential to radically transform the industry landscape in the clean technology market and the Acquisition will give the Company the opportunity to benefit from the Target Group's technology, with the potential to capture a leading position in the solar grade polycrystalline silicon market.

As stated in the Company's announcements on 8 March 2010, 3 August 2010 and 27 September 2010, the Company wishes to diversify through acquisition of companies in the alternative energy market. The Acquisition marks the Company's entry into this market. The Directors do not expect synergy between the Target Group's business and the Company's existing business, but synergies may be achieved as and when the Company identifies and invests in suitable companies in the solar energy value chain.

The Enlarged Group will establish an experienced management team to oversee the operations of the Target Group. This team would include Dr Wu, the chief executive officer of Sun Materials, and Mr Eddie Woo, a Director, whose previous experience in assisting companies within the solar energy value chain with financing and understanding of the business operations of companies in this sector will be invaluable for the management of the Target Group. The Directors expect that suitable candidates and advisors will be appointed to provide management and technical support to the Enlarged Group on or around Completion.

The terms of the Sale and Purchase Agreement were determined after arm's length negotiations and on normal commercial terms. The Directors consider the terms and conditions of the Sale and Purchase Agreement to be on normal commercial terms, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Risk factors for the Acquisition

Set out below are the risk factors which may be associated with the Acquisition:

Fluctuation in the price and demand of polycrystalline silicon

The Directors consider that there are many factors which may influence the price and demand of polycrystalline silicon in the international market, including but not limited to, the stability of the international economic situation and the fluctuation of the global political and social condition, which are beyond the control of the Enlarged Group. According to the Solarbuzz Report and market information, spot prices for polycrystalline silicon had fallen from the peak of around US$450-475/kg in May 2008 to around US$50-55/kg in early 2010 before rebounding to a range of around US$65-80/kg in late 2010. There is a possibility that the prices of polycrystalline silicon may fall to lower levels and the future price movement of polycrystalline silicon (whether upward or downward) are unpredictable.

The Target Group's ability to achieve profitability depends in part on its ability to achieve commercial production and full utilisation of its production capacity. Sun Materials is currently conducting qualification testing of its polycrystalline silicon product. If the Target Group experiences unsatisfactory testing results, material equipment failure or is unable to proceed with commercial production, then the operations of the production facility will be adversely affected and its production capacity will not be utilised in full. As the Target Group has incurred and will continue to incur certain fixed costs associated with the facilities and equipment whether or not they are being used, the financial condition and results of operations of the Target Group may be adversely affected.

Our business depends substantially on the continuing efforts of our executive officers and key employees of the Enlarged Group

Our future success depends substantially on the continued services of the Enlarged Group's executive officers and key employees, especially Dr Wu, the chairman of the board of directors of Enerage, Inc, the chief executive officer and chief technical officer of Sun Materials. If one or more of our executive officers or key employees, including Dr Wu, were unable or unwilling to continue to work for us, we might not be able to replace them in a timely manner, or at all. Our business may be severely interrupted, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain personnel.

The Preliminary Business Valuation

As the Preliminary Business Valuation involves various assumptions, it may or may not properly reflect the true fair value of the Target Group.

New business for the Group

The Acquisition constitutes an investment in a new business sector to the Group and the Enlarged Group may not be able to control the related operational risks of this new business. The Enlarged Group will establish an experienced management team to oversee the operations of the Target Group. In addition, the Directors shall review the qualification and capabilities of the existing management of the Target Group and shall re-appoint the existing management of the Target Group or appoint additional expertise as and when necessary to continue with the normal operations of the Target Group, the Directors therefore expect that the Enlarged Group shall have sufficient expertise for the management and operation of the Target Group after Completion.

Significant and continuous capital investment

The Target's business is still in development, and it requires significant and continuous capital investment. As the commercial production of polycrystalline silicon by the Target Group may not commence as planned or scheduled, the operations of the Target Group may exceed the original budgets and may not achieve the intended economic results or commercial viability. Thus, the actual capital investment for operation and development of the Target Group may significantly exceed the Enlarged Group's budgets due to factors beyond the Enlarged Group's control.

Listing Rules implications

As one or more of the applicable percentage ratios (as defined under the Listing Rules) exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company pursuant to Rule 14.06(5) of the Listing Rules and is therefore subject to the shareholders' approval requirements under Rule 14.49 of the Listing Rules.

GRANT OF THE CALL OPTION

The Seller granted the Company an option to buy and to require the Seller to sell the remaining 49.9% of interest in the Target in accordance with the terms of the Call Option Agreement.

Call Option Agreement

Date

31 December 2010

Parties

Grantee: The Company

Grantor: Quinella International Incorporated (i.e. the Seller)

Call Option

In consideration of the payment of the sum of US$1 by the Company to the Seller (receipt of which is acknowledged by the Seller), the Seller irrevocably agreed to grant the Company an option to buy, and to require the Seller to sell, all or any of the Option Shares in accordance with the terms of the Call Option Agreement.

Option Shares

The 4,990,000 shares of a single class of no par value of the Target legally and beneficially owned by the Seller and/or any shares, stock or other securities to which the Seller becomes legally or beneficially entitled as a result of a reorganisation (as defined in the Call Option Agreement) and which derive (directly or indirectly) from the Option Shares, less any Option Shares sold to a third party, in accordance with the Call Option Agreement. The 4,990,000 Option Shares represent 49.9% of the issued shares of the Target as at the Signing Date.

Call Option Period

The Company may exercise the Call Option in accordance with the Call Option Agreement during the period beginning on the first Business Day falling 12 months after the Completion Date and ending on the first Business Day falling 36 months after the Completion Date.

Exercise of the Call Option

The Company shall have absolute discretion to exercise the Call Option any number of times during the Call Option Period in accordance with the terms of the Call Option Agreement. Unless the Company and the Seller otherwise agree on the purchase price, the purchase price for the Option Shares shall be determined at the relevant time with reference to the business valuation of the Target Group by an independent valuer jointly appointed by the Company and the Seller or in default of such agreement, the Valuer.

To exercise the Call Option in respect of any Option Shares, the Company is required to serve a preliminary notice on the Seller specifying the number of Option Shares that the Company wishes to purchase. If, following the determination of the purchase price of the Option Shares, the Company wishes to proceed with the purchase of all or any of the Option Shares that are the subject of the preliminary notice, the Company is required to serve on the Seller a call option notice specifying the number of Option Shares that it wishes to purchase. Any remaining Option Shares which are not taken up by the Company may be sold, transferred or otherwise disposed of by the Seller in accordance with and subject to the terms of the Call Option Agreement.

Protection of the Company

Until the expiry of the Call Option Period, the Seller must not and must not agree to sell, assign, transfer or otherwise dispose of in any manner its legal or beneficial interest in or create or permit any Encumbrance over or any derivative of any of the Option Shares (or any interest in any of them) unless it has complied with the relevant provisions of the Call Option Agreement.

Non-solicitation

Until the expiry of the Call Option Period, the Seller shall not, directly or indirectly, participate in discussions or enter into any agreement or understanding with any person (other than the Company) for the sale, transfer or disposal of any Option Shares, or the disposal or creation of any interest therein, unless permitted to do so in accordance with the Call option Agreement.

Conditions precedent to the purchase of the Option Shares

The purchase of the Option Shares by the Company is subject to the approval of the Shareholders and the completion of any placement of Shares by the Company or other transaction, if required by the Company, to finance the purchase of the Option Shares. If any of the above conditions is not satisfied within the prescribed time period, the call option notice will lapse and the Seller may sell, transfer or otherwise dispose of the untaken Option Shares in accordance with and subject to the terms of the Call Option Agreement.

Grant condition

The grant of the Call Option under the Call Option Agreement is conditional on Completion having occurred.

Reasons for the Call Option

The Call Option provides the Company with the opportunity to acquire the remaining 49.9% of the Target at a price to be agreed between the Company and the Seller or to be determined with reference to the business valuation of the Target Group at the time. The Directors consider the terms and conditions of the Call Option Agreement to be on normal commercial terms, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. No decision has been made by the Board as to whether or not the Call Option will be exercised and any such decision is a matter for the Board to deliberate at the relevant time. The Board will take into account various factors when deciding whether or not to exercise the Call Option, including without limitation, whether (i) the operations of Sun Materials will reach or be capable of reaching the rated operational capacity, (ii) Sun Materials will secure the contracts with potential customers and generate substantial demand, and utilise the production capacity of the future production plants as planned, (iii) Sun Materials is able to reach and maintain its profitability and a relatively stable margin structure, and (iv) whether Sun Materials is able to make material gain in market share.

Listing Rules Implications

Upon Completion, the Seller will be a connected person of the Company. According to Rules 14.75(1) and 14A.70(1) of the Listing Rules, only the premium of the Call Option (i.e. US$1) will be taken into account for the purpose of determining the applicable percentage ratios (as defined under the Listing Rules). Since the applicable percentage ratios for the grant of the Call Option will be less than 0.1%, the grant of the Call Option to the Company does not fall within the classification set out in Rule 14.06 and will be exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.31(2).

The amount payable by the Company for the exercise of the Call Option to acquire any further interest in the Target has yet to be determined. The Company will comply with the relevant requirements under the Listing Rules, in particular, Rules 14.75 and 14A.70 of the Listing Rules in respect of notifiable transactions and connected transactions, as and when appropriate, in relation to any exercise of the Call Option to acquire any further interest in the Target.

II. COMPANY'S SATISFACTION OF HAREON'S RESULTS ON SUN MATERIALS' SAMPLES

Sun Materials and Hareon entered into an agreement for the supply of polycrystalline silicon from Sun Materials to Hareon when Sun Materials' production plant commences operations. As one of the conditions precedent to Completion, the polycrystalline silicon production trials conducted by Sun Materials and the results of independent testing by Hareon of the polycrystalline silicon produced by Sun Materials must satisfy the standards applicable to the polycrystalline silicon which Hareon uses in its manufacturing. To satisfy the above condition precedent, Sun Materials carried out polycrystalline silicon production trials and the samples produced from such trials were tested independently by Hareon. In December 2010, Hareon indicated to Sun Materials and the Company that its qualification tests of the polycrystalline samples from the new manufacturing plant in Taiwan fulfilled Hareon's sampling requirements. On 13 January 2011, Hareon informed Sun Materials and the Company that its mass spectroscopy test data of samples produced in December 2010 and January 2011 revealed consistent results, that the key impurities for photovoltaic applications, Boron and Phosphorus, are within specifications, and the minority carrier lifetimes of the ingots and cell efficiency are within limits. On the above basis, the Company is pleased to accept that the above condition precedent to Completion is fulfilled. It is expected that the commercial production of polycrystalline silicon by Sun Materials will commence in the first quarter of 2011.

III. ISSUE OF SHARES UNDER GENERAL MANDATE TO SAMUEL YANG

On 12 January 2011, the Company entered into the Subscription Agreement with the Subscriber, whereby the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 354,100,608 Subscription Shares at a price of HK$0.40 per Subscription Share.

The Subscription Agreement

Date

12 January 2011

Parties

(a) The Company, as issuer.

(b) Improve Forever, a company incorporated in the BVI, as the Subscriber. Improve Forever is 100% beneficially owned by Samuel Yang.

(c) Samuel Yang. Samuel Yang is the vice-chairman and chief executive officer of Hareon. Headquartered in Jiangsu, China, Hareon is a rapidly growing, vertically integrated manufacturer of solar photovoltaic products including ingot, block, wafers, cells and modules with a global customer base. Samuel Yang is also the founder of NASDAQ-listed JA Solar Holdings Co., Ltd (NASDAQ: JASO) and a co-founder of Suntech Power Holdings Co., Ltd. (NYSE: STP) and China Sunergy Holdings Co., Ltd. (NASDAQ: CSUN).

As disclosed in the Company's announcement on 27 September 2010, the Company entered into a strategic cooperation agreement with Hareon and Sun Materials in relation to the development and manufacture of polycrystalline silicon by Sun Materials. Sun Materials and Hareon entered into an agreement for the supply of polycrystalline silicon by Sun Materials to Hareon after Sun Materials' production plant commences operations.

As far as the Directors are aware, Hareon has no shareholding, management or contractual relationship with the Seller.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement and saved as disclosed in this announcement, the Subscriber and Samuel Yang are third parties independent of and not connected with the Company and its connected persons.

Subscription Shares

354,100,608 Subscription Shares will be allotted and issued pursuant to the Subscription Agreement. Such number of Subscription Shares represents (i) approximately 20% of the issued share capital of the Company as at the Last Trading Day; (ii) approximately 15.48% of the issued share capital of the Company, based on the issued share capital of the Company as at the date of the Subscription Agreement as enlarged by the allotment and issue of the 354,100,608 Subscription Shares pursuant to the Subscription; and (iii) approximately 6.70% of the issued share capital of the Company immediately upon completion of the Placing, assuming the maximum of 3,000,000,000 Placing Shares are issued pursuant to the Placing; and (iv) approximately 4.17% of the issued share capital of the Company as enlarged by the allotment and issue of the 354,100,608 Subscription Shares, the 3,000,000,000 Placing Shares and 3,200,000,000 Conversion Shares (assuming (a) 3,000,000,000 Placing Shares and Convertible Bonds in the aggregate principal amount of approximately HK$1.6 billion are issued pursuant to the Placing and (b) such Convertible Bonds are fully converted at the indicative Initial Conversion Price of HK$0.50).

The Subscription Shares will be allotted and issued under the general mandate granted to the Board at the annual general meeting of the Company held on 30 September 2010. Accordingly, no Shareholders' approval is required for the issue of the Subscription Shares. The Subscription Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of the allotment and issue of the Subscription Shares.

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Subscription Price

Each Subscription Share is issued at a price of HK$0.40. The Subscription Price represents:

(i) a discount of approximately 14.89% to the closing price of the Shares of HK$0.47 per Share as quoted on the Stock Exchange on 31 December 2010, being the Last Trading Day;

(ii) a discount of approximately 11.50% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day of approximately HK$0.452 per Share; and

(iii) a premium of approximately 8.11% over the unaudited consolidated net assets attributable to equity holders of the Company as at 30 September 2010 of approximately HK$0.37 per Share.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscription Agent on the date of the Subscription Agreement with reference to the closing price of the Shares on the Last Trading Day.

After deducting expenses of approximately HK$640,000 for the Subscription, the gross proceeds and net proceeds from the Subscription will be HK$141.64 million and approximately HK$141 million respectively. On that basis, the net price per Subscription Share is approximately HK$0.3982.

The Directors consider that the terms upon which the Subscription Shares are placed pursuant to the Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Transferability of Subscription Shares

The Subscriber has undertaken that for a period of twenty-four (24) months from the date of completion of the Subscription Agreement, it will not sell, assign or otherwise transfer its interests in the Subscription Shares, unless with the prior written consent of the Company. Samuel Yang has undertaken that for a period of twenty-four (24) months from the date of completion of the Subscription Agreement, he will not sell, assign or otherwise transfer his interests in the Subscriber unless with the prior written consent of the Company and will procure the Subscriber to comply with the above undertaking.

Conditions of the Subscription

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares and such permission and approval not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares.

The Subscription Agreement will automatically terminate and neither the Company nor the Subscriber may have any claim against each other for costs, damages, compensation or otherwise, if the condition set forth above remains unfulfilled on 10 March 2011 or such date as may be agreed by both the Company and the Subscriber.

Completion of the Subscription

Completion of the Subscription shall take place on the second business day (as defined in the Subscription Agreement) after the above condition has been satisfied, or such other time as the Company and the Subscriber may agree.

Reasons for the Subscription and use of proceeds

It is anticipated that the gross proceeds from the Subscription will be approximately HK$141.64 million. The net proceeds (after deducting legal and professional fees and publication fees payable by the Company) will be approximately HK$141 million. The Company has undertaken that the net proceeds of the Subscription will be used primarily for funding capital expenditure and working capital of the Company in relation to potential investments in the renewable energy related industry which may arise from time to time. The net proceeds from the Subscription will not be used for the Acquisition.

The Directors consider that the Subscription is an appropriate and preferred means of funding the working capital of the Company for the following reasons:

1. Samuel Yang's experience and reputation in the renewable energy industry provides the Company with additional access and relationships to potential customers and vendors in that industry. The agreed two year restriction on the transfer of his interests in the Company further provides the Company with long-term access to his base of resources. The Directors consider that other sources of funding will generally not confer the Company with these intangible benefits.

2. The Subscription is at a premium of 8.11% to the Company's net asset value of approximately $0.37 per share.

On the above basis, the Directors consider that the Subscription is fair and reasonable to the Shareholders and the Company as a whole.

IV. PLACING OF PLACING SHARES AND CONVERTIBLE BONDS

The Company entered into the Placing Agreement with the Placing Agent for the conditional placing of the Placing Shares and the Convertible Bonds. Details of the Placing Agreement are set out below.

The Placing Agreement

Date

17 January 2011

Issuer

The Company

Placing Agent

Deutsche Bank AG, Hong Kong Branch, the Placing Agent, was appointed by the Company, as agent on an exclusive basis, the sole bookrunner and placing agent of the Company. Subject to the terms of the Placing Agreement and the definitive Bond Documents, the Placing Agent conditionally agreed, on a best effort basis, to procure the Placees to subscribe for the Placing Shares and the Convertible Bonds. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Placees

The Placing Shares and the Convertible Bonds will be placed to not less than six Placees. The Placees and their ultimate beneficial owners will be third parties independent of and not connected with the Company and its connected persons. It is expected that none of the Placees under the Placing will become a substantial Shareholder immediately after completion of the Placing. Samuel Yang, Ms Hsieh and Dr Wu will not acquire any interest in the Company through the Placing. As far as the Directors are aware, no existing shareholder of the Company has any intention to acquire any Placing Shares or Convertible Bonds.

Placing Shares

A maximum of 3,000,000,000 Placing Shares will be allotted and issued pursuant to the Placing Agreement. Such number of Placing Shares represents (i) approximately 169.44% of the issued share capital of the Company as at the Last Trading Day; (ii) approximately 131.14% of the issued share capital of the Company, based on the issued share capital of the Company as at the date of the Subscription Agreement as enlarged by the allotment and issue of the 354,100,608 Subscription Shares pursuant to the Subscription (if it proceeds); and (iii) approximately 56.74% of the issued share capital of the Company immediately upon completion of the Placing, as enlarged by the issue and allotment of 354,100,608 Subscription Shares and 3,000,000,000 Placing Shares; and (iv) approximately 35.35% of the issued share capital of the Company as enlarged by the allotment and issue of the 354,100,608 Subscription Shares, the 3,000,000,000 Placing Shares and 3,200,000,000 Conversion Shares (assuming (a) completion of the Subscription, (b) 3,000,000,000 Placing Shares and Convertible Bonds in the aggregate principal amount of approximately HK$1.60 billion are issued pursuant to the Placing and (c) such Convertible Bonds are fully converted at the indicative Initial Conversion Price of HK$0.50).

The Placing Shares will be allotted and issued under the Placing Mandate to be approved by the Shareholders at the SGM. They will rank, upon issue, pari passu in all respects with the Shares in issue on the date of the allotment and issue of the Placing Shares.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Placing Price

The Placing Price will be agreed by the Company and the Placing Agreement after market demand for the Placing has been determined by the Placing Agent, and will not be less than HK$0.40. At the minimum of HK$0.40, the Placing Price represents:

(i) a discount of approximately 14.89% to the closing price of the Shares of HK$0.47 per Share as quoted on the Stock Exchange on 31 December 2010, being the Last Trading Day;

(ii) a discount of approximately 11.50% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day of approximately HK$0.452 per Share; and

(iii) a premium of approximately 8.11% over the unaudited consolidated net assets attributable to equity holders of the Company as at 30 September 2010 of approximately HK$0.37 per Share.

The minimum Placing Price of HK$0.40 was determined after arm's length negotiation between the Company and the Placing Agent with reference to the closing price of the Shares on the Last Trading Day.

Assuming that the maximum number of 3,000,000,000 Placing Shares are placed under the Placing at the minimum Placing Price of HK$0.40, and the estimated expenses are approximately HK$38 million for the Placing of the Placing Shares, the gross proceeds and net proceeds from the Placing of the Placing Shares will be HK$1.2 billion and approximately HK$1.162 billion respectively. On that basis, the net price per Placing Share is approximately HK$0.387.

The Directors consider that the terms upon which the Placing Shares are placed pursuant to the Placing Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole. Further announcements will be made by the Company after the final Placing Price is determined.

Placing Commission on the Placing Shares

The Placing Agent will receive a placing commission of 3% on the gross proceeds of the Placing of the Placing Shares. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market rate.

Convertible Bonds

The terms of the Convertible Bonds, including the Initial Conversion Price, will be determined by agreement of the Company and the Placing Agent in the Bond Documents. The indicative terms of the Convertible Bonds, as agreed between the Company and the Placing Agent in the Placing Agreement, are summarised as follows:

Aggregate Principal Amount:	up to HK$1.6 billion
Issue Price:	100% of the principal amount of the Convertible Bonds. The issue price was determined by the Company based on the face value of the Convertible Bonds
Maturity Date:	three years from the date of issue of the Convertible Bonds
Initial Conversion Price:	a price to be agreed between the Company and the Placing Agent after market demand of the Placing is determined by the Placing Agent, and in any event a price per Conversion Share of not less than (i) 110% of the Placing Price or (ii) HK$0.44, whichever is higher
Interest Rate:	not less than 5% per annum payable semi-annually

The Convertible Bonds, when issued, will constitute general, unsecured and unsubordinated obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company, except for obligations accorded preference by mandatory provisions of applicable law.

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

Further announcements will be made by the Company after the definitive terms of the Convertible Bonds and the final Initial Conversion Price are determined.

Conversion Price

The Initial Conversion Price will be agreed by the Company and the Placing Agent after market demand of the Placing is determined by the Placing Agreement, and in any event a price per Conversion Share of not less than (i) 110% of the Placing Price or (ii) HK$0.44, whichever is higher. At an indicative price of HK$0.50, the Initial Conversion Price represents:

(i) a premium of approximately 6.38% to the closing price of the Shares of HK$0.47 per Share as quoted on the Stock Exchange on 31 December 2010, being the Last Trading Day;

(ii) a premium of approximately 10.62% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day of approximately HK$0.452 per Share; and

(iii) a premium of approximately 35.14% over the unaudited consolidated net assets attributable to equity holders of the Company as at 30 September 2010 of approximately HK$0.37 per Share.

The Initial Conversion Price, which is referenced to the Placing Price, will be determined after arm's length negotiation between the Company and the Placing Agent. Further announcements will be made by the Company after the final Initial Conversion Price is determined.

Placing Commission on the Convertible Bonds

The Placing Agent will receive a placing commission of 3% on the gross proceeds of the Placing of the Convertible Bonds. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market rate.

Conversion Shares

Assuming that the aggregate principal amount of the Convertible Bonds is HK$1,600,000,000, 3,200,000,000 Conversion Shares are issuable at the indicative Initial Conversion Price of HK$0.50 upon full conversion of the Convertible Bonds. Such number of Conversion Shares represents (i) approximately 180.74% of the issued share capital of the Company as at the Last Trading Day; (ii) approximately 139.88% of the issued share capital of the Company as at the date of the Subscription Agreement, based on the issued share capital of the Company as at the date of the Subscription Agreement as enlarged by the allotment and issue of the 354,100,608 Subscription Shares pursuant to the Subscription (if it proceeds); and (iii) approximately 60.52% of the issued share capital of the Company immediately upon completion of the Placing, as enlarged by the issue and allotment of 354,100,608 Subscription Shares and 3,000,000,000 Placing Shares; and (iv) approximately 37.70% of the issued share capital of the Company as enlarged by the allotment and issue of the 354,100,608 Subscription Shares, the 3,000,000,000 Placing Shares and 3,200,000,000 Conversion Shares (assuming (a) completion of the Subscription, (b) 3,000,000,000 Placing Shares and Convertible Bonds in the aggregate principal amount of approximately HK$1.6 billion million are issued pursuant to the Placing and (c) such Convertible Bonds are fully converted at the indicative Initial Conversion Price of HK$0.50).

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all issued Shares on the date of the allotment and issue of the Conversion Shares. The Conversion Shares will be allotted and issued under the Placing Mandate to be approved by the Shareholders at the SGM. They will rank, upon issue, pari passu in all respects with the Shares in issue on the date of the allotment and issue of the Conversion Shares. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Conditions of the Placing

Completion of the obligation of the Placing Agent under the Placing Agreement is conditional on:

1. no breach of, or any event rendering untrue or inaccurate or misleading, any of the representations, warranties or undertakings of the Company under the Placing Agreement having occurred (a) on the date of the Placing Agreement, (b) on the date when the Placing Price and the Initial Conversion Price is agreed, (c) on the date of each of the Bond Documents, (d) on each of the Placing Completion Dates (if more than one Placing Completion Date), (e) on the date of the circular to be issued by the Company for the Placing Mandate, (f) on the date of the offering circular (if any) in relation to the Convertible Bonds and (g) on the date(s) of launch of the Placing, with reference to the facts then subsisting, provided that there shall be no breach of this condition if in the case of (b) to (g) (inclusive) a breach or event relates to a specified warranty (as defined in the Placing Agreement) and at such time the specified warranty (as defined in the Placing Agreement) is true and accurate in all material respects and not misleading in any material respect. For the avoidance of doubt, this paragraph shall not further qualify by reference to materiality any fact or matter in any specified warranty (as defined in the Placing Agreement) that is expressed to be qualified by reference to materiality (as defined in the Placing Agreement);

2. the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares and the Conversion Shares (and such approval and permission not subsequently revoked prior to the completion of the Placing);

3. the Company having obtained the approval of its Shareholders in a general meeting for the Acquisition, the Placing including the issuance of the Placing Shares and the Conversion Shares and such approvals not having been or proposed to be revoked;

4. the Sale and Purchase Agreement becoming wholly unconditional (save for the condition requiring the Placing to have been completed and those conditions that will only be satisfied on the day on which Completion takes place) without any condition waived other than with the prior written consent of the Placing Agent (such consent not to be unreasonably withheld or delayed) and pending completion of the Placing can be completed in accordance with its terms;

5. there not having been any capital restructuring and/or capital reorganisation or redemptions or repurchase of any Shares or other securities (including any options, warrants or convertible securities) by the Company proposed, effected or completed after the date of the Placing Agreement;

6. there not having occurred any change or development (whether or not permanent) including, but not limited to, a prospective change in the condition, financial or otherwise, or in the general affairs, management, shareholders' equity, earnings, operations or business affairs or in the financial or trading position or prospects of the Group taken as a whole which, in the sole and absolute opinion of the Placing Agent after consultation with the Company, in its sole discretion:

    (a) is or is likely to be materially adverse to or materially or prejudicially affect, the business, financial or trading position, condition or prospects of the Group taken as a whole;

(b) has or is likely to have a material adverse effect on or materially impair the Placing or the marketing or distribution of the Placing Shares and/or the Convertible Bonds or dealings in the Placing Shares and/or the Convertible Bonds in the secondary market; or

(c) makes it unfavourable or impracticable to proceed with the Placing in the manner contemplated by the Placing Agreement;

7. the Placing Agent not becoming aware, after the date of the Placing Agreement, of any information or other matter (including any matter relating to financial models and underlying assumptions related to projections), other than any information contained in or matter referred to in the Announcement (as defined in the Placing Agreement) or the Previous Announcements (as defined in the Placing Agreement) affecting the Group, the Acquisition or the Placing that (in the Placing Agent's reasonable judgment) is inconsistent in a material and adverse manner with any such information or other matter disclosed to the Placing Agent prior to the date of the Placing Agreement and would reasonably be expected to impair the Placing or the Acquisition;

8. the Company and the Placing Agent having entered into the Price Determination Agreement (as defined in the Placing Agreement); and

9. receipt by the Placing Agent of the legal opinions from the Company's Bermuda legal counsel and the Placing Agent's US legal counsel, certified copies of the board minutes of the Company approving the Placing, and the waivers, consents, authorisations, clearances and approvals which are required from relevant governmental and regulatory authorities which are necessary for the Completion of the Acquisition and the Placing and the issue and allotment of the Placing Shares and/or the Convertible Bonds, and the implementation of other matters contemplated under the Placing Agreement, each in a form reasonably satisfactory to the Placing Agent and in accordance with the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place on the Placing Completion Date.

Restrictions on further issue of securities

Among other things, the Company has undertaken to the Placing Agent that it will not, from the date of the Placing Agreement and to the date being 180 days after the final Placing Completion Date or the termination of the Placing Agreement, allot, issue, offer to allot or issue, grant any option, right or warrant to subscribe, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share or any interests therein or any securities convertible into or exercisable or exchangeable for any such shares or interests, or enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such shares of the Company, in accordance with the terms of the Placing Agreement and subject to the exceptions set out in the Placing Agreement. This restriction does not apply to, among other things, the issue of the Subscription Shares.

Termination

The Placing Agreement may be terminated on any of the following grounds:

1. If any of the conditions of the Placing (as set out above) have not been satisfied or waived by the Placing Agent on or before the Placing Completion Date, the Placing Agent may terminate the Placing Agreement by written notice to the Company, in which case the Placing Agent shall not be bound to proceed with the Placing and the Placing Agreement shall cease to have effect save as otherwise provided in the Placing Agreement.

2. The Placing Agreement shall terminate if no completion of the Placing of Placing Shares or the Convertible Bonds has occurred by 110 days after the date of the SGM, or such other time or date as the Company and the Placing Agent shall agree in writing.

3. The Placing Agent may, in its absolute discretion, terminate the Placing Agreement by written notice to the Company at any time prior to the final Placing Completion Date, and such terminate shall have immediate effect, if there shall develop, occur, exist or come into effect:

   (a) trading generally having been suspended or materially limited on, or by, any of the Stock Exchange, the Shanghai Stock Exchange, the New York Stock Exchange or the London Stock Exchange, which in the sole and absolute opinion of the Placing Agent is or is likely to materially prejudice the success of the Placing or distribution of the Placing Shares or the Convertible Bonds or dealings in the Placing Shares or the Convertible Bonds in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing;

   (b) trading of any securities of the Company being suspended on the Stock Exchange for a period in excess of 3 trading days (as defined in the Placing Agreement), other than in connection with the Acquisition or the Placing;

   (c) a material disruption in securities settlement, payment or clearance services in the United States, the PRC or Hong Kong having occurred, which in the sole and absolute opinion of the Placing Agent is or is likely to materially prejudice the success of the Placing or distribution of the Placing Shares or the Convertible Bonds or dealings in the Placing Shares or the Convertible Bonds in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing;

   (d) any moratorium on commercial banking activities having been declared by any PRC, Federal or New York State or Hong Kong authorities, which in the sole and absolute opinion of the Placing Agent is or is likely to materially prejudice the success of the Placing or distribution of the Placing Shares or the Convertible Bonds or dealings in the Placing Shares or the Convertible Bonds in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing;

(e) any event or series of events (whether or not permanent) in the nature of force majeure (including, without limitation, acts of government, labour disputes strikes, lock-outs, riots, public disorder, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, outbreak of diseases or epidemics, interruption or delay in transportation, economic sanction and any local, national, regional or international outbreak or escalation of hostilities, or other state of emergency or calamity or crisis), in each case, which in the sole and absolute opinion of the Placing Agent is or is likely to materially prejudice the success of the Placing or distribution of the Placing Shares or the Convertible Bonds or dealings in the Placing Shares or the Convertible Bonds in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing;

(f) any new law or regulation or change in existing laws or regulations which in the sole and absolute opinion of the Placing Agent has or may be or is likely to have a material adverse effect on the financial position of the Company and its subsidiaries taken as a whole, which in the sole and absolute opinion of the Placing Agent is or is likely to materially prejudice the success of the Placing or distribution of the Placing Shares or the Convertible Bonds or dealings in the Placing Shares or the Convertible Bonds in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing;

(g) any change (whether or not permanent) in local, national or international financial, political, monetary or economic conditions, banking, capital markets, currency exchange rates, credit default swap prices, secondary bond prices, exchange controls, or the occurrence of any event or series of events outside of the Placing Agent's control, in each case, which in the sole and absolute opinion of the Placing Agent is or may be or is likely to materially prejudice the success of the Placing or distribution of the Placing Shares or the Convertible Bonds or dealings in the Placing Shares or the Convertible Bonds in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing; or

(h) there is any breach of any of the representations, warranties and undertakings by the Company in the Placing Agreement which comes to the knowledge of the Placing Agent or any event occurring or any matter arising on or after the date of the Placing Agreement and prior to the final Placing Completion Date which, if it had occurred or arisen before the date of the Placing Agreement, would have rendered any of such representations, warranties and undertaking untrue or incorrect in any material respect in such a manner as in the sole and absolute opinion of the Placing Agent is or is likely to materially and adversely affect the financial position or business of the Group as a whole.

4. The Placing Agent may also terminate the Placing Agreement at any time by notice in writing to the Company if any of the Placing Shares or the Convertible Bonds are not issued and delivered in accordance with the Placing Agreement.

5. The Placing Agreement may be terminated by either party at any time prior to the final completion of the Placing in accordance with the terms of the Placing Agreement if the other party fails or refuses to comply with the terms of the Placing Agreement as applicable to it and such failure or refusal is material in the context of the Placing or the Acquisition.

If the Placing Agreement is terminated pursuant to any of the above grounds, all obligations of the parties under the Placing Agreement shall cease and no party to the Placing Agreement will have any claim against any other party to the Placing Agreement in respect of any matter arising out of or in connection with the Placing Agreement except: (i) in relation to obligations, agreements, liabilities arising prior to such termination (including liabilities arising prior to such termination under the representations, warranties and undertakings under the Placing Agreement), (ii) the Company shall remain liable for the payment of the relevant costs and expenses (as set out in the Placing Agreement) already incurred or to be incurred by the Placing Agent in consequence of such termination and (iii) the indemnity and the governing law provisions in the Placing Agreement will remain in full force and effect.

Reasons for the Placing and use of proceeds

It is anticipated that the gross proceeds from the Placing, if approved and successful, will be approximately HK$2.8 billion. The net proceeds (after deducting the Placing commission, legal and professional fees and publication fees payable by the Company) will be approximately HK$2.714 billion. The net proceeds of the Placing will be used to fund the Acquisition, as well as the capital expenditure, research and development costs, and working capital of the Target and its Subsidiaries following completion of the Acquisition.

The Company may provide a facility of up to US$20,000,000 to the Target on Completion for the acquisition of certain equipment (to be specified and agreed) and the immediate working capital requirements of the Target Group. Based on the expansion plan of Sun Materials, it expects to commence construction of five additional production plants in July 2011 and the total capital expenditure for such additional production plants is estimated to be in the range of US$200,000,000 to US$250,000,000.

The Directors consider that the Placing is an appropriate and preferred means of funding capital expenditure and working capital of the Target Group the Acquisition in view of the current market conditions, the nature and the timing of the Acquisition. The Directors believe that the Placing would provide the Company and the Target with the market recognition and profile to help the Enlarged Group to achieve its expansion goals.

The Directors consider that the Placing is fair and reasonable to the Shareholders and the Company as a whole on the basis that the Placing represents an opportunity to raise capital for the Target Group to materialise its production goals and plans for future technology.

The Placing Mandate

The Directors intend to seek the approval of the Shareholders at the SGM for a specific mandate to issue up to 3,000,000,000 Placing Shares and up to 3,200,000,000 Conversion Shares.

The Company has no intention to undertake any equity fund raising, including but not limited to the Subscription and the Placing, which will lead to a change in control of the Company for the purposes of the Takeovers Code.

FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 12 MONTHS

The following table summarises the capital raising activities of the Group for the 12 months immediately before the date of this announcement:

Date of Initial Announcement	Description	Net Proceeds (Approximate)	Intended Use of Proceeds	Actual Use of Proceeds as at the Date of this Announcement
8 March 2010	Placing of New Shares	HK$105,160,628	General working capital of the Group and/or as initial working capital required for possible investments in the renewable energy related industry and/or other future opportunities	The placing was completed on 28 April 2010. The proceeds was applied as to HK$76.27 million for acquisition of listed securities for trading purposes and as to the balance of HK$28.89 million for general working capital
19 January 2011	Issue of the Subscription of Shares to the Subscriber	HK$141,000,000	Capital expenditure and working capital required for potential investments in the renewable energy related industry	Funding to be received upon completion of the Subscription

Whilst the Directors sought and evaluated potential investments in the renewal energy related industry, part of the proceeds from the placing in April 2010 was invested in liquid listed securities held for short term trading in view of the negligible interest which could have been earned had the funds been placed in bank deposits.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months before the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE

The following table sets out the effect of the issue of the Subscription Shares, the Placing Shares and the Conversion Shares on the shareholding structure of the Company based on the issued share capital and shareholding structure of the Company (i) as at the Last Trading Day; (ii) as at the date of the Subscription Agreement, as enlarged by the allotment and issue of the 354,100,608 Subscription Shares pursuant to the Subscription (if it proceeds); and (iii) immediately upon the issue and allotment of 3,000,000,000 Placing Shares pursuant to the Placing, assuming the Subscription has occurred and; and (iv) immediately upon conversion of the Convertible Bonds (assuming (a) completion of the Subscription, (b) 3,000,000,000 Placing Shares and Convertible Bonds in the aggregate principal amount of approximately HK$1.6 billion are issued pursuant to the Placing and (c) such Convertible Bonds are fully converted at the indicative Initial Conversion Price of HK$0.50):

	As at the Last Trading Day		**Upon completion of the Subscription** *(Note 1)*		**FOR ILLUSTRATIVE PURPOSE ONLY** **Upon completion of the Placing** *(Note 1)*		**FOR ILLUSTRATIVE PURPOSE ONLY** **After the Placing and upon full conversion of the Convertible Bonds** *(Note 1)*	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Pearl Decade Limited *(Note 2)*	130,089,500	7.35	130,089,500	5.69	130,089,500	2.46	130,089,500	1.53
Mr Lam Suk Ping *(Note 3)*	3,250,000	0.18	3,250,000	0.14	3,250,000	0.06	3,250,000	0.04
Mr Lo Yuen Wa Peter *(Note 3)*	2,500,000	0.14	2,500,000	0.11	2,500,000	0.05	2,500,000	0.03
Mr Peter Temple Whitelam *(Note 3)*	1,250,000	0.07	1,250,000	0.05	1,250,000	0.02	1,250,000	0.01
Subscriber	–	–	354,100,608	15.48	354,100,608	6.70	354,100,608	4.17
Sub-total	137,089,500	7.74	491,190,108	21.47	491,190,108	9.29	491,190,108	5.78
Placees (Placing Shares)	–	–	–	–	3,000,000,000	56.74	3,000,000,000	35.35
Placees (Convertible Bonds)	–	–	–	–	–	–	3,200,000,000	37.70
Other Public Shareholders	1,633,413,540	92.26	1,796,463,844	78.53	1,796,463,844	33.97	1,796,463,844	21.17
Total Public Shareholders	1,633,413,540	92.26	1,796,463,844	78.53	4,796,463,844	90.71	7,996,463,844	94.22
Total	1,770,503,040	100.00	2,287,653,952	100.00	5,287,653,952	100.00	8,487,653,952	100.00

Note 1: Based on the issued share capital of the Company as at the date of the Subscription Agreement and assuming that no Share is issued pursuant to the share option scheme adopted by the Company on 21 August 2003.

Note 2: Pearl Decade Limited holds 130,089,500 Shares. Willie International Holdings Limited (Stock Code: 273), a company listed on the Stock Exchange is interested in the share capital of the Company indirectly through its direct wholly owned subsidiary Willie Resources Incorporated and its indirectly wholly owned subsidiaries, Rawcliffe International Limited, Nice Hill International Limited and Pearl Decade Limited.

Note 3: Mr Lam Suk Ping, Mr Lo Yuen Wa Peter and Mr Peter Temple Whitelam are Directors.

ENGAGEMENT OF EXPERTS, LEGAL COUNSELS AND FINANCIAL ADVISER

To assist the Company to evaluate the Acquisition, the Company engaged the Valuer as valuation consultant, Ove Arup & Partners Hong Kong Ltd as technical consultant and Deloitte Touche Tohmatsu as reporting accountant. The Company also engaged Hogan Lovells as its international legal counsel and Lee and Li Attorneys-at-Law as its Taiwan legal counsel in connection with the Acquisition.

Sun Materials and the Seller engaged Skadden, Arps, Slate, Meagher & Flom as its international legal counsel in connection with the Acquisition. Ogier advises the Seller on the Acquisition and the restructuring of the Target Group with reference to the laws of the British Virgin Islands.

Deutsche Bank AG, Hong Kong Branch was engaged by the Company as exclusive financial adviser in connection with the Acquisition. Deutsche Bank AG, Hong Kong Branch is also the Placing Agent for the Placing.

GENERAL

Circular & SGM

The Acquisition and the Placing Mandate are subject to approval by the Shareholders at the SGM.

A circular containing, among other things, (i) a letter from the Board setting out details of the Acquisition and the Placing Mandate and its recommendation to the Shareholders on them; (ii) financial and other information on the Group; (iii) financial information on the Target Group; (iv) pro forma financial information of the Group assuming Completion occurs; (v) the Business Valuation Report; (vi) the Technical Report; and (vii) the notice convening the SGM is expected to be despatched to the Shareholders on or before 11 February 2011.

The Group

Mascotte Holdings Limited, is a company incorporated in Bermuda as an exempted company with limited liability, the Shares of which have been listed on the Main Board of the Stock Exchange since 1997. The Group is engaged in the business of, among other things, the trading of investments, loan financing, property investment and the manufacturing of computer, photographic, video, phone and solar powered multi-media bags and accessories. The Company implemented a diversification strategy aimed at identifying suitable investment opportunities, including that of renewable energy related businesses. The Group implemented a diversification strategy aimed at identifying suitable investment opportunities and wishes to expand its involvement in the renewable energy market.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 3 January 2011 pending the release of this announcement. An application was made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 20 January 2011.

Shareholders and potential investors should note that Completion is subject to the satisfaction (or, if applicable, waiver) of the Sale Conditions under the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

"Acquisition"	the purchase of the Sale Shares by the Company pursuant to the terms of the Sale and Purchase Agreement
"Board"	the board of Directors
"Bond Documents"	the bond documentation in relation to the Convertible Bonds, terms of which are to be agreed by the Company and the Placing Agent
"Business Day"	a day (except a Saturday or Sunday) on which banks are generally open for business in Hong Kong
"Business Valuation Report"	the business valuation report prepared by the Valuer, which will be set out in the Circular
"BVI"	the British Virgin Islands
"Call Option"	the option granted by the Seller to the Company to buy, and to require the Seller to sell, all or any of the Option Shares in accordance with the terms of the Call Option Agreement
"Call Option Agreement"	the call option agreement dated 31 December 2010 and entered into between the Company and the Seller in relation to the grant of the Call Option
"Call Option Period"	the period beginning on the first Business Day falling 12 months after the Completion Date and ending on the first Business Day falling 36 months after the Completion Date
"Company"	Mascotte Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Acquisition pursuant to the Sale and Purchase Agreement
"Completion Date"	the day which is the third Business Day after the date on which the last in time of the Sale Conditions (except such Sale Conditions which are expressed to be satisfied on or as of the Completion Date but subject to the satisfaction or waiver of such Sale Conditions) to be satisfied or waived in accordance with the Sale and Purchase Agreement is first satisfied or waived

"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	US$150,000,000 to be satisfied by the payment of cash on Completion
"Convertible Bonds"	the convertible bonds in an aggregate principal amount of up to HK$1,600,000,000 to be issued by the Company in accordance with the indicative terms set out in the section headed "the Convertible Bonds" and constituted and issued pursuant to the definitive Bond Documents
"Conversion Shares"	Shares to be issued upon conversion of the Convertible Bonds, subject to a maximum of 3,200,000,000 shares and adjustment as set out in the Bond Documents
"Directors"	the directors of the Company
"Dr Wu"	Wu Yi-Shuen (吳以舜), also known as Mark Wu
"Employee"	each employee who is engaged by a Target Group Company at Completion
"Encumbrance"	a charge, debenture, mortgage, pledge, lien, security interest, title retention, assignment, restriction, right of first refusal, option, right of pre-emption or other third party right or interest of any kind, whether granted for the purpose of security or not and "**Encumbrances**" means all those kinds of right or interest
"Enlarged Group"	the Group as it will be comprised immediately after Completion
"Equipment Procurement Agreement"	the equipment procurement agreement dated 30 May 2010 and entered into between Sun Materials and Enerage, Inc in relation to Sun Materials' procurement of cyclone high temperature reactor and all relevant components from Enerage, Inc
"FBR"	the fluidized bed reactor process, one of the dominant processes used in the current market for polycrystalline silicon production
"GCM"	is defined in the section headed "Basis for determining the Consideration"
"Group"	the Company and its subsidiaries and shall include, following Completion, the Target Group
"GTM"	is defined in the section headed "Basis for determining the Consideration"
"Hareon"	Hareon Solar Technology Co., Ltd, a company incorporated with limited liability in China. Information in relation to Hareon is set out in the description of Samuel Yang, under section headed "III. Issue of Shares under General Mandate to Samuel Yang".
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Improve Forever"	Improve Forever Investments Limited, a company incorporated in the BVI and the Subscriber under the Subscription Agreement
"Initial Conversion Price"	the initial conversion price of the Convertible Bonds to be agreed between the Company and the Placing Agent
"Last Trading Day"	31 December 2010
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"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 will be wholly-owned by the Target after completion of the Reorganisation
"Ms Hsieh"	Hsieh Cheng Lu (謝正陸)
"Option Shares"	4,990,000 shares of a single class of no par value of the Target, representing 49.9% of the issued shares of the Target as at the Signing Date
"Patented and Related Technology"	the patents listed in the Sale and Purchase Agreement (or any of them) or any other technology, whether patentable or not, which is derived from, constitutes an improvement of, or which otherwise could not be lawfully exploited without a licence from Sun Materials in respect of those patents
"Placees"	professional, institutional and other investors selected and procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and the Bond Documents
"Placing"	the placing of the Placing Shares and the Convertible Bonds of the Company in accordance with the Placing Agreement
"Placing Agent"	Deutsche Bank AG, Hong Kong Branch
"Placing Agreement"	the placing agreement between Deutsche Bank AG, Hong Kong Branch, as Placing Agent, and the Company dated 17 January 2011 for the placing of the Placing Shares and the Convertible Bonds
"Placing Completion Date"	the date or dates (in the event that the completion of the Placing of the Placing Shares falls on a different day to the completion of the Placing of the Convertible Bonds) notified by the Placing Agent to the Company, being not later than 110 days after the date of the SGM, or such other time or date as the Company and the Placing Agent shall agree in writing
"Placing Price"	the placing price of each Placing Share to be agreed between the Company and the Placing Agent

"Placing Mandate"	a specific mandate to be sought at the SGM for the issue of up to 3,000,000,000 Placing Shares and up to 3,200,000,000 Conversion Shares
"Placing Shares"	Shares to be offered by the Placing Agent as agent for the Company pursuant to the Placing Agreement, subject to a maximum of 3,000,000,000 Shares
"Preliminary Agreement"	the preliminary agreement between the Company, the Seller, Mr Chang Wen-Shan and Dr Wu dated 3 August 2010
"Preliminary Business Valuation"	the preliminary range of business enterprise value of Sun Materials prepared by the Valuer with reference to the Technical Report
"Relevant Technology"	any technology, whether patentable or not, intellectual property developed by Dr Wu (whether or not in conjunction with others) or otherwise came into existence as a result of any work undertaken by Dr Wu (whether or not for or on behalf of any Target Group Company) which is or is capable of being used for, applied to, or otherwise exploited in connection with the manufacture of polycrystalline silicon, except the Patented and Related Technology
"Reorganisation"	the completion of the acquisition by the Target of the entire issued share capital of Lution, which owns the entire issued share capital of Sun Materials and the receipt of all approvals and completion of all procedural steps required in connection therewith, as set out in the Sale and Purchase Agreement
"Restricted Business"	any research, development or other consultancy work involving, relating to or utilising, in any manner, the inventions which are the subject of the Patented and Related Technology
"Restricted Period"	a period of three years starting on the Completion Date
"Samuel Yang"	Mr Huai Jin Yang, also known as Samuel Yang
"Sale and Purchase Agreement"	the agreement dated 31 December 2010 and entered into between the Company, the Seller, Ms Hsieh and Dr Wu in relation to the acquisition of 50.1% of the issued shares of the Target
"Sale Condition"	each of the conditions set out under the paragraphs headed "Conditions precedent" in this announcement
"Sale Shares"	5,010,000 shares of a single class of no par value of the Target, representing 50.1% of the issued shares of the Target as at the date of the Sale and Purchase Agreement
"Seller"	Quinella International Incorporated, a company incorporated with limited liability in the BVI and a sole shareholder of the Target

"Service Agreement"	the service agreement between Sun Materials and Dr Wu dated 30 May 2010 (as amended by a supplemental agreement between Sun Materials and Dr Wu dated 11 October 2010)
"SGM"	special general meeting of the Company to be convened to approve the Acquisition and the Transactions
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Shareholders' Agreement"	the shareholders' agreement to be entered into by the Company, the Seller, the Target and Ms Hsieh on Completion in respect of the Target
"Signing Date"	31 December 2010, being the date on which the Company, the Seller and Ms Hsieh entered into the Sale and Purchase Agreement
"Solarbuzz Report"	the Annual World Photovoltaic Market Review published by Solarbuzz in March 2010
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Cooperation Agreement"	the strategic cooperation agreement between the Company, Sun Materials and Hareon dated 27 September 2010
"Subscriber"	Improve Forever
"Subscription"	the issue and subscription of the Subscription Shares pursuant to the Subscription Agreement
"Subscription Agreement"	the subscription agreement between Samuel Yang, Improve Forever and the Company dated 12 January 2011 in respect of 354,100,608 Shares
"Subscription Price"	HK$0.40, being the price of each Subscription Share under the Subscription Agreement
"Subscription Shares"	the Shares to be issued pursuant to the Subscription Agreement
"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
"Target"	Trifecta International Incorporated, a company incorporated with limited liability in the BVI and wholly-owned by the Seller
"Target Group"	the Target, Lution and Sun Materials

"Target Group Company"	a member of the Target Group
"Technical Report"	the technical report prepared by Ove Arup & Partners Hong Kong, which will be set out in the Circular
"Transaction Documents"	the Sale and Purchase Agreement, the Seller's Disclosure Letter (as defined in the Sale and Purchase Agreement), the Call Option Agreement, the Service Agreement, and the Shareholders' Agreement
"Transactions"	the transactions contemplated under the Transaction Documents
"UMG"	upgraded metallurgical grade, a type of silicon used for producing solar cells
"US$"	United States dollar, the lawful currency of the United States of America
"Valuer"	American Appraisal China Limited, an independent valuer

For the purpose of this Announcement, US$1.00 = NT$29.39

By order of the board of
Mascotte Holdings Limited
Lo Yuen Wa Peter
Acting Chief Executive Officer

Hong Kong, 19 January 2011

As at the date of this announcement, the executive Directors are Mr Peter Temple Whitelam (Chairman), Mr Lo Yuen Wa Peter (Acting Chief Executive Officer), Mr Lam Suk Ping, Ms Song Jiajia and Mr Eddie Woo; and the independent non-executive Directors are Mr Frank H. Miu, Dr Agustin V. Que and Mr Robert James Iaia II.