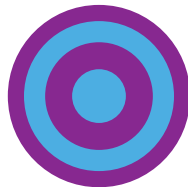


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MASCOTTE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 136)

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION (2) STANDBY LINE OF CREDIT (3) PROPOSED SPECIFIC MANDATE AND (4) RESUMPTION OF TRADING

VERY SUBSTANTIAL ACQUISITION

The Board is pleased to announce that the Company entered into the Sale and Purchase Agreement with the Seller and Ms Hsieh on 12 September 2011 (after trading hours) whereby the Company conditionally agreed to purchase from the Seller 49.9% of the issued shares of the Target for HK\$2,500,000,000 in accordance with the terms of the Sale and Purchase Agreement. The Consideration for the Acquisition shall be settled by the Company on Completion in the following manner: (i) as to HK\$750,000,000 by cash; and (ii) as to HK\$1,750,000,000 by the issue of the Consideration Bonds by the Company to the Seller (or its nominee). Upon Completion of the Acquisition the Target will become a wholly-owned subsidiary of the Company.

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

The Sale and Purchase Agreement provides that upon Completion the Seller and Sun Materials will enter into the Standby Line of Credit Agreement, whereby the Seller will conditionally agree to make available the Standby Line of Credit of up to HK\$500,000,000 to Sun Materials for the purpose of financing the general working capital requirements of Sun Materials.

On the Signing Date Ms Hsieh resigned from her role as a director of the Target and its wholly-owned subsidiaries, Luton and Sun Materials, with immediate effect.

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. Since the Seller is a substantial shareholder of the Target (which is a non-wholly owned subsidiary of the Company) and thus a connected person of the Company, the Acquisition also constitutes a connected transaction of the Company pursuant to Rule 14A.13(1)(a) of the Listing Rules. The Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder are therefore subject to the approval by the Independent Shareholders at the SGM by way of poll.

No Shareholder, except for the Seller and its associates (to the extent they hold any Shares), has a material interest in the Acquisition which is different from other Shareholders and is required to abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and its associates do not hold any Shares, options over or securities convertible into or exchangeable for Shares as at the date of this announcement. The Seller and its associates would be required to abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder if any of them hold any Shares as at the date of the SGM.

PROPOSED SPECIFIC MANDATE

At the special general meeting of the Company held on 7 June 2011, the Existing Placing Mandate was granted to the Directors to allot, issue and deal with up to 9,550,000,000 Shares, including the Conversion Shares, so as to give effect to the transactions contemplated by the Placing Agreement and the Convertible Bonds Documents. As announced by the Company on 15 July 2011, Convertible Bonds in the aggregate principal amount of HK\$1,450,000,000 were issued by the Company on 14 July 2011 to not fewer than six subscribers who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Of the HK\$1,450,000,000 Convertible Bonds issued by the Company on 14 July 2011, Convertible Bonds in aggregate principal amount of HK\$31,000,000 were converted for 62,000,000 Conversion Shares on 24 August 2011 and HK\$1,419,000,000 in aggregate principal amount of Convertible Bonds remain outstanding as at the date of this announcement.

The Existing Placing Mandate was granted to the Directors subject to the condition, among other things, that it shall lapse on 25 September 2011 being the date falling 110 days following the special general meeting of the Company held on 7 June 2011. The Existing Placing Mandate has therefore now lapsed.

The Convertible Bonds entitle the holders thereof to convert their Convertible Bonds for Conversion Shares on the terms and subject to the conditions of the Convertible Bonds Documents. These terms and conditions include that such conversion rights are exercisable by a bondholder at any time from and including the issue date of the Convertible Bonds until the seventh Business Day prior to the earlier of (i) the CB Maturity Date and (ii) if the Company has elected to redeem such Convertible Bonds, the applicable date of early redemption.

The Directors propose to issue up to 2,838,000,000 Conversion Shares on full conversion of the Convertible Bonds, or such other number of Conversion Shares as results from adjustment to the Conversion Price in accordance with the Convertible Bonds Documents. The issue of the Conversion Shares pursuant to the Convertible Bonds will not raise any new proceeds.

To allow the Directors to issue the Conversion Shares after the expiry of the Existing Placing Mandate on 25 September 2011, the Board seeks the approval from the Shareholders of the Proposed Specific Mandate to issue the Conversion Shares pursuant to the Convertible Bonds Documents.

The Proposed Specific Mandate is proposed pursuant to Rule 13.36(1)(a) of the Listing Rules, subject to conditions detailed in the section headed "Proposed Specific Mandate" below.

The Acquisition and the Proposed Specific Mandate are not inter-conditional.

CIRCULAR AND SGM

A circular containing, among other things, (i) a letter from the Board setting out details of the Proposed Specific Mandate, the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder and its recommendation to the Shareholders on them; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder; (iii) the letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder; (iv) financial and other information on the Group; (v) financial information on the Target Group; (vi) pro forma financial information of the Enlarged Group; (vii) the Calculation Report; and (viii) the notice convening the SGM is expected to be despatched to the Shareholders on or before 26 October 2011.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 14 September 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 9:00 a.m. on 6 October 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.

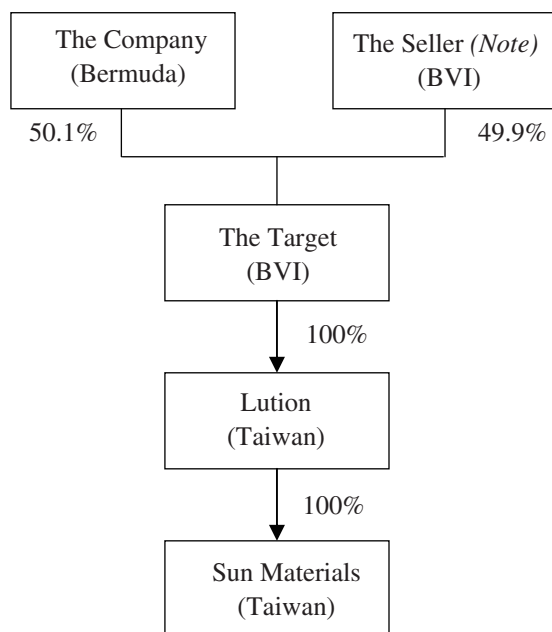
VERY SUBSTANTIAL ACQUISITION

ACQUISITION OF 49.9% OF THE TARGET

Information on the Target Group

Set out below is the background information, shareholding structure and financial information of the Target Group.

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



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. The Target's principal business is investment holding and it is the sole shareholder of Lution. At present 49.9% and 50.1% of the allotted and issued shares in the Target are owned by the Seller and the Company respectively.

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

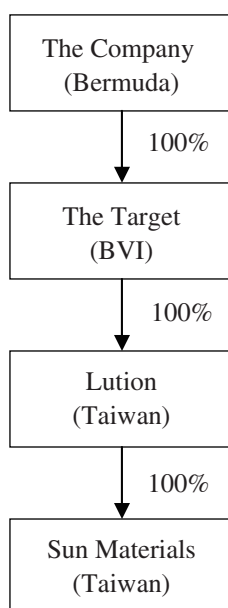
Sun Materials is a limited liability company incorporated in Taiwan. Its principal business is the manufacture of solar grade polycrystalline silicon. Sun Materials developed a new and innovative technology and patented in the USA, Europe, Japan, Taiwan and China the key production reactor for such technology, with a view to significantly reducing the plant development costs, production costs, production hazards and adverse environmental effects of manufacturing solar grade polycrystalline silicon. Sun Materials 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 the first quarter of 2012, which will increase its production capacity to up to 21,000 metric tons by the fourth 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 utilizes 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 utilize a variant of the “Siemens” process and they dominate the polycrystalline silicon market in terms of production output.

The target customers of Sun Materials are downstream manufacturers of ingots, wafers, cells and modules and project developers in the global photovoltaic 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 was extended to 2021. All of Sun Materials’ production output until the end of 2012 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, as at 30 June 2011, the unaudited net asset values of the Target, Lution and Sun Materials are NT\$899,970,000 (or equivalent to approximately HK\$240,762,440), NT\$892,787,289 (or equivalent to approximately HK\$238,840,901) and NT\$785,416,886 (or equivalent to approximately HK\$210,116,877), 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 Prospect 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 for polycrystalline silicon, the manufacturing capacity in the sector expanded by 75% in 2009. Despite a sluggish economy in 2009, the Solarbuzz Report indicates that the 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 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 photovoltaic 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%. These figures compare favourably to CLSA Asia-Pacific Markets' (CLSA) long term 10-year 28% CAGR for photovoltaic installed capacity. CLSA further cites stable average selling prices in the photovoltaic mid-stream segment, bolstering the Directors' view of stable and long-term market for solar grade polycrystalline silicon, despite near-term volatility. 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 and stabilized in this range 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 gives 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 to provide 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 significantly reduce 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, at a total construction cost of approximately US\$17.1 million. In November 2010, Sun Materials commenced trial production at the plant for the purposes of fulfilling the qualification requirements of its customers. On 13 January 2011, Hareon, a customer of Sun Materials, announced that its mass spectroscopy test data of samples produced in December 2010 and January 2011 by Sun Materials 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. It is expected that the commercial production of polycrystalline silicon by Sun Materials will commence in the fourth quarter of 2011.

Sun Materials' existing production plant in Taiwan has a design production capacity of up to 3,500 metric tons per annum. Sun Materials plans to commence construction of five additional production plants in Taiwan during the first quarter of 2012, which will increase the production capacity to up to 21,000 metric tons per annum by the fourth 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 fourth quarter of 2012 will be approximately US\$275,000,000, which is significantly lower than those for traditional polycrystalline silicon production plants with similar production capabilities.

Sun Materials continues to examine the potential to construct a polycrystalline silicon production plant in the PRC. Sun Materials currently expects to make a final investment decision in relation to this development after commercial production has been achieved at its first production facility in Taiwan.

Historically, Sun Materials has financed its production and business operations primarily through its internal funds, bank borrowings and capital contribution from equity holders. It is expected that over the next several years, a substantial portion of Sun Materials' cash flow will be used to finance its production and sales activities, the construction of new production plants and research and development. Sun Materials may need to obtain additional financing through bank borrowings or by accessing international capital markets in order to fund its business operations, production expansion and capital expenditures in the future.

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

12 September 2011

Parties

Buyer: The Company.

Seller: Quinella International Incorporated, being the owner of 49.9% of the allotted and issued shares of the Target.

Warrantor: The Seller and Ms Hsieh jointly and severally warrant to the Company that at the Signing Date each of the Seller's representations and warranties under the Sale and Purchase Agreement is true, accurate and not misleading and the Seller and Ms Hsieh severally warrant to the Company that immediately before Completion each of the Seller's representations and warranties under the Sale and Purchase Agreement is true, accurate and not misleading by reference to the facts and circumstances existing at that time. The aggregate liability of the Seller and Ms Hsieh for claims in respect of the Seller's representations and warranties under the Sale and Purchase Agreement is limited to HK\$2,500,000,000.

Ms Hsieh is indirectly interested in the entire issued shares of the Seller. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller is a substantial shareholder of the Target (which is a non-wholly owned subsidiary of the Company) and thus a connected person of the Company. The principal business activity of the Seller is investment holding.

Background

On 15 July 2011, the Company completed the Initial Acquisition, which is related to the Acquisition. The Acquisition and the Initial Acquisition both concerned the purchase by the Company of shares in the Target from the Seller.

The Directors first contemplated the possibility of acquiring the Sale Shares in July 2010 during the negotiation of the Initial Acquisition, which is why the Call Option Agreement was entered into on 31 December 2010 to facilitate this. Given that the efficacy of Sun Materials' technology was uncertain, the Directors considered it prudent to limit the Company's exposure to Sun Materials by buying only a 50.1% interest in Sun Materials while giving the Company the opportunity to benefit from upside if the technology proved to be successful by taking the option to acquire the balance. Having become more comfortable with the likelihood of the technology being successful, the Directors believed it would make good commercial sense to accelerate the acquisition of the minority stake. Hence on 25 July 2011 the Directors decided to commence negotiation of the Acquisition and negotiations with the Seller began immediately. The Sale and Purchase Agreement was entered into on 12 September 2011.

Negotiations in connection with the Acquisition did not start prior to publication of the Company's circular of 20 May 2011 in connection with the Initial Acquisition, nor had any decision to undertake the Acquisition been made prior to publication of that circular. Negotiations in connection with the Acquisition did not start prior to the Company's special general meeting for the Initial Acquisition held on 7 June 2011, nor had any decision to undertake the Acquisition been made by this date.

Assets to be acquired

The Company will acquire the Sale Shares, being 49.9% 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 HK\$2,500,000,000 will be settled by the Company in the following manner:

- (a) as to HK\$750,000,000 by cash upon Completion; and
- (b) as to HK\$1,750,000,000 by the issue of the Consideration Bonds upon Completion.

The Company proposes to fund the cash portion of the Consideration from its available cash and the proceeds realisable from the sale of certain liquid securities currently held by the Company without the requirement for external financing. The Company plans to fund the repayment of the Consideration Bonds from cashflow.

Basis for determining the Consideration

The Consideration was determined after arm's length negotiations between the Company and the Seller, taking into consideration (i) 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 in 2012, (ii) the scarcity of technologies for reducing the production cost of solar grade polycrystalline silicon and the limited ability of current producers of polycrystalline silicon to further reduce costs, and (iii) anticipated future demand for solar grade polycrystalline silicon.

The original purchase cost of the Sale Shares to the Seller was approximately NT\$449,100,000 (or equivalent to approximately HK\$120,144,462), which is 49.9% of the amount of NT\$900,000,000 (or equivalent to approximately HK\$240,770,465) paid by the Target to acquire the total issued shares of Lution on 25 January 2011.

The Consideration represents approximately 23.8 times 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 2011, is NT\$785,416,886 (or equivalent to approximately HK\$210,116,877).

The Board examined a number of different consideration structures for the Acquisition however these were discounted in favour of the structure described above. In particular, the Board considered and discounted the issuance of convertible bonds to the Seller in consideration for the Acquisition because the issue of conversion shares upon exercise of such convertible bonds would dilute the shareholdings of our existing Shareholders.

As stated in the Company's circular in respect of the Initial Acquisition on 20 May 2011, the consideration paid to the Seller for a 50.1% interest in the Target pursuant to the Initial Acquisition was US\$150,000,000 (or equivalent to approximately HK\$1,170,000,000). Since 31 December 2010, when the Company and the Seller agreed the terms of the sale and purchase agreement for the Initial Acquisition, including the amount of consideration to be paid to the Seller in respect thereof, Sun Materials made significant progress in improving the efficiency of its process and towards commercializing its technology, with a current view to starting commercial production in the fourth quarter of 2011. Sun Materials' strategic partner, Hareon, recently obtained its listing approval from the China Securities Regulatory Commission, elevating Hareon's profile as one of a select group of clean technology companies to list in China. On 20 June 2011, Sun Materials and Schott signed a four-year offtake agreement for the supply of polycrystalline silicon to Schott.

The Company has received confidential non-binding expressions of interest from certain participants in the photovoltaic industry to acquire the Company's entire interest in Sun Materials at indicative prices which support the Directors' valuation of the Sale Shares. The Company decided not to proceed with these discussions and has not entered into any agreement with such participants in connection with a sale of any interest in Sun Materials.

Taking into account these positive developments in the business prospects of the Target Group, the Directors (excluding the independent non-executive Directors who would form their views after seeking the advice of an independent financial adviser to be appointed) consider that the Consideration (including the terms and conditions of the Consideration Bonds) is fair and reasonable and the Acquisition in the interest of the Company and the Shareholders as a whole.

The Company has engaged the Valuer to undertake a calculation of the business enterprise value of Sun Materials. The Calculation Report will be set out in the circular.

Conditions precedent

Completion of the Sale and Purchase Agreement is conditional on the following Sale 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 passing by shareholders of the Company at the SGM of a resolution to approve the Transaction Documents and the transactions contemplated under the Transaction Documents, in accordance with the Listing Rules and the Company's bye-laws;
4. 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;
5. the Seller's warranties under the Sale and Purchase Agreement being true, accurate and not misleading on the Completion Date;
6. the Company's warranties under the Sale and Purchase Agreement being true, accurate and not misleading on the Completion Date;
7. 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 of the Target) having been obtained;
8. 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;
9. all applicable permits (as defined in the Sale and Purchase Agreement) in respect of the Acquisition or any other transaction or 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; and
10. 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 Hong Kong Code on Takeovers and Mergers) to make an offer to acquire shares in the Company.

Among the Sale Conditions, Sale Condition 10 cannot be waived by either the Company or the Seller unless the Company and Seller agree in writing. Sale Conditions 1 to 5 and 7 to 9 may be waived by the Company in whole or in part, and Sale Condition 6 may be waived by the Seller in whole or in part. The Sale Conditions expressed to be capable of being waived by the Company are capable of being waived in order to give the Company maximum flexibility to complete the Acquisition. As at the date of this announcement, the Company has no intention to waive any Sale Conditions. The Company undertakes not to waive Sale Condition 3. The Directors will only exercise the discretion to waive a Sale Condition when it is in the best interests of the Company and the Shareholders as a whole to do so and to the extent that compliance with such Sale Condition is not a requirement of applicable law or the Listing Rules, having considered the cost, time and feasibility to have each relevant Sale Condition satisfied against the risks of waiving such Sale Condition in whole or in part.

Completion

Completion shall take place on the Completion Date.

The terms of the Sale and Purchase Agreement were determined after arm's length negotiations and on normal commercial terms. The Directors (excluding the independent non-executive Directors who would form their views after seeking the advice of an independent financial adviser to be appointed) 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.

The Consideration Bonds

HK\$1,750 million of the Consideration is to be satisfied by the issue of the Consideration Bonds by the Company to the Seller (or its nominees) upon Completion.

The principal terms of the Consideration Bonds are summarized as follows:

<i>Issuer</i>	The Company.
<i>Bondholder(s)</i>	The Seller (or its nominees).
<i>Principal amount</i>	HK\$1,750 million.
<i>Maturity Date</i>	The second (2nd) anniversary of the issue date of the Consideration Bonds (the " Scheduled Maturity Date ") or, if the Company elects in its discretion to extend the term of the Consideration Bonds, the seventh (7th) anniversary of the issue date of the Consideration Bonds.
<i>Interest</i>	Interest shall accrue daily on the principal amount of the outstanding Consideration Bonds at 2.5% per annum in respect of the period up to and including the Scheduled Maturity Date and thereafter interest shall accrue daily on the principal amount of the outstanding Consideration Bonds at 12.5% per annum. Interest is payable quarterly in arrears.

<i>Transferability</i>	The Consideration Bonds will be freely transferable (in integral multiple of HK\$1,000,000 or such lesser amount representing the entire outstanding principal amount of the Consideration Bonds).
<i>Voting rights</i>	The holders of Consideration Bonds are not entitled to attend or vote at any meetings of the Company.
<i>Final redemption</i>	Unless previously redeemed or purchased and cancelled, the Company shall redeem the Consideration Bonds at the Redemption Price on the Maturity Date.
<i>Early redemption at Company's option</i>	The Company may redeem the Consideration Bonds in whole or in part, at the Redemption Price at any time before the Maturity Date by giving notice in writing to the bondholders (" Company Early Redemption Notice "). Redemption shall take place on the first Business Day falling 30 days after the date of the Company Early Redemption Notice.
<i>Early redemption at bondholder's option</i>	Each bondholder shall be entitled, upon giving written notice to the Company, to require the Company to redeem all (but not part only) of the Consideration Bonds at the Redemption Price within 30 days following (i) a change of control of the Issuer or (ii) a delisting of the Shares from the Stock Exchange. A " change of control of the Issuer " means an offer is made for all or substantially all of the Shares of the Company under the Takeovers Code and such offer becomes or is declared unconditional in all respects. Redemption shall take place on the 10th Business Day after such bondholder's notice. The bondholders shall not be entitled to require the early redemption of the Consideration Bonds under any other circumstances.
<i>Redemption price</i>	The redemption price (the " Redemption Price ") shall be an amount in Hong Kong Dollars equal to: <ul style="list-style-type: none"> (a) 100% of the principal amount of the Consideration Bonds; plus (b) all interest accrued up to the date of redemption.
<i>Event of default</i>	Customary events of default for a transaction of this type, including cross default.
<i>Status</i>	The Consideration 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.

Application for listing

No application will be made for the listing of, or permission to deal in, the Consideration Bonds on the Stock Exchange, or any other stock exchange.

Negative pledge

So long as any of the Consideration Bonds remains outstanding, save for any security interests which have been created in favour of others and remain outstanding as at the date of issue of the Consideration Bonds, the Company will not, and will procure that none of its subsidiaries will, create or have outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its property or assets, present or future to secure any Relevant Indebtedness or any guarantee of or indemnity in respect of any such Relevant Indebtedness, in each case without the written consent of the bondholders holding 51% or more of the principal amount of Consideration Bonds outstanding, unless, at the same time or prior thereto the Company's obligations under the Consideration Bonds are secured equally and rateably therewith.

Notwithstanding the foregoing, the Company is only required to notify bondholders in writing in advance in respect of any renewal or extension of any security interest for any Financial Indebtedness existing as at the date of issue of the Consideration Bonds and no prior consent of any of the bondholders is required in such cases.

“Relevant Indebtedness” means any future indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement). For the avoidance of doubt, Relevant Indebtedness shall not include any present indebtedness of the Company or any of its subsidiaries, any future indebtedness of the Company or any of its subsidiaries in the form of bank borrowings, trade debts, or other types of indebtedness incurred in the ordinary course of business of the Company or any of its subsidiaries.

“Financial Indebtedness” means any indebtedness for or in respect of moneys borrowed and debit balances with financial institutions.

Standby Line of Credit Agreement

The Sale and Purchase Agreement provides that upon Completion the Seller and Sun Materials will enter into the Standby Line of Credit Agreement, whereby the Seller would conditionally agree to make available the Standby Line of Credit of up to HK\$500,000,000 to Sun Materials for the purpose of financing the general working capital requirements of Sun Materials. The terms of the Standby Line of Credit Agreement, including the applicable interest rate, were determined after arm's length negotiations between the Company, the Seller and Sun Materials, taking into consideration the Directors' view of current market terms for similar facilities. Set out below are the principal terms of the Standby Line of Credit Agreement:

<i>Lender</i>	The Seller.
<i>Borrower</i>	Sun Materials.
<i>Facility Amount</i>	HK\$500,000,000 being the maximum amount of the Standby Line of Credit made available under the Standby Line of Credit Agreement.
<i>Purpose</i>	To finance the general working capital requirements of Sun Materials.
<i>Tenor</i>	12 months, with an option to renew the Standby Line of Credit upon agreement in writing between Sun Materials and the Seller.
<i>Interest</i>	2.5% above the Hong Kong Prime Rate as quoted by the Hongkong and Shanghai Banking Corporation Limited from time to time.
<i>Security</i>	The Standby Line of Credit shall be unsecured.

The Seller has advised the Company that loans to be made by the Seller to Sun Materials pursuant to the Standby Line of Credit will be funded either from the cash portion of the Consideration or from amounts borrowed by the Seller from banks in Taiwan. The Seller has advised the Company that any remittance of funds into Taiwan by the Seller for the disbursement of loans pursuant to the Standby Line of Credit will be made in accordance with applicable Taiwanese foreign investment regulations.

Shareholders' Agreement

Upon Completion, the Shareholders' Agreement entered into between the Company, the Seller, Ms Hsieh and the Target on 15 July 2011 will automatically terminate in accordance with the terms contained therein.

Call Option Agreement

The Call Option Agreement was entered into between the Company and the Seller in connection with the Initial Acquisition to enable the Company to acquire the Sale Shares at a price to be agreed between the Company and the Seller or to be determined by reference to the business valuation of the Target Group at the time. The Call Option may only be exercised during the Call Option Period. The Directors propose to complete the Acquisition prior to the commencement of the Call Option Period. The Seller was prepared to enter into the Acquisition on a negotiated basis prior to the commencement of the Call Option Period. The Directors therefore propose to undertake the Acquisition outside the framework of the Call Option Agreement in accordance with the terms of the Sale and Purchase Agreement.

The Directors believe that there are a number of advantages of accelerating the Acquisition contemplated under the Call Option Agreement, including that Completion of the Acquisition would resolve market uncertainty as to whether the Company will exercise the Call Option and acquire the Sale Shares and thus making it easier for investors to value the Company. For further details refer to the section headed “Reasons for the Acquisition” below.

Upon Completion, the Call Option Agreement will automatically terminate in accordance with the terms contained in the Sale and Purchase Agreement.

Reasons for the Acquisition

Significant progress towards commercialization

Since the Company’s circular in respect of the Initial Acquisition was filed on 20 May 2011, Sun Materials made significant progress in improving the efficiency of its process, potentially decreasing production costs further.

While Sun Materials was in a position to commence limited scale commercial production by June 2011, it considered that it was possible to introduce further enhancements in efficiency, resulting in significantly improved yield from a key piece of intermediate production equipment in the manufacturing process. Sun Materials, in consultation with the Company, decided that the benefits derived from the enhancements in efficiency vastly outweighed any potential delay in the commencement of commercial production. Manufacturing costs related to this intermediate process are approximately 40% of overall manufacturing costs so any increase in efficiency presents a material change in the manufacturing cost of our polycrystalline silicon. With the new improvements being implemented in the current quarter, Sun Materials expects to complete installation of the remaining auxiliary equipment and commence commercial production in the fourth quarter of 2011.

Timing of Acquisition

Given their increasing confidence in the likelihood of achieving commercial production of polycrystalline silicon by Sun Materials, the Directors believe that by agreeing on the Consideration payable for the Sale Shares before Sun Materials commences commercial production the amount of the Consideration is likely to be significantly less than would otherwise need to be paid. In addition, 100% of any increase in the valuation or revenues of the Target Group attributable to the commencement of commercial production will be retained by the Company rather than only 50.1% as is the case prior to the Acquisition.

Consolidation of control

The Directors are aware that the investment community as a whole has difficulty in valuing the Company. Although the Company currently maintains technical control of Sun Materials, through its 50.1% interest, the Directors believe that the market heavily discounts the shares of the Company because the Company is perceived to lack clear control of Sun Materials. Investors have reported the concern that their effective interest in Sun Materials would be diluted below acceptable levels by future Share issues by the Company, including the issue of Shares upon exercise of conversion rights pursuant to the Company's outstanding convertible bonds and any Share issue in connection with potential future fund raisings. In addition, there has been market uncertainty as to whether the Company would exercise the Call Option and acquire the remaining 49.9% interest in Sun Materials and the consideration structure and amount payable for any such acquisition. The Directors believe that these factors have caused existing and potential investors to take a conservative view of the value of the Company. The Directors believe that acquiring 100% control of Sun Materials will help address these concerns.

As described above, Sun Materials requires capital to fund its current and future expansion plans, which are critical to maximising its revenue and profitability. Sun Materials' access to capital is currently restricted by the Seller's limited financial resources available to commit to funding its pro-rata share of the capital needs of Sun Materials. The remittance of offshore funding into Taiwan may also require the Seller to spend a significant amount of management time and money complying with Taiwanese foreign investment regulations. The length of time required to obtain foreign investment approvals to remit funds onshore Taiwan may impair Sun Materials' ready access to capital from the Seller. Whilst the Seller is prepared to overcome the procedural difficulties in complying with Taiwanese foreign investment regulations in relation to the limited number of remittances required pursuant to the Standby Line of Credit the Seller considers it undesirable to do so in connection with its own on-going shareholder funding contributions. The Directors consider that the consolidation of ownership of Sun Materials in a single controlling shareholder would enable further equity investment and shareholder loans to Sun Materials to be made more easily, more quickly and at lower expense.

The Acquisition would give Sun Materials access to debt and equity markets that would not otherwise be available to Sun Materials if it were not indirectly wholly-owned by the Company. The Standby Line of Credit to be provided by the Seller to Sun Materials in connection with the Acquisition will also enhance the financial position of Sun Materials.

The Directors believe that investors and employees would respond favourably to the Company acquiring 100% control of the Target Group, demonstrating the Company's long-term commitment to the Target Group.

The Directors also believe that the acquisition of 100% control of the Target Group would create a clean shareholding structure which would enable the Company to engage in merger and acquisition activity and other related value enhancing activity.

The day to day business operations, fundraising and expansion of the business would be simplified by consolidating ownership of the Target Group in the Company. Internal corporate governance will also be greatly facilitated as a result of the Target becoming wholly-owned since minority protection rights that were agreed with the minority shareholder in the Target at the time of the Initial Acquisition will cease to apply upon Completion.

Management team

The Enlarged Group will continue to be managed by an experienced management team to oversee the operations of the Target Group. This team includes Dr Wu, a Director and the chief executive officer of Sun Materials, and Mr Eddie Woo, a Director and the president of Sun Materials, whose previous experience in assisting companies within the clean technology 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. As stated in the Company's announcement of 29 August 2011, the Company has conditionally agreed to grant share options to certain senior management of the Company, including Dr Wu and Mr Eddie Woo, to further align their interests with those of the Company.

The balance of the senior team at Sun Materials consists of executive and senior level hires with significant experience working for prominent technology companies such as Intel, Taiwan Semiconductor Manufacturing Company, Semiconductor Manufacturing International Corporation, Foxconn, Applied Materials, TRW and Lam Research. The Directors expect that suitable candidates and advisors will continue to be appointed to provide management and technical support to the Enlarged Group after Completion.

Schott Solar as significant customer

After months of negotiation, product testing and diligence, on 20 June 2011 Sun Materials and Schott signed a four-year offtake agreement for the supply of polycrystalline silicon. During the past quarter, both Sun Materials and Schott have taken steps to further strengthen the relationship, including a strategic investment by Schott into the Company.

Listing approval of Hareon

On 24 August 2011, Hareon, a strategic partner and key customer of Sun Materials, received conditional listing approval from the China Securities Regulatory Commission to list on the Shanghai Stock Exchange pursuant to a restructuring scheme involving Jiangsu Shenlong Hi Tech Group Co Ltd (600401.SS). The Directors believe that Hareon's listing will provide additional stability and credibility for its customers and partners, including Sun Materials, and allow Hareon to access the capital markets for its future financing requirements. Hareon's listed status will also enable a potential expansion of the existing cooperation framework with Sun Materials to include work along the rest of the photovoltaic value-chain, including photovoltaic development projects.

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. Since the Seller is a substantial shareholder of the Target (which is a non-wholly owned subsidiary of the Company) and thus a connected person of the Company, the Acquisition constitutes a connected transaction of the Company pursuant to Rule 14A.13(1)(a) of the Listing Rules. The Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder are therefore subject to the approval by the Independent Shareholders at the SGM by way of poll.

No Shareholder, except for the Seller and its associates (to the extent they hold any Shares), has a material interest in the Acquisition which is different from other Shareholders and is required to abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and its associates do not hold any Shares, options over or securities convertible into or exchangeable for Shares as at the date of this announcement. The Seller and its associates would be required to abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder if any of them hold any Shares as at the date of the SGM.

As at the date of this announcement, none of the Directors has a material interest in the transaction. The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr Frank H. Miu, Dr. Agustin V. Que, Mr Robert James Iaia II and Dr. Chien, Yung Nelly, has been established to advise the Independent Shareholders as to whether the terms and conditions of the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of an independent financial adviser to be appointed by the Independent Board Committee. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

PROPOSED SPECIFIC MANDATE

At the special general meeting of the Company held on 7 June 2011, the Existing Placing Mandate was granted to the Directors to allot, issue and deal with up to 9,550,000,000 Shares, including the Conversion Shares, so as to give effect to the transactions contemplated by the Placing Agreement and the Convertible Bonds Documents. As announced by the Company on 15 July 2011, Convertible Bonds in the aggregate principal amount of HK\$1,450,000,000 were issued by the Company on 14 July 2011 to not fewer than six subscribers who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Of the HK\$1,450,000,000 Convertible Bonds issued by the Company on 14 July 2011, Convertible Bonds in aggregate principal amount of HK\$31,000,000 were converted for 62,000,000 Conversion Shares on 24 August 2011 and HK\$1,419,000,000 in aggregate principal amount of Convertible Bonds remain outstanding as at the date of this announcement.

The Existing Placing Mandate was granted to the Directors subject to the condition, among other things, that it shall lapse on 25 September 2011 being the date falling 110 days following the special general meeting of the Company held on 7 June 2011. The Existing Placing Mandate has therefore now lapsed.

The Convertible Bonds entitle the holders thereof to convert their Convertible Bonds for Conversion Shares on the terms and subject to the conditions of the Convertible Bonds Documents. These terms and conditions include that such conversion rights are exercisable by a bondholder at any time from and including the issue date of the Convertible Bonds until the seventh Business Day prior to the earlier of (i) the CB Maturity Date and (ii) if the Company has elected to redeem such Convertible Bonds, the applicable date of early redemption.

The Directors propose to issue up to 2,838,000,000 Conversion Shares on full conversion of the Convertible Bonds, or such other number of Conversion Shares as results from adjustment to the Conversion Price in accordance with the Convertible Bonds Documents. The issue of the Conversion Shares pursuant to the Convertible Bonds will not raise any new proceeds.

To allow the Directors to issue the Conversion Shares after the expiry of the Existing Placing Mandate on 25 September 2011, the Board seeks the approval from the Shareholders of the Proposed Specific Mandate to issue the Conversion Shares pursuant to the Convertible Bonds Documents.

The Proposed Specific Mandate is proposed pursuant to Rule 13.36(1)(a) of the Listing Rules, subject to all of the following conditions:

1. The aggregate maximum number of Conversion Shares which can be allotted and issued pursuant to the Proposed Specific Mandate shall be 2,838,000,000 Shares, or such other number of Conversion Shares as results from adjustment to the Conversion Price in accordance with the Convertible Bonds Documents.
2. Any allotment and issue of Conversion Shares shall be made on the terms and conditions of the Convertible Bonds Documents and such other terms and conditions as the Directors (or a duly authorised committee thereof) consider to be appropriate and in the best interests of the Company.
3. The Initial Conversion Price shall be HK\$0.50.
4. Any Conversion Shares which may be allotted and issued pursuant to this ordinary resolution shall be offered to investors who are independent of and not connected with the Company and its connected persons.
5. The application for listing of, and permission to deal in, any Conversion Shares to be allotted and issued pursuant to this ordinary resolution shall be granted by the Stock Exchange.

The Acquisition and the Proposed Specific Mandate are not inter-conditional.

Convertible Bonds

The principal terms of the Convertible Bonds issued by the Company on 14 July 2011 are summarized as follows:

<i>Aggregate Principal Amount</i>	HK\$1,450,000,000.
<i>Issue Price</i>	100% of the principal amount of the Convertible Bonds.
<i>CB Maturity Date</i>	14 July 2014, being 36 months from the date of issue of the Convertible Bonds.
<i>Interest Rate</i>	5% p.a., accruing daily and payable semi-annually.
<i>Final Redemption</i>	Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each bond at the CB Redemption Price (as defined below) within 10 Business Days after the CB Maturity Date.

*Early redemption at
Company's option*

The Company may redeem the Convertible Bonds in whole or in part, at the CB Redemption Price at any time before the CB Maturity Date by giving notice in writing to the bondholders (“**CB Company Early Redemption Notice**”). Redemption shall take place on the first Business Day falling 30 days after the date of the CB Company Early Redemption Notice (“**CB Company Early Redemption Date**”).

*Early redemption at
bondholder's option*

Each bondholder shall be entitled, upon giving written notice to the Company, to require the Company to redeem all (but not part only) of the Convertible Bonds at the CB Redemption Price within 30 days following (i) a change of control of the Issuer or (ii) a delisting of the Shares from the Stock Exchange.

A “**change of control of the Issuer**” means an offer is made for all or substantially all of the Shares of the Company under the Takeovers Code and such offer becomes or is declared unconditional in all respects. Redemption shall take place on the 10th Business Day after such bondholder's notice.

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

CB Redemption Price

The redemption price (“**CB Redemption Price**”) shall be an amount in Hong Kong dollars equal to:

- (a) 100% of the principal amount of the Convertible Bonds;
plus
- (b) all interest accrued up to the date of redemption.

Conversion Option

Each bondholder shall have the right to convert the Convertible Bonds held by it into Shares in whole or in part at the Conversion Price on or before the date that is 7 Business Days prior to the earlier of (a) the CB Maturity Date and (b) the CB Company Early Redemption Date; provided, however, that no Convertible Bonds may be converted if any such conversion would either (i) result in any person being required to make a general offer for all or part of the Company's issued share capital under the Takeovers Code or (ii) result in the Company ceasing to satisfy the minimum public floatation requirement under the Listing Rules.

Conversion Price

HK\$0.50, subject to adjustment in accordance with the Convertible Bonds Documents.

Adjustment

Customary adjustment events relating to subdivision or consolidation of Shares, capital distributions, bonus issues, rights issues and other dilutive events.

<i>Conversion Shares</i>	Maximum number of Shares issuable upon full conversion of the Convertible Bonds is 2,900,000,000 (assuming such Convertible Bonds are fully converted at the indicative Initial Conversion Price of HK\$0.50).
<i>Event of Default</i>	Customary events of default for a transaction of this type, including cross default.
<i>Transferability</i>	Freely transferable.
<i>Security</i>	Unsecured.
<i>Negative Pledge</i>	<p>So long as any of the Convertible Bonds remains outstanding, save for any security interests which have been created in favour of others and remain outstanding as at the date of issue of the Convertible Bonds, the Company will not, and will procure that none of its subsidiaries will, create or have outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its property or assets, present or future to secure any Relevant Indebtedness or any guarantee of or indemnity in respect of any such Relevant Indebtedness, in each case without the written consent of the bondholders holding 51% or more of the principal amount of Convertible Bonds outstanding, unless, at the same time or prior thereto the Company's obligations under the Convertible Bonds are secured equally and rateably therewith.</p> <p>Notwithstanding the foregoing, the Company is only required to notify bondholders in writing in advance in respect of any renewal or extension of any security interest for any Financial Indebtedness existing as at the date of issue of the Convertible Bonds and no prior consent of any of the bondholders is required in such cases.</p> <p>“Relevant Indebtedness” means any future indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement). For the avoidance of doubt, Relevant Indebtedness shall not include any present indebtedness of the Company or any of its subsidiaries, any future indebtedness of the Company or any of its subsidiaries in the form of bank borrowings, trade debts, or other types of indebtedness incurred in the ordinary course of business of the Company or any of its subsidiaries.</p> <p>“Financial Indebtedness” means any indebtedness for or in respect of moneys borrowed and debit balances with financial institutions.</p>

Conversion Shares

2,838,000,000 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 62.14% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 38.33% of the issued share capital of the Company as enlarged by the allotment and issue of 2,838,000,000 Conversion Shares (assuming 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 Proposed Specific Mandate to be approved by the Shareholders at the SGM. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Conversion Price

The Conversion Price is HK\$0.50, subject to adjustment. The Initial Conversion Price represents:

- (i) the closing price of the Shares of HK\$0.50 per Share as quoted on the Stock Exchange on 6 July 2011, when the price determination agreement was entered into between the Company and Deutsche Bank AG, Hong Kong Branch to fix the Initial Conversion Price in accordance with the Placing Agreement; and
- (ii) a premium of approximately 4.17% to the closing price of the Shares of HK\$0.48 per Share as quoted on the Stock Exchange on 14 July 2011, being the issue date of the Convertible Bonds.

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 Latest Practicable Date
19 January 2011	Issue of Shares to Improve Forever Investments Limited.	HK\$141,000,000.	Capital expenditure and working capital required for potential investments in the renewable energy related industry.	The subscription was completed on 28 January 2011. The proceeds were applied as to HK\$108 million for acquisition of listed securities for trading purposes and as to the balance of HK\$33 million for general working capital.
19 January 2011	Placing of 2,200,000,000 Shares and HK\$1,450,000,000 in principal amount of Convertible Bonds to not fewer than six subscribers who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.	HK\$2,330,000,000 of which HK\$880,000,000 was from the placing of Shares and HK\$1,450,000,000 was from the placing of Convertible Bonds.	To fund the Initial Acquisition as well as the capital expenditure, research and development costs and working capital required by the Target Group.	The placing of Shares and Convertible Bonds was completed on 15 July 2011. The proceeds were applied as to HK\$1,170 million to fund the Initial Acquisition and as to the balance of HK\$1,160 million for capital expenditure, research and development costs and working capital required by the Target Group.

Whilst the Directors sought and evaluated potential investments in the renewal energy related industry, part of the proceeds from the placing that was completed on 28 January 2011 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 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 date of this announcement; and (ii) immediately upon conversion of the Convertible Bonds (assuming that the Convertible Bonds are fully converted at the Initial Conversion Price):

	Existing Shareholding as at the date of this announcement (Note 2)		FOR ILLUSTRATIVE PURPOSE ONLY Shareholding upon full exercise of the Convertible Bonds (Note 2)	
	No. of Shares	Approx. % of issued Shares	No. of Shares	Approx. % of issued Shares
	Mr Lo Yuen Wa Peter (Note 1)	2,500,000	0.06	2,500,000
Mr Peter Temple Whitelam (Note 1)	1,250,000	0.03	1,250,000	0.02
Old Peak Limited	550,000,000	12.04	550,000,000	7.43
Kenson Investment Limited	500,000,000	10.95	500,000,000	6.75
Convertible Bondholders	–	–	2,838,000,000	38.33
Other Public Shareholders	<u>3,513,028,952</u>	<u>76.92</u>	<u>3,513,028,952</u>	<u>47.44</u>
Total	<u><u>4,566,778,952</u></u>	<u><u>100.00</u></u>	<u><u>7,404,778,952</u></u>	<u><u>100.00</u></u>

Note 1: Mr Lo Yuen Wa Peter and Mr Peter Temple Whitelam are Directors.

Note 2: Based on the issued share capital of the Company as at the date of this announcement and assuming that no Share is issued pursuant to the share option scheme adopted by the Company on 21 August 2003. As at the date of this announcement, there are outstanding share options which entitle the holders thereof to subscribe for 625,000 Shares at HK\$0.40 per Share (subject to adjustment) and outstanding convertible bonds which entitle the holders thereof to be issued up to 2,838,000,000 Shares at a conversion price of HK\$0.50 per Share (subject to adjustment).

GENERAL

Circular & SGM

The Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder are subject to approval by the Independent Shareholders at the SGM.

A circular containing, among other things, (i) a letter from the Board setting out details of the Proposed Specific Mandate, the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder and its recommendation to the Shareholders on them; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder; (iii) the letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder; (iv) financial and other information on the Group; (v) financial information on the Target Group; (vi) pro forma financial information of the Enlarged Group; (vii) the Calculation Report; and (viii) the notice convening the SGM is expected to be despatched to the Shareholders on or before 26 October 2011.

The Group

The Company is an investment holding 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. Through its investment in the Target Group, the Group is engaged in the business of manufacturing solar grade polycrystalline silicon in Taiwan. The Group is also engaged in investment and trading of securities, provision of finance, property investment and manufacturing of accessories for photographic and multi-media products. The Group implemented a diversification strategy aimed at identifying suitable investment opportunities and wishes to expand its involvement in the renewable energy market.

As at the date of this announcement the Company intends to continue to be engaged in investment and trading of securities, provision of finance, property investment and manufacturing of accessories for photographic and multi-media products. The Company has no agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) in respect of the disposal, termination or scaling-down of the foregoing business or the disposal of any assets related thereto.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 14 September 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 9:00 a.m. on 6 October 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 Consideration Bonds, details of which are contained in the section headed “The Consideration Bonds”
“Business Day”	a day (except a Saturday or Sunday) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Calculation Report”	the calculation report to be prepared by the Valuer, which will be set out in the circular
“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 15 July 2011 and ending on the first Business Day falling 36 months after 15 July 2011
“CB Company Early Redemption Date”	as defined under the paragraphs headed “Convertible Bonds” in this announcement.
“CB Company Early Redemption Notice”	as defined under the paragraphs headed “Convertible Bonds” in this announcement.
“CB Maturity Date”	as defined under the paragraphs headed “Convertible Bonds” in this announcement.
“CB Redemption Price”	as defined under the paragraphs headed “Convertible Bonds” in this announcement.
“Company”	Mascotte Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Company Early Redemption Notice”	as defined under the paragraphs headed “The Consideration Bonds” in this announcement
“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”	HK\$2,500,000,000, to be satisfied by the payment of HK\$750,000,000 in cash and the issue of the Consideration Bonds on Completion
“Consideration Bonds”	HK\$1,750,000,000 in principal amount of 2.5% Unsecured Bonds due 2013 to be issued by the Company to the Seller (or its nominee) as part of the Consideration for the Acquisition, details of which are contained in the section headed “The Consideration Bonds”, and constituted and issued pursuant to the Bond Documents
“Conversion Price”	as defined under the paragraphs headed “Convertible Bonds” in this announcement
“Conversion Shares”	Shares to be issued upon conversion of the Convertible Bonds pursuant to the Convertible Bonds Documents
“Convertible Bonds”	the 5% unsecured convertible bonds due 2014 in principal amount of HK\$1,450,000,000 constituted and issued by the Company on 14 July 2011 pursuant to the Convertible Bonds Documents, of which HK\$1,419,000,000 in aggregate principal amount are outstanding as at the date of this announcement
“Convertible Bonds Documents”	the bond certificates and bond terms and conditions constituting the Convertible Bonds
“Directors”	the directors of the Company
“Dr Wu”	Wu Yi-Shuen (吳以舜), also known as Mark Wu, a Director
“Enlarged Group”	the Group and the Target Group
“Existing Placing Mandate”	a specific mandate granted at the special general meeting held on 7 June 2011 to the Directors to allot, issue and deal with up to 9,550,000,000 Shares, including the Conversion Shares, pursuant to the Placing Agreement
“FBR”	the fluidized bed reactor process, one of the dominant processes used in the current market for polycrystalline silicon production
“Group”	the Company and its subsidiaries, but excluding the Target Group
“Hareon”	Hareon Solar Technology Co., Ltd, a company incorporated with limited liability in China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board comprising Mr Frank H. Miu, Dr. Agustin V. Que, Mr Robert James Iai II and Dr. Chien, Yung Nelly all independent non-executive Directors appointed to advise the Independent Shareholders in connection with the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder
“Independent Shareholders”	all Shareholders except persons required to abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder
“Initial Acquisition”	the acquisition by the Company of a 50.1% interest in the Target from the Seller, which was completed on 15 July 2011
“Initial Conversion Price”	the initial conversion price of the Convertible Bonds, being HK\$0.50
“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 is wholly-owned by the Target
“Maturity Date”	as defined under the paragraphs headed “The Consideration Bonds” in this announcement
“Ms Hsieh”	Hsieh Cheng Lu (謝正陸)
“NT\$”	new Taiwan dollars, the lawful currency of Taiwan
“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 date of the Call Option Agreement
“Placing Agreement”	the placing agreement entered into between the Company and Deutsche Bank AG, Hong Kong branch on 17 January 2011
“Proposed Specific Mandate”	a specific mandate to be sought at the SGM for the issue of up to 2,838,000,000 Conversion Shares, or such other number of Conversion Shares as results from adjustment to the Conversion Price in accordance with the Convertible Bonds Documents
“PRC” or “China”	the People’s Republic of China
“Redemption Price”	as defined under the paragraphs headed “The Consideration Bonds” in this announcement

“Sale and Purchase Agreement”	the agreement dated 12 September 2011 and entered into between the Company, the Seller and Ms Hsieh in relation to the acquisition of 49.9% 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”	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 date of the Sale and Purchase Agreement
“Scheduled Maturity Date”	as defined under the paragraphs headed “The Consideration Bonds” in this announcement.
“Schott”	Schott Solar AG, a company based in Germany with whom Sun Materials entered into a polycrystalline silicon supply contract
“Seller”	Quinella International Incorporated, a company incorporated with limited liability in the BVI owning 49.9% of the issued shares 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”	the special general meeting of the Company to be convened to approve, among other things, the Sale and Purchase Agreement, the Bond Documents and the transactions contemplated thereunder
“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 in respect of the Target entered into by the Company, the Seller, the Target and Ms Hsieh on completion of the Initial Acquisition on 15 July 2011
“Signing Date”	12 September 2011, 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
“Standby Line of Credit”	means a term loan facility of up to HK\$500,000,000 to be made available to Sun Materials by the Seller subject to and in accordance with the terms and conditions of the Standby Line of Credit Agreement

“Standby Line of Credit Agreement”	means the facility agreement to be entered into on or before Completion between Sun Materials and the Seller in relation to the Standby Line of Credit
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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”	Sun Mass Energy Limited, a company incorporated in the BVI under registered number 1585425, with 49.9% and 50.1% of its issued shares owned by the Seller and the Company respectively
“Target Group”	the Target, Lution and Sun Materials
“Transaction Documents”	the Sale and Purchase Agreement, the Seller’s Disclosure Letter (as defined in the Sale and Purchase Agreement) and the Standby Line of Credit Agreement
“Transactions”	the transactions contemplated under the Transaction Documents
“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 = HK\$7.80 and HK\$1.00 = NT\$3.738

By order of the board of
Mascotte Holdings Limited
Lo Yuen Wa Peter
Managing Director

Hong Kong, 4 October 2011

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

Executive Directors

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

Non-executive Director

Dr. Chuang, Henry Yueheng (*Deputy-Chairman*)

Independent Non-executive Directors

Mr Frank H. Miu
Dr. Agustin V. Que
Mr Robert James Iaia II
Dr. Chien, Yung Nelly