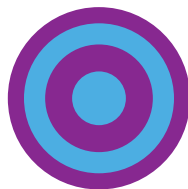


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MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

PROPOSED CAPITAL REORGANISATION

Financial adviser to Mascotte Holdings Limited



PROPOSED CAPITAL REORGANISATION

The Directors propose to put forward to the Shareholders a proposal to effect the Capital Reorganisation which will involve:

- (i) the consolidation of every sixteen (16) issued and unissued Shares of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of HK\$1.60 each;
- (ii) the reduction of the issued share capital of the Company through reducing the par value of each of the then Consolidated Shares from HK\$1.60 each to HK\$0.01 each by canceling the paid up capital of the Company to the extent of HK\$1.59 on each of the then issued Consolidated Shares; and
- (iii) the subdivision of each of the then authorised but unissued Consolidated Shares of HK\$1.60 each into 160 New Shares of HK\$0.01 each.

Based on 4,566,778,952 Shares in issue as at the date of this announcement, a credit of approximately HK\$453.8 million will arise as a result of the Capital Reorganisation and will be credited to the contributed surplus account of the Company such that the Company may apply such surplus in any manner as they consider appropriate subject to the compliance with the Companies Act, including but not limited to setting off against the accumulated losses of the Company from time to time.

GENERAL

The Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of special resolution(s) on a vote taken by way of poll at the SGM. None of the Shareholders or their associates (as defined in the Listing Rules) would have any interest in the Capital Reorganisation which is different from that of other Shareholders. Accordingly, no Shareholders would be required to abstain from voting at the SGM.

A circular containing, amongst other things, further details of the Capital Reorganisation and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

WARNING

Shareholders and potential investors should be aware of and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Capital Reorganisation” below, and therefore may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED CAPITAL REORGANISATION

The Directors propose to put forward to the Shareholders a proposal to effect the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Subdivision.

(1) Share Consolidation

The Share Consolidation will be implemented to consolidate every sixteen (16) issued and unissued Shares of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of HK\$1.60 each.

(2) Capital Reduction

The Capital Reduction will involve the reduction of the issued share capital of the Company through reducing the par value of each of the then Consolidated Shares from HK\$1.60 each to HK\$0.01 each by canceling the paid up capital of the Company to the extent of HK\$1.59 on each of the then issued Consolidated Shares.

(3) Share Subdivision

Following the Capital Reduction, each of the then authorised but unissued Consolidated Shares of HK\$1.60 each shall be subdivided into 160 New Shares of HK\$0.01 each.

Based on 4,566,778,952 Shares in issue as at the date of this announcement, a credit of approximately HK\$453.8 million will arise as a result of the Capital Reorganisation and will be credited to the contributed surplus account of the Company such that the Company may apply such surplus in any manner as they consider appropriate subject to the compliance with the Companies Act, including but not limited to setting off against the accumulated losses of the Company from time to time.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$2,000,000,000 divided into 20,000,000,000 Shares of HK\$0.10 each, of which 4,566,778,952 Shares are issued and fully paid or credited as fully paid. Upon the Capital Reorganisation becoming effective and assuming no further Shares will be issued or repurchased between the date of this announcement and the effective date of the Capital Reorganisation, the Company's authorised share capital shall be HK\$2,000,000,000 divided into 200,000,000,000 New Shares of HK\$0.01 each, and its issued share capital shall be HK\$2,854,236.84 divided into 285,423,684 New Shares of par value HK\$0.01 each.

The effect of the Capital Reorganisation on the share capital of the Company (assuming no further Shares will be issued or repurchased between the date of this announcement and the effective date of the Capital Reorganisation) is summarised as follows:

	As at the date of this announcement	Immediately after the Capital Reorganisation becoming effective
Nominal value per share	HK\$0.10 per Share	HK\$0.01 per New Share
Number of authorised shares	20,000,000,000 Shares	200,000,000,000 New Shares
Authorised share capital	HK\$2,000,000,000	HK\$2,000,000,000
Number of shares in issue	4,566,778,952 Shares	285,423,684 New Shares
Issued and fully paid-up capital	HK\$456,677,895.2	HK\$2,854,236.84

Any fractional Consolidated Shares will not be issued to the Shareholders, but will be aggregated and sold for the benefit of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- the passing of special resolution(s) by the Shareholders at the SGM to approve the Capital Reorganisation;
- compliance with the relevant procedures and requirements under the Companies Act to effect the Capital Reorganisation;
- the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued forthwith upon the Capital Reorganisation becoming effective; and
- the obtaining of all necessary approvals from the regulated authorities or otherwise as may be required in respect of the Capital Reorganisation.

Assuming the conditions are fulfilled, it is expected that the Capital Reorganisation will become effective on the business day immediately following the date of passing of the relevant special resolution(s) approving the Capital Reorganisation at the SGM.

Reasons for and the effect of the Capital Reorganisation and impact on the Company and the Shareholders

The price of the Shares has recently been trading below their par value of HK\$0.10. The closing price of the Shares on the Stock Exchange on the day of this announcement is HK\$0.058. Under the laws of Bermuda, the Company is not permitted to issue any Shares at a price discount to the par value of the Share. Therefore, unless the par value of each Share is reduced, it will be very difficult for the Company to raise new capital by issuing new Shares. Furthermore, the Capital Reorganisation will increase the trading price per board lot, and hence reduce the overall transaction and handling costs for dealing in the New Shares. With a view to facilitating any capital raising exercise when circumstances arise in the future, the Board proposes the Capital Reorganisation. In addition, the Company may apply the credit arising from the Capital Reduction to set off against the accumulated losses of the Company.

The implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, investments, liabilities, business, operations, management, financial position or the relative interests or rights of the Shareholders, save that any fractional Consolidated Shares and/or New Shares (if any) will not be issued to the Shareholders but will be aggregated and sold for the benefit of the Company. The Board believes that the Capital Reorganisation will not have any adverse effect on the financial position of the Company and that the Board believes that on the date the Capital Reorganisation is to be effected, there will be no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company.

In view of the above, the Directors are of the view that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Application for listing of the New Shares

Application will be made by the Company to the Stock Exchange for granting the listing of, and permission to deal in, the New Shares.

All necessary arrangements will be made for the New Shares to be admitted into the CCASS established and operated by HKSCC.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid.

CCASS Eligibility

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS in the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Exchange of share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may, during business hours for a period from Tuesday, 17 April 2012 to Thursday, 24 May 2012 (both dates inclusive) submit their existing share certificates for the Shares (in purple colour) held by them to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 26 Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in exchange for new share certificates for the New Shares at the expense of the Company. Thereafter, existing share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the New Shares or each existing share certificate for the Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, existing share certificates for the Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the New Shares at any time but are not acceptable for trading, settlement and registration purpose upon completion of the Capital Reorganisation. Details of the colour of the new share certificates will be provided in the circular to be despatched to the Shareholders.

Board lot size

Upon the Capital Reorganisation becoming effective, the board lot size of the New Shares for trading on the Stock Exchange will remain unchanged at 4,000 New Shares per board lot, which is the same board lot size for trading of the Shares on the Stock Exchange.

Arrangement for matching service for odd lots

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares, the Company has agreed to procure a designated broker to arrange for the matching of the sales and purchases of odd lots of the New Shares. Details of the odd lot arrangements will be provided in the circular to be despatched to the Shareholders.

ADJUSTMENTS IN RELATION TO THE EXERCISE PRICE OF THE OPTION DEEDS, THE SHARE OPTIONS AND THE CONVERTIBLE BONDS

As at the date of this announcement, there are (i) outstanding Option Shares granted pursuant to the Option Deeds entitling the holders thereof to subscribe for 730,000,000 Shares at the exercise price of HK\$0.40 per Share; (ii) outstanding Share Options entitling the holders thereof to subscribe for 625,000 Shares at the exercise price of HK\$0.396 per Share; and (iii) outstanding Convertible Bonds in the aggregate principal amount of HK\$1,419,000,000 entitling the holders thereof to subscribe for Shares at the conversion price of HK\$0.50 per Share (subject to further adjustment).

Save as disclosed above, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares as at the date of this announcement.

The Capital Reorganisation will cause adjustments to the exercise prices, conversion prices and/or the number of Shares exercisable or convertible under the relevant Option Deeds, Share Options and the Convertible Bonds. Where appropriate, the Company will instruct its auditors or an approved financial adviser to review and certify the basis of such adjustments to the Share Options in compliance with Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and in accordance with the rules of the share option scheme of the Company, the Option Deeds and the Convertible Bonds in accordance with the terms and conditions thereof respectively. The Company will inform the holders of the Share Options and the Convertible Bonds and the grantees of the Option Deeds of the adjustments accordingly.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below:

Event	Year 2012
Despatch of circular with notice and proxy form of SGM	Thursday, 22 March
Latest time for lodging form of proxy in respect of the SGM.	4:00 p.m. on Saturday, 14 April
SGM	4:00 p.m. on Monday, 16 April
Announcement of the result of the SGM to be published	Monday, 16 April
Effective date of the Capital Reorganisation	Tuesday, 17 April
Dealing in the New Shares commences	9:00 a.m. on Tuesday, 17 April
Original counter for trading in the Shares in board lot of 4,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 17 April
Temporary counter for trading in the New Shares in board lot of 250 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 17 April
First day of free exchange of existing share certificates for the existing Shares for new share certificates for the New Shares	Tuesday, 17 April
Original counter for trading in the New Shares in board lot of 4,000 New Shares (in the form of new share certificates for the New Shares) re-opens	9:00 a.m. on Wednesday, 2 May
Parallel trading in the New Shares in the form of new share certificates and existing share certificates commences	9:00 a.m. on Wednesday, 2 May
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares	9:00 a.m. on Wednesday, 2 May
Parallel trading in the New Shares in the form of new share certificates and existing share certificates ends	4:00 p.m. on Tuesday, 22 May
Temporary counter for trading in the New Shares in board lot of 250 New Shares (in the form of existing share certificates) closes	4:00 p.m. on Tuesday, 22 May
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares	4:00 p.m. on Tuesday, 22 May
Last day of free exchange of existing share certificates for the existing Shares for new share certificates for the New Shares	Thursday, 24 May

All time and dates specified in this announcement refer to Hong Kong local time and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. If there are any changes to the expected timetable, the Company will publish an announcement to notify the Shareholders as and when appropriate.

GENERAL

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

The Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of special resolution(s) on a vote taken by way of poll at the SGM. None of the Shareholders or their associates (as defined in the Listing Rules) would have any interest in the Capital Reorganisation which is different from that of other Shareholders. Accordingly, no Shareholders would be required to abstain from voting at the SGM.

A circular containing, amongst other things, further details of the Capital Reorganisation and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

WARNING

Shareholders and potential investors should be aware of and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Capital Reorganisation” above, and therefore may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

TERMS AND DEFINITIONS

“Board”	the board of the Directors
“Bye-Laws”	the bye-laws of the Company, as amended from time to time
“Capital Reduction”	the proposed reduction of the issued share capital of the Company through reducing the par value of each of the then issued Consolidated Shares from HK\$1.60 each to HK\$0.01 each by canceling the paid up capital of the Company to the extent of HK\$1.59 on each of the then issued Consolidated Shares
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Company”	Mascotte Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“Consolidated Share(s)”	ordinary share(s) of HK\$1.60 each in the share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction and the Share Subdivision
“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
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Option Deeds”	the option deeds dated 29 August 2011 entered into between the Company and each of the grantees in respect of the grant of their respective share options
“Option Shares”	the aggregate of 730,000,000 Shares to be issued to the grantees of the share options upon exercise of the share options in accordance with the Option Deeds at the exercise price of HK\$0.40 per Share (subject to adjustment in accordance with the Option Deeds), or such other number of Shares as results from adjustment to the exercise price from time to time in accordance with the Option Deeds
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Capital Reorganisation

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Shareholder(s)”	holders of the Shares
“Share Consolidation”	the proposed consolidation of every sixteen (16) issued and unissued Shares of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of HK\$1.60 each
“Share Options”	the share options to subscribe for the Shares under the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 21 August 2003
“Share Subdivision”	the proposed subdivision of each of the then authorised but unissued Consolidated Shares of HK\$1.60 each into 160 New Shares of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Mascotte Holdings Limited
Lo Yuen Wa Peter
Managing Director

Hong Kong, 6 March 2012

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

Executive Directors

Mr. Peter Temple Whitlam (*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