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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in **Mascotte Holdings Limited**, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**MASCOTTE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

- (1) PROPOSED REFRESHMENT OF GENERAL MANDATE;  
(2) RE-ELECTION OF EXECUTIVE DIRECTOR;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee and  
the Independent Shareholders**



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A notice convening the special general meeting of the Company to be held at 4:30 p.m. on 13 March 2014, at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong is set out on pages 20 to 23 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

25 February 2014

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## DEFINITIONS

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

|                               |   |
|-------------------------------|---|
| “AGM”                         | the annual general meeting of the Company held on 26 August 2013  |
| “associate(s)”                | has the meaning ascribed thereto under the Listing Rules  |
| “Board”                       | board of Directors of the Company   |
| “Bye-laws”                    | the bye-laws of the Company as amended from time to time  |
| “Company”                     | Mascotte Holdings Limited (Stock code:136), a company incorporated in Bermuda with limited liability and the Shares of which are listed on main board of the Stock Exchange   |
| “Current Issue Mandate”       | the general mandate approved and granted to the Directors at the AGM to allot, issue and deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM |
| “Director(s)”                 | the director(s) of the Company  |
| “Group”                       | the Company and its subsidiaries  |
| “HK\$”                        | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                   | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Independent Board Committee” | independent board committee of the Board comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders in relation to the Refreshed General Mandate                          |
| “Independent Shareholder(s)”  | Shareholders other than any controlling Shareholders or their associates or, where there are no controlling Shareholders, any Directors who shall hold Shares as at the date of the SGM and their respective associates                 |
| “Latest Practicable Date”     | 20 February 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular  |

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## DEFINITIONS

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|                             |   |
|-----------------------------|---|
| “Listing Rules”             | the Rules Governing the Listing of Securities on The Stock Exchange   |
| “Pan Asia”                  | Pan Asia Corporate Finance Limited, a licensed corporation under the SFO licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshed General Mandate |
| “Refreshed General Mandate” | a general and unconditional mandate proposed to be granted to the Directors at the SGM to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution   |
| “SFO”                       | Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)   |
| “SGM”                       | the special general meeting of the Company to be held at 4:30 p.m. on 13 March 2014 for the purpose of considering, and if thought fit, approving, among other matters, the proposed grant of the Refreshed General Mandate and the re-election of executive Director, the notice of which is set out on pages 20 to 23 of this circular  |
| “Shares”                    | ordinary share(s) of HK\$0.01 each in the issued share capital of the Company   |
| “Shareholder(s)”            | holder(s) of Share(s)   |
| “Stock Exchange”            | The Stock Exchange of Hong Kong Limited   |
| “%”                         | per cent.   |

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## LETTER FROM THE BOARD

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### MASCOTTE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

*Executive Directors:*

Mr. Wong Danny F. (*Chairman*)  
Mr. Lo Yuen Wa Peter (*Managing Director*)  
Mr. Eddie Woo  
Mr. Suen Yick Lun Philip  
Mr. Lau King Hang  
Miss. Wong Yuen Mui

*Independent Non-executive Directors:*

Mr. Frank H. Miu  
Dr. Agustin V. Que  
Mr. Robert James Iaia II  
Mr. Hung Cho Sing

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and Principal place of  
business in Hong Kong*

1st Floor  
Po Chai Industrial Building  
28 Wong Chuk Hang Road  
Aberdeen, Hong Kong

2902, 29th Floor  
China United Centre  
28 Mable Road  
North Point  
Hong Kong

25 February 2014

*To the Shareholders*

Dear Sir/Madam,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE AND RE-ELECTION OF EXECUTIVE DIRECTOR**

#### **INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the SGM regarding the proposed grant of the Refreshed General Mandate and re-election of executive Director; and to give you notice of the SGM.

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## LETTER FROM THE BOARD

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### (1) PROPOSED REFRESHMENT OF GENERAL MANDATE

Pursuant to an ordinary resolution passed by the Shareholders at the AGM, the Directors were granted the Current Issue Mandate to allot and issue up to 2,441,460,124 Shares. There had not been any refreshment of the Current Issue Mandate since the AGM up to the Latest Practicable Date.

#### Fund raising activities under the Current Issue Mandate

Save for the fund raising activity mentioned below, the Company has not carried out other fund raising activities in the past 12 months, immediately preceding the Latest Practicable Date.

| Date of announcement | Event                                       | Net proceeds (approximately) | Intended use of proceeds   | Actual use of proceeds as at the Latest Practicable Date   |
|----------------------|---|------------------------------|--|--|
| 4 February 2013      | Rights issue                                | HK\$494.6 million            | For facilities implementation and partial repayment of the indebtedness of the Group | Used as intended   |
| 22 February 2013     | Placing of new Shares under general mandate | HK\$29.4 million             | To repay part of indebtedness of the Group   | Used as intended   |
| 8 November 2013      | Placing of 1,250,000,000 new Shares         | HK\$99.7 million             | General working capital  | Approximately HK\$95.0 million is used as intended and the remaining balance is maintained at bank |

#### Current Issue Mandate utilized

Subsequent to the completion of the placing of 1,250,000,000 new Shares on 20 November 2013 as set out above, there only remains 1,191,460,124 Shares issuable under the Current Issue Mandate as at the Latest Practicable Date. Such number only represents approximately 7.8% of the issued Shares as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### REASONS FOR THE REFRESHMENT OF GENERAL MANDATE

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 Directors have considered the prevailing uncertainties in the global financial market, taken note of the recent turbulence in the international capital market and resultant wild swings in the international equity markets and will persist for the foreseeable future, the Directors considered that this might have a negative impact on the business of the Group. Therefore, the possible fund raising activities that may be pursued upon the refreshment of the general mandate will be for the benefit of the Company as it can enhance the financial flexibility of the Company during the instability.

Therefore, the Directors are of the view that the granting of the issue mandate to the Directors is an appropriate decision as fund raising opportunities may lapse in a short window of time. The refreshment of general mandate will enable the Company to have additional alternative and enhance flexibility in raising capital for the Group in the future to capture the window of opportunity to carry out the fund raising activity promptly for the future development of the Group as and when the opportunities arise.

The Company has taken various steps to reduce its debts level and to strengthen its capital base including but not limited to debt restructuring. However, the Company is still weighted with a debt burden and there are recurrent financial servicing needs. As disclosed in the Company's interim report dated 29 November 2013, the Company posted bank balances and cash of approximately HK\$58.5 million, current liabilities of approximately HK\$93.4 million and non-current liabilities of approximately HK\$986.2 million, the net liabilities was approximately HK\$633.6 million. The gearing ratio of the Company was approximately (165.9%). From the date of the 2013 interim report of the Company to the Latest Practicable Date, there are no material change of the borrowings of the Company except for the Company's announcement dated 11 November 2013 about the amendment of terms of the consideration bonds and conversion into convertible bonds. The Directors estimate that there will be approximately HK\$99.2 million interest payable in coming financial year. The Directors are actively exploring the possibilities of further fund raising activities, to enhance and to sustain the existing operations of the Group and to ensure compliance with the debt covenants as well as seeking available financial resources to strengthen capital structure of the Group and to allow the Group to take advantage of good business opportunities. While other pre-emptive fund raising methods such as rights issue and open offer enable all Shareholders to participate to avoid the potential dilution effect to Shareholders, the Directors consider that such fund raising methods are generally more costly and time consuming. In addition, such methods are usually required to be conducted on a fully underwritten basis and it may not be possible to procure underwriters on acceptable terms under prevailing market conditions and in a timely manner to capture the window of opportunity for fundraising. Given the current volatility of equity market, the Directors consider the issue mandate can at times provide advantages and flexibilities over such pre-emptive fund raising methods in enabling the Company to capture a favorable equity market condition, which may only exist for a short window period, by conducting equity financing in a timely manner. Although the existing general mandate is not fully utilized, the Directors consider the proposed refreshment provides a more flexible room for comparing different fund raising methods and negotiation on terms in equity market. In any event, the Company will balance the pros and cons of various fund raising methods and to conduct such fund raising activities which are most appropriate under current circumstances.

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## LETTER FROM THE BOARD

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The Company has no arrangement, understanding or negotiation for any possible fund raising exercise as at the Latest Practicable Date. The Company intends to utilize the Refreshed General Mandate as and when appropriate after the same has been granted. As at the Latest Practicable Date, the Company has no intention to conduct any possible fund raising exercise.

Based on the total number of issued Shares as at the Latest Practicable Date (i.e. 15,346,189,507 Shares) and assuming that there is no change in the issued Shares prior to the date of the SGM, the Refreshed General Mandate, if granted, will allow the Directors to issue and allot up to 3,069,237,901 Shares.

The Refreshed General Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the end of the period within which the Company is required by the Bye-laws or any applicable laws to hold its next annual general meeting; and (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

### Potential dilution to shareholding of the existing public Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilization of the Refreshed General Mandate (assuming that no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date on which the Refreshed General Mandate (if granted) is exercised in full):

|  | Shareholding in the<br>Company as at the Latest<br>Practicable Date |               | Shareholding in the<br>Company upon full<br>utilization of the<br>Refreshed General Mandate |               |
|--|---|---------------|---|---------------|
|  | <i>Number of<br/>Shares</i>   | %             | <i>Number of<br/>Shares</i>   | %             |
| <b>Substantial Shareholder</b>                             |   |               |   |               |
| Mr. Andrew Liu   | 1,900,000,000   | 12.38         | 1,900,000,000   | 10.32         |
| <b>Directors</b>   |   |               |   |               |
| Mr. Wong Danny F. <i>(Note)</i>                            | 66,240,000  | 0.43          | 66,240,000  | 0.36          |
| Mr. Lo Yuen Wa Peter <i>(Note)</i>                         | 156,250   | 0.00          | 156,250   | 0.00          |
| <b>Public Shareholders</b>                                 | 13,379,793,257  | 87.19         | 13,379,793,257  | 72.65         |
| Shares to be issued under the Refreshed<br>General Mandate | —   | —             | 3,069,237,901   | 16.67         |
| Total  | <u>15,346,189,507</u>   | <u>100.00</u> | <u>18,415,427,408</u>   | <u>100.00</u> |

*Note:* Mr. Wong Danny F. and Mr. Lo Yuen Wa Peter are executive Directors.

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## LETTER FROM THE BOARD

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The table above illustrates that the shareholding of the existing public Shareholders would decrease from approximately 87.19% as at the Latest Practicable Date to approximately 72.65% upon full utilization of the Refreshed General Mandate (assuming that no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date on which the Refreshed General Mandate (if granted) is exercised in full). Such potential dilution to shareholding of the existing public Shareholders represents a dilution of approximately 14.54%.

### SGM

The SGM will be held at 4:30 p.m. on 13 March 2014 at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong for the Shareholders/Independent Shareholders to consider and approve, if thought fit, the proposed grant of the Refreshed General Mandate and re-election of executive Director. The notice of the SGM is set out on pages 20 to 23 of this circular.

Pursuant to the Listing Rules, voting by poll is required for any resolution put to vote at the SGM. According to Rule 13.36(4) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the proposed grant of the Refreshed General Mandate.

As at the Latest Practicable Date, each of Mr. Wong Danny F. and Mr. Lo Yuen Wa Peter, who are both executive Directors, is beneficially interested in 66,240,000 Shares and 156,250 Shares respectively, constituting approximately 0.43% and 0.001% of the issued share capital of the Company respectively. Save as disclosed, none of the Directors and the chief executive of the Company and their respective associates hold any Shares. To the best knowledge, belief and information of the Directors, the Company has no controlling Shareholder as at the date of the SGM, the executive Directors and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the SGM) are required to abstain from voting at the SGM in respect of the ordinary resolution relating to the grant of Refreshed General Mandate.

The Independent Board Committee, comprising Mr. Frank H. Miu, Dr. Agustin V. Que, Mr. Robert James Iaia II and Mr. Hung Cho Sing, all being independent non-executive Directors, has been established to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate. Pan Asia has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate.

You will find enclosed a form of proxy for use at the SGM. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the SGM to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM in person should you so wish.

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## LETTER FROM THE BOARD

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### 2. RE-ELECTION OF EXECUTIVE DIRECTOR

On 7 February 2014, the Company announced that Mr. Wong Danny F. (“Mr. Wong”) was appointed as an executive Director and the chairman of the Company with effect from 14 February 2014. Pursuant to the Bye-laws of the Company, Mr. Wong shall retire at the first general meeting after his appointment and, being eligible, Mr. Wong offers himself for re-election at the SGM.

The biographical details of Mr. Wong are set out below:

Mr. Wong, aged 51, holds a Bachelor degree in Economics and Accounting from China Central University of Finance and Economics. Mr. Wong has over 20 years of experiences in investment project evaluation, listing planning and asset management. From 2001 to 2005, Mr. Wong was the executive director of Sun Hung Kai International Limited, he was in charge of investment banking and responsible for public listing of companies and fund raising activities for private and listed companies. For the period from 16 June 2009 to 24 August 2009, Mr. Wong was the executive director of Poly Capital Holdings Limited (Stock code: 1141), a company listed on the Stock Exchange. Currently, Mr. Wong is the chairman and executive director of National Investments Fund Limited (Stock code: 1227), a company listed on the Stock Exchange.

Mr. Wong has not entered into any service contract with the Company and has no fixed terms of service with the Company. He is entitled to receive a remuneration of HK\$2,400,000 per annum, which is determined by reference to his duties and responsibilities and the prevailing market conditions.

Mr. Wong is not connected with any Directors, senior management or substantial or controlling Shareholder (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Wong is holding of 66,240,000 Shares of the Company, representing approximately 0.43% of the issued share capital of the Company.

Save as disclosed herein, there are no other matters that need to be brought to the attention of the Shareholders of the Company and there is no information to be disclosed pursuant to the requirements of Rule 13.51(2) (h) to (v) of the Listing Rules in relation to the re-election of Mr. Wong as the executive Director of the Company.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page 10 of this circular and the letter of advice from the independent financial adviser set out on pages 11 to 19 of this circular, which contains, among other matters, its advice to the Independent Board Committee in relation to the proposed grant of the Refreshed General Mandate and the principal factors considered by it in arriving at its recommendation.

The independent non-executive Directors are of the opinion that the proposed grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders and recommend you to vote in favour of the resolution relating to the proposed grant of the Refreshed General Mandate to be proposed at the SGM.

The Directors are of the view that the Refreshed General Mandate and the re-election of executive Director are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders/Independent Shareholders to vote in favour of all the resolutions to be proposed at the SGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,

For and on behalf of the Board

**MASCOTTE HOLDINGS LIMITED**

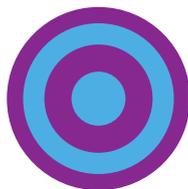
**Suen Yick Lun Philip**

*Executive Director and Company Secretary*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### **MASCOTTE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

25 February 2014

*To the Independent Shareholders*

Dear Sir or Madam,

#### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES**

We have been appointed as the Independent Board Committee to advise the Independent Shareholders in connection with the proposed grant of the Refreshed General Mandate, details of which are set out in the circular of the Company to the Shareholders dated 25 February 2014 (“Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of independent financial adviser in relation thereto as set out in the Circular, we are of the view that the proposed grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and that the proposed grant of the Refreshed General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the proposed grant of the Refreshed General Mandate.

Yours faithfully,  
For and on behalf of the  
Independent Board Committee

**Mr. Frank H. Miu**  
*Independent Non-executive  
Director*

**Dr. Agustin V. Que**  
*Independent Non-executive  
Director*

**Mr. Robert James Iaia II**  
*Independent Non-executive  
Director*

**Mr. Hung Cho Sing**  
*Independent Non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter received from Pan Asia Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, regarding the grant of Refreshed General Mandate for the purpose of inclusion in this circular.*



Pan Asia Corporate Finance Limited  
Unit 1504, 15th Floor,  
The Center  
99 Queen's Road Central  
Central, Hong Kong

25 February 2014

*To: The Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the grant of Refreshed General Mandate, details of which are contained in the letter from the board (the "**Letter from the Board**") contained in the circular (the "**Circular**") of the Company to the Shareholders dated 25 February 2014, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the content otherwise requires.

Pursuant to Rule 13.36(4) of the Listing Rules, the grant of the Refreshed General Mandate shall be subject to the Independent Shareholders' approval by way of poll at the SGM. Any controlling Shareholders and their associates or where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution regarding the grant of Refreshed General Mandate to be proposed at the SGM as required under Rule 13.36(4) (a) of the Listing Rules. As at the Latest Practicable Date, the Company has no controlling Shareholder.

As at the Latest Practicable Date, each of Mr. Wong Danny F. and Mr. Lo Yuen Wa Peter, who are both executive Directors, is beneficially interested in 66,240,000 Shares and 156,250 Shares respectively, constituting approximately 0.43% and 0.001% of the issued share capital of the Company respectively. Save as disclosed, none of the Directors and the chief executive of the Company and their respective associates hold any Shares. To the best knowledge, belief and information of the Directors, the Company has no controlling Shareholder as at the date of the SGM, the executive Directors and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the SGM) are required to abstain from voting at the SGM in respect of the ordinary resolution relating to the grant of Refreshed General Mandate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee comprising Mr. Frank H. Miu, Dr. Agustin V. Que, Mr. Robert James Iaia II and Mr. Hung Cho Sing, who are independent non-executive Directors of the Company, has been formed to advise the Independent Shareholders on whether the grant of Refreshed General Mandate is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

### **BASIS OF OUR OPINION**

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the date of the despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

We consider that we have taken sufficient and necessary steps to form a reasonable basis and an informed view for our recommendation in compliance with Rule 13.80 of the Listing Rules. The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company nor have we considered the taxation implication on the Group or the Shareholders as a result of the transactions herein.

In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the grant of Refreshed General Mandate, we have considered the following principal factors and reasons:

#### Background of the grant of Refreshed General Mandate

At the AGM held on 26 August 2013, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Current Issue Mandate to issue, allot and deal with up to 2,441,460,124 Shares, being 20% of the then issued share capital of the Company of 12,207,300,620 Shares as at the date of passing of that resolution.

Between the date of the grant of the Current Issue Mandate and the Latest Practicable Date, the Current Issue Mandate had been utilized by the Company as to 1,250,000,000 Shares, representing approximately 51.2% of the Current Issue Mandate as a result of the placing of 1,250,000,000 new Shares with net proceeds of approximately HK\$99.7 million for use as general working capital of the Group (the “**Placing**”), details of which are set out in the announcement of the Company dated 8 November 2013. The Placing was completed on 20 November 2013.

In the same period, the issued share capital of the Company increased from 12,207,300,620 Shares to 15,346,189,507 Shares as at the Latest Practicable Date as a result of (i) issue of 1,250,000,000 Shares under the Placing; and (ii) issue of an aggregate of 1,888,888,887 Shares from conversion of convertible bonds of the Company with maturity date in the second half of 2014. As such, the Directors consider that the limit under the Current Issue Mandate should be refreshed to reflect the impact from the increase in the issued share capital of the Company.

As stated in the interim report of the Company for the six months ended 30 September 2013 (the “**Interim Report**”), the liquidity of the Group was tight. The operational expenses of the Group, including selling expenses, administrative expenses and finance costs of the Group for the six months ended 30 September 2013, aggregated to approximately HK\$170.9 million. If the Refreshed General Mandate is not granted, 1,191,460,124 Shares, representing approximately 7.8% of the existing issued share capital of the Company as at the Latest Practicable Date, can be further issued and allotted by the Directors under the Current Issue Mandate. Assuming that a placing is carried out successfully and the placing price is equivalent to the closing price of the Shares of HK\$0.103 per Share as at the Latest Practicable Date, the Company could only raise approximately HK\$122.7 million, which will be less than its operational expenses for the six months ended 30 September 2013. In addition, we are advised that the next annual general meeting will not be held until around September 2014, which is about six months away from the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Directors are of the view that the uncertainties in global financial markets will last into the foreseeable future, which might have a negative impact on the business of the Group. To avail the Group of additional options for (i) future fund raising activities; (ii) maintenance of financial flexibility in periods of instability to manage its business and (iii) raising equity capital for any future business development and investment opportunities, the Directors propose to seek approval from the Independent Shareholders for the grant of Refreshed General Mandate so that the Directors can be authorised to issue, allot and deal with new Shares, not exceeding 20% of the issued share capital of the Company, on the date of passing of the relevant resolution(s) at the SGM.

As at the Latest Practicable Date, the Company had 15,346,189,507 Shares in issue. Subject to the passing of the proposed resolution for the grant of Refreshed General Mandate and on the basis that there are no changes in the issued share capital of the Company from the Latest Practicable Date up to the date of the SGM, the grant of Refreshed General Mandate will allow the Directors to issue, allot and deal with up to 3,069,237,901 new Shares. It should be recorded that up to the Latest Practicable Date, the Company has not identified any investment and/or business opportunities and does not have any concrete plan regarding the utilization of the Refreshed General Mandate to be granted.

### **Reasons for the grant of Refreshed General Mandate**

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.

As stated in the Interim Report, full impairment provision has been made against the Group's total investment in the existing polycrystalline silicon business because the relevant production plant, after the Group's investigation, is considered to have completely lost its capacity to produce any commercially feasible polysilicon. Details are set out in the announcement of the Company dated 24 October 2013. Given the recent setback of the Group's polycrystalline silicon business, as stated in the Interim Report, the major tasks of the Group will be to redress the Group's financial position in the coming months, and to find ways to rebuild its business operations in due course.

We note that the Group recorded audited net loss for the year of approximately HK\$244.3 million, HK\$620.8 million and HK\$3,033.2 million respectively for the three years ended 31 March 2013. According to the Interim Report, the Group continued to record net loss of approximately HK\$963.7 million for the six months ended 30 September 2013. In addition, the Group recorded net cash outflow from operating activities of approximately HK\$34.0 million for the six months ended 30 September 2013.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 30 September 2013, the Group recorded (i) cash and bank balances of approximately HK\$58.5 million and net liabilities of approximately HK\$633.6 million, (ii) net debt (being interest-bearing bank and other borrowings plus convertible bonds and consideration bonds less cash and bank balances) of approximately HK\$954.8 million. The gearing ratio of the Group (being net debt divided by total equity plus net debt) as at 30 September 2013 was approximately 297.3%.

We also note that the Group has two outstanding convertible bonds (the “CBs”) which will become mature in the second half of 2014 with aggregate outstanding principal amount of approximately HK\$1,645 million as at 31 January 2014. The interest rates of the CBs is 5% per annum and 7.5% per annum respectively. For the six months ended 30 September 2013, aggregate interest paid for the CBs was approximately HK\$40.2 million.

Taking into account (i) the anticipated funding needs for the repayment of the CBs which will be due in the second half of 2014; (ii) the Group’s past financial performance and current financial position; (iii) the Group’s initiative to restore the Group’s position both financially and operationally in the wake of the recent setback of its polycrystalline silicon business, it would be prudent and reasonable for the Company to maintain a strong capital base and financial flexibility in order to meet possible funding requirement for its existing business operations and to pursue further business development opportunities, where funding requirements may arise at any time and entail considerable amount of capital to be invested in a timely manner.

As advised by the Directors, we understand that they consider equity financing to be an important source of funds for the Group since it (i) does not incur any interest paying obligations on the Group unlike bank financing; (ii) is less costly and time-consuming than rights issue or open offer; and (iii) provides the Company with the flexibility to take advantage of any capital raising or prospective investment opportunity as and when it arises. The Directors consider that the flexibility afforded by fund raising through equity financing is crucial in a competitive and rapidly changing investment environment and in times of volatile market conditions. Notwithstanding the foregoing, the Directors confirm that (i) there is currently no concrete proposal that has been presented to the Company by potential investors for investment in Shares; and that (ii) the Company has not identified any investment and/or business opportunities as at the Latest Practicable Date. In addition, the Directors further confirm that as at the Latest Practicable Date, the Company has no specific plans to conduct any fund raising activity using the Refreshed General Mandate. The Directors nonetheless are of the view that additional funding may still be required for financing future investment and/or business development as and when such opportunities arise.

In the event that the Group identifies a suitable investment opportunity but does not have sufficient financial resources on hand, or fails to find other alternatives to finance such investment opportunity in a timely manner without the Refreshed General Mandate, the Group may lose the chance to take advantage of an otherwise favorable investment and/or a favorable opportunity to expand its business portfolio. Should the Group seek approval from the Independent Shareholders for granting a specific mandate for such investment and/or business opportunities that would require issue of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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new Shares, there is no certainty that such specific Shareholders' approval could be obtained in a timely manner. Therefore, it may cause undue delay if the Group wishes to carry out timely acquisitions. Accordingly, the Directors take the view that the grant of the Refreshed General Mandate is necessary for maintaining the Group's financial flexibility so that the Board will be able to promptly respond to future funding needs or take advantage of attractive terms offered by potential investors for investments in Shares. The Board therefore considers that the grant of the Refreshed General Mandate to be in the interests of the Company and the Shareholders as a whole.

The Refreshed General Mandate, if granted and not revoked or varied prior to the next annual general meeting of the Company, will be valid until the date of the forthcoming annual general meeting expected to be held around September 2014, which is about six months away from the Latest Practicable Date. As at the Latest Practicable Date, the Board has not identified any equity fund raising method and has not conducted any negotiation concerning any equity fund raising activity. We consider that not only will the Refreshed General Mandate provide the Company with the flexibility to take advantage of the market condition to raise additional funds in a timely manner, but will also broaden the Shareholders base and strengthen the capital base of the Group should suitable equity fund raising opportunities are identified.

Based on the foregoing, we are of the opinion that the grant of Refreshed General Mandate will provide the Company with greater flexibility which is essential for meeting any possible funding needs for the Group's business operational funding requirement, future business development and/or investment decisions in a timely and cost effective manner. Consequently, we are of the view that the grant of Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

### **History of equity fund raising activities of the Group during the last twelve months**

According to the information provided by the Directors, we summarise the equity fund raising activities of the Company during the past twelve months immediately preceding the Latest Practicable Date in the following table:

| <b>Date of announcement</b> | <b>Description</b>                          | <b>Net proceeds<br/>(approximately)</b> | <b>Intended use of proceeds</b>  | <b>Actual use of proceeds</b> |
|-----------------------------|---|---|--|-------------------------------|
| 4 February 2013             | Rights issue                                | HK\$494.6 million                       | For facilities implementation and partial repayment of the indebtedness of the Group | Used as intended              |
| 22 February 2013            | Placing of new Shares under general mandate | HK\$29.4 million                        | To repay part of indebtedness of the Group   | Used as intended              |

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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| <b>Date of announcement</b> | <b>Description</b>                  | <b>Net proceeds<br/>(approximately)</b> | <b>Intended use of proceeds</b> | <b>Actual use of proceeds</b>  |
|-----------------------------|-------------------------------------|---|---------------------------------|--|
| 8 November 2013             | Placing of 1,250,000,000 new Shares | HK\$99.7 million                        | General working capital         | Approximately HK\$95.0 million is used as intended and the remaining balance is maintained at bank |

Save as disclosed herein, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

As shown in the table above, the Company has raised an aggregate amount of net proceeds of approximately HK\$623.7 million from three fund-raising exercises during the period from 4 February 2013 to the Latest Practicable Date. Among those net proceeds raised, (i) approximately HK\$524 million has been applied for facilities implementation and partial repayment of indebtedness of the Group; (ii) approximately HK\$95.0 million as general working capital of the Group; and (iii) approximately HK\$4.7 million is maintained at bank.

We are given to understand that together with the net proceeds from the Placing, the Group has cash and bank balances of approximately HK\$36 million as at 31 January 2014. Despite the latest amount of cash resources available to the Group, it will not be sufficient to redeem the entire outstanding principal amount of the CBs.

Taking into account that the Group (i) has been making losses for the past few years; (ii) has a high gearing ratio of approximately 297.3% as at 30 September 2013; and (iii) recorded net liabilities as at 30 September 2013, we consider that it would be commercially sensible for the Group to maintain flexibility in equity financing in its financial management strategy.

All things considered and bearing in mind the fund-raising activities of the Company in the past twelve months as a whole, we consider that the grant of Refreshed General Mandate to be in the interests of the Company and the Shareholders as a whole.

### **Other financing alternatives**

In addition to equity financing, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future investment and/or business development when circumstances warrant. The Directors will also consider equity fund-raising on pro-rata basis such as rights issue or open offer as an alternative to obtain financial resources so that existing Shareholders will have a choice to participate in the Group's future development to a greater extent.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Given the Company's current position, the Directors are inclined to choose the fund raising method which incurs the least cost for the Company but with a higher chance of success. In respect of debt financing, not only will the Group be required to pay interest on the loan but the negotiating process may be subject to lengthy due diligence and discussions with lenders with reference to the Group's profitability, financial position, capital structure and the prevailing financial market conditions. Having considered the Group's past financial performance, net liabilities and high gearing level as at 30 September 2013, debt financing is not regarded as the best option for the Group to raise funds. There is also no certainty that the Group's cash resources will be adequate or other financing alternatives will be available for appropriate investment that may be identified by the Company in the future. The Directors therefore consider equity financing such as issuance of new Shares to be an appropriate means to fund such investments and/or acquisitions and provide additional working capital for future business development and expansion of the Group.

We are of the view that that the grant of Refreshed General Mandate will provide the Company with an additional alternative for fund raising, and it is advisable for the Company to have the flexibility in deciding the financing methods for its future development, including equity financing. As such, we are of the view that the grant of Refreshed General Mandate will be in the interests of the Company and the Shareholders as a whole.

### Potential dilution to shareholding of the existing public Shareholders

We set out in the table below the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilization of the Refreshed General Mandate (assuming that no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date on which the Refreshed General Mandate (if granted) is exercised in full):

| Shareholders   | Shareholding in the Company<br>as at the<br>Latest Practicable Date |        | Shareholding in the Company<br>upon full utilization of the<br>Refreshed General Mandate |        |
|--|---|--------|--|--------|
|  | Number of Shares  | %      | Number of Shares   | %      |
| <b>Substantial Shareholder</b>                             |   |        |  |        |
| Mr. Andrew Liu   | 1,900,000,000   | 12.38  | 1,900,000,000  | 10.32  |
| <b>Directors</b>   |   |        |  |        |
| Mr. Wong Danny F. (Note)                                   | 66,240,000  | 0.43   | 66,240,000   | 0.36   |
| Mr. Lo Yuen Wa Peter (Note)                                | 156,250   | 0.00   | 156,250  | 0.00   |
| <b>Public Shareholders</b>                                 | 13,379,793,257  | 87.19  | 13,379,793,257   | 72.65  |
| Shares to be issued under the Refreshed<br>General Mandate | –   | –      | 3,069,237,901  | 16.67  |
| <b>Total</b>   | 15,346,189,507  | 100.00 | 18,415,427,408   | 100.00 |

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Note:* Mr. Wong Danny F. and Mr. Lo Yuen Wa Peter are executive Directors.

The table above illustrates that the shareholding of the existing public Shareholders would decrease from approximately 87.19% as at the Latest Practicable Date to approximately 72.65% upon full utilization of the Refreshed General Mandate (assuming that no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date on which the Refreshed General Mandate (if granted) is exercised in full). Such potential dilution to shareholding of the existing public Shareholders represents a dilution of approximately 14.54%.

Taking into account that (i) the grant of the Refreshed General Mandate will provide an alternative means for the Company to raise capital by allotment and issue of new Shares; (ii) the grant of the Refreshed General Mandate will provide more flexibility and options of financing to the Group for further business development as well as for other potential future investments and/or acquisitions as and when such opportunities arise; and (iii) the shareholding interests of all the Shareholders will be diluted in proportion to their respective shareholdings upon any utilization of the Refreshed General Mandate, we consider such potential dilution to shareholdings of the public Shareholders to be acceptable.

### RECOMMENDATION

Having taken into account of the principal factors and reasons referred to the above, we are of the opinion that the grant of the Refreshed General Mandate is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution approving the grant of the Refreshed General Mandate at the SGM. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company if and when the Refreshed General Mandate is utilized.

Yours faithfully,

For and on behalf of

**Pan Asia Corporate Finance Limited**

**Billy C. W. Cheung**

*Chairman*

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## NOTICE OF SGM

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# MASCOTTE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the special general meeting of Mascotte Holdings Limited (the “Company”) will be held at 4:30 p.m. on 13 March 2014 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTIONS

1. **“THAT:**
  - a. the general mandate granted to the Directors of the Company to allot, issue and deal with the unissued shares of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26 August 2013 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
  - b. subject to paragraph (d) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with the unissued shares in the capital of the Company (each a “Share”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

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## NOTICE OF SGM

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- c. the approval in paragraph (b) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers after the expiry of the Relevant Period;
- d. the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and the authority pursuant to paragraph (b) of this resolution shall be limited accordingly; and
- e. for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any other applicable laws to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this resolution.

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## NOTICE OF SGM

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“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors of the Company to holders of Shares whose names appear on the Company’s register of members on a fixed record date in proportion to their holdings of Shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

2. **“THAT:**

to re-elect Mr. Wong Danny F. as executive Director of the Company.”

For and on behalf of the Board  
**MASCOTTE HOLDINGS LIMITED**  
**Suen Yick Lun Philip**  
*Executive Director and Company Secretary*

Hong Kong, 25 February 2014

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and Principal place of  
business in Hong Kong*  
1st Floor,  
Po Chai Industrial Building  
28 Wong Chuk Hang Road  
Aberdeen, Hong Kong

2902, 29th Floor  
China United Centre  
28 Mable Road  
North Point  
Hong Kong

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## NOTICE OF SGM

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*Notes:*

- (1) A member of the Company entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the special general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (2) In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the special general meeting or any adjournment thereof, should he/she so wish.
- (3) Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be decided by way of poll.

*As at the date hereof, the executive Directors of the Company are Mr. Wong Danny F. (Chairman), Mr. Lo Yuen Wa Peter (Managing Director), Mr. Eddie Woo, Mr. Suen Yick Lun Philip, Mr. Lau King Hang and Miss. Wong Yuen Mui; and the independent non-executive Directors of the Company are Mr. Frank H. Miu, Dr. Agustin V. Que, Mr. Robert James Iaia II and Mr. Hung Cho Sing.*