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MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 100% INTEREST IN A COMPANY
HOLDING A PROPERTY
AND
CHANGE OF COMPANY SECRETARY, AUTHORISED REPRESENTATIVE AND
QUALIFIED ACCOUNTANT
AND
RESUMPTION OF TRADING**

On 2 November 2006, the Purchaser (a wholly owned subsidiary of the Company) entered into the Agreement with the Vendor, pursuant to which the Purchaser agreed to acquire from the Vendor, among other things, the entire issued share capital of Hop Shing at a consideration of HK\$20,000,000. The consideration will be satisfied, as to HK\$12,000,000 in cash and as to HK\$8,000,000, by the allotment and issue of the Consideration Shares by the Company, credited as fully paid at HK\$0.40 per Consideration Share.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, among others, further details of the Acquisition and information required under the Listing Rules will be despatched to the Shareholders in accordance with the relevant requirements of the Listing Rules.

The Board announces the appointment of Mr. Chiu Wing Keung as company secretary, authorised representative and qualified accountant of the Company in place of Mr. Au Kin Fai with effect from 2 November 2006.

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 3 November 2006 pending the release of this announcement regarding the Acquisition. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 November 2006.

THE ACQUISITION

THE AGREEMENT

Date: 2 November 2006

Parties : (1) Investlink Venture Limited as the Vendor; and
(2) Mascotte Group Limited as the Purchaser, a wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendor is an investment holding company and the Vendor (and its ultimate beneficial owner(s)) is a third party independent of and not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

Interests to be acquired:

- (1) Sale Share : 1 share of US\$1.00 each in the capital of Hop Shing, representing 100% of the issued share capital of Hop Shing
- (2) Shareholder's Loan : All amounts of loans due from Hop Shing to the Vendor as at Completion, which shall not be less than HK\$4,900,000

Consideration:

HK\$20,000,000 (as to HK\$15,100,000 for the Sale Share and as to HK\$4,900,000 for the Shareholder's Loan). The Consideration shall be satisfied by the Purchaser in the following manner:

- (a) upon signing of the Agreement, a sum of HK\$5,000,000, (being part payment of the Consideration) has been paid by the Purchaser to the Vendor; and
- (b) the balance of HK\$15,000,000 shall be satisfied on Completion as follows:
 - (i) as to HK\$8,000,000, by the allotment and issue of the Consideration Shares by the Company to the Vendor, credited as fully paid at HK\$0.40 per Consideration Share. The Consideration Shares will be issued pursuant to a general mandate granted to the Directors at the annual general meeting of the Company held on 23 August 2006; and
 - (ii) as to the balancing sum of HK\$7,000,000, by cash payable to the Vendor.

The issue price of HK\$0.40 per Consideration Share represents a discount of approximately 11.11% to the closing price of the Shares of HK\$0.45 per Share as quoted on the Stock Exchange on 2 November 2006, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange on 3 November 2006; and a discount of approximately 11.50% to the average of the closing prices of the Shares of HK\$0.452 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 2 November 2006. The Consideration Shares represent approximately 4.72% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.50% of the enlarged issued share capital of the Company upon Completion. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date of which falls on or after the date of such allotment and issue.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser, taking into account (i) a valuation report of an independent valuer in respect of the value of the Property at HK\$6,500,000 as at 30 September 2006 on the assumption that vacant possession of the Property will be available in the event of a sale (according to the Vendor, the Property was vacant as at 30 September 2006) and having regard to market comparables wherever possible; (ii) a valuation report of an independent valuer in respect of the value of the Property together with the Adjoining Property as at 30 September 2006 on the basis that the Property together with the Adjoining Property have redevelopment potential and therefore are capable of being redeveloped as a "Class B" site under Buildings (Planning) Regulations and within the "Residential (Group A)" zone under the Outline Zoning Plan for Kennedy Town and Mount Davis approved under S.9(1)(a) of the Town Planning Ordinance on 2 November 2004 and on the assumption that vacant possession of the Property will be available and the Adjoining Property is subject to the existing tenancies, in the event of sale and having regard to market comparables wherever possible, as further set out in the section headed "Reasons for the Acquisition" below; and (iii) in respect of the issue price of HK\$0.40 per Consideration Share, the recent Share price performance and the turnover of the Shares.

Conditions:

Completion is conditional upon, among other things:

- (a) the Purchaser having completed its due diligence on the Hop Shing Group (including the Property), the results of which are, in the absolute opinion of the Purchaser, satisfactory and acceptable to the Purchaser in all respects;
- (b) the Stock Exchange having granted approval for the listing of and permission to deal in the Consideration Shares;
- (c) all the representations, warranties and undertakings and indemnities made or given by the Vendor to the Purchaser under the Agreement remaining true and accurate as at Completion; and
- (d) all necessary waivers, consents, permits and approval (whether governmental, regulatory or otherwise, including those of the Stock Exchange) as may be required in respect of the Agreement and the transactions contemplated thereunder with respect to the Company having been obtained by the Purchaser.

The Purchaser shall be entitled to waive any of the conditions set out above (other than conditions (b) and (d)) in whole or in part. If (i) any of the conditions shall not have been satisfied (or as the case may be, waived by the Purchaser) on or before 23 November 2006 (or such other date as may be agreed by the Vendor and the Purchaser); or (ii) the Purchaser shall not satisfy with the results of the due diligence referred to in condition (a), the Agreement shall automatically terminate and none of the parties to the Agreement shall have any claim whatsoever against the other party (save for any antecedent breaches of the terms thereof) provided that the Vendor shall return to the Purchaser the amount paid by it under the Agreement forthwith.

Completion:

Subject to fulfilment or waiver of the conditions set out above, Completion shall take place on or before 23 November 2006 (or such other date as may be agreed by the Vendor and the Purchaser).

INFORMATION ON HOP SHING

According to the information supplied to the Vendor, Hop Shing is a limited liability company incorporated under the laws of the British Virgin Islands on 8 August 2005. The Hop Shing Group is principally engaged in holding of investment property and the principal asset of the Hop Shing Group comprises the Property situated at No. 4 Hau Wo Street, Kennedy Town, Hong Kong, which was acquired by the Hop Shing Group in December 2005. According to the valuation report mentioned above, the Property comprises a 3-storey tenement building adjoining the Adjoining Property which is also a 3-storey tenement building. The area of the lot which is occupied by the Property is approximately 77.67 square metres and the area of the lots which are occupied by the Property and the Adjoining Property together is approximately 163.69 square metres. The Property is currently vacant. The net book value of the Property as at 30 September 2006 was HK\$6,500,000. The Company's legal advisors are in the course of performing a legal due diligence on the title of the Property.

Based on the audited accounts of the Hop Shing Group, the audited consolidated net assets of the Hop Shing Group as at 31 March 2006 ("Accounts Date") amounted to approximately HK\$1,353,460 and the audited consolidated net profit before and after tax of the Hop Shing Group for the period from 8 August 2005 (being the incorporation date of Hop Shing) and ended on the Accounts Date amounted to approximately HK\$1,353,452 and HK\$1,353,452 respectively. For the said period, the earnings of the Hop Shing Group was approximately HK\$5,000, attributable to rental income on the Property and the said profit of approximately HK\$1,353,452 mainly resulted from revaluation of the Property.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the (i) manufacture and sale of accessories for photographic, electrical and multimedia products and (ii) property investment and development.

As stated in the circular of the Company dated 30 June 2006, it is the intention of the Group to leverage on its experience in the property business, and seek property investment opportunities in Hong Kong, Macau and the PRC.

Currently, the Group owns the Adjoining Property situated at No. 2 Hau Wo Street, Kennedy Town, Hong Kong. According to the valuation report mentioned above, the Adjoining Property comprises a 3-storey tenement building adjoining the Property. The area of the lot which is occupied by the Adjoining Property is approximately 86.03 square metres. The Adjoining Property, independently, was valued at approximately HK\$7,650,000 as of 31 March 2006 by an independent valuer. According to a valuation report mentioned above obtained by the Group from an independent valuer, the Property together with the Adjoining Property on the basis of redevelopment potential as mentioned above was valued at HK\$30,000,000 as at 30 September 2006.

Having considered, among other things, the location, the market value and the value of the redevelopment potential, the Directors consider that the Acquisition could enhance of the value of the Adjoining Property currently owned by the Group and the entering into of the Agreement presented a good opportunity for it to further invest in the property market in Hong Kong and is in line with the Group's business strategy. The Group currently intends to redevelop the Property and the Adjoining Property together, but has yet to formulate development plans and timetable in respect of such redevelopment at this stage. However, the Group does not rule out the possibility of a sale of the Property and the Adjoining Property if an attractive price is offered to the Group. In which event, further announcement will be made as and when appropriate in compliance with the requirements of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement and the Consideration including the issue of the Consideration Shares are fair and reasonable and in the interests of the Shareholders as a whole. The cash part of the Consideration of HK\$12,000,000 will be satisfied by internal resources of the Group. The Directors confirm that taking into account payment of the cash Consideration as mentioned above, the Group will have sufficient working capital for the operation of its business.

GENERAL

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, among others, further details of the Acquisition and information required under the Listing Rules will be despatched to the Shareholders in accordance with the relevant requirements of the Listing Rules.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

CHANGE OF COMPANY SECRETARY, AUTHORISED REPRESENTATIVE AND QUALIFIED ACCOUNTANT

The Board announces that Mr. Au Kin Fai (“Mr. Au”) resigned as company secretary, authorised representative and qualified accountant of the Company due to personal reasons with effect from 2 November 2006. Mr. Au has confirmed that there is no disagreement with the Board and there is no other matter that should be brought to the attention of the Shareholders.

The Board also announces the appointment of Mr. Chiu Wing Keung (“Mr. Chiu”) as company secretary, authorised representative and qualified accountant of the Company with effect from 2 November 2006. Mr. Chiu is a Certified Public Accountant (Practising), Fellow of both HKICPA and ACCA. He holds a Bachelor’s degree in science from the University of Hong Kong and a degree of Master of Business Administration from University of Leicester. He was previously the Finance Director and Company Secretary of a Hong Kong publicly listed company and has extensive experience in auditing, finance and accounting.

The Board would like to express its gratitude to Mr. Au for his contribution to the Company during his tenure of office and also express its warm welcome to Mr. Chiu for his appointment.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 3 November 2006 pending the release of this announcement regarding the Acquisition. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 November 2006.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Share and the Shareholder’s Loan by the Purchaser from the Vendor;
“Adjoining Property”	means the property known as The Remaining Portion of Section A of Subsection 1 of Section G of Inland Lot No. 1297 together with the messuages erections and buildings thereon now known as No. 2 Hau Wo Street, Hong Kong, adjoining the Property;
“Agreement”	the agreement dated 2 November 2006 entered into between the Purchaser and the Vendor relating to the Acquisition;
“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“Completion”	the completion of the Acquisition;
“Company”	Mascotte Holdings Limited, a company incorporated under the laws of Bermuda, the issued shares of which are listed on the Stock Exchange and the holding company of the Purchaser;
“Consideration”	the total amount of HK\$20,000,000, being the consideration for the Acquisition;
“Consideration Shares”	20,000,000 Shares to be allotted and issued to the Vendor and credited as fully paid at HK\$0.40 per Consideration Share upon Completion, in satisfaction of part of the Consideration;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hop Shing”	Hop Shing Trading Limited, a company incorporated under the laws of the British Virgin Islands;
“Hop Shing Group”	Hop Shing and its subsidiary;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	People’s Republic of China;
“Property”	means the property known as The Remaining Portion of Section B of Subsection 1 of Section G of Inland Lot No. 1297 together with the messuages erections and buildings thereon now known as No. 4 Hau Wo Street, Hong Kong, adjoining the Adjoining Property;
“Purchaser”	Mascotte Group Limited, a company incorporated under the laws of the British Virgin Islands and a wholly owned subsidiary of the Company;

“Sale Share”	1 share of US\$1.00 each in the capital of Hop Shing, representing the entire issued share capital of Hop Shing;
“Share(s)”	Share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	shareholders of the Company;
“Shareholder’s Loan”	all amounts of loans due from Hop Shing to the Vendor as at Completion, which shall not be less than HK\$4,900,000 (outstanding amount as at 31 March 2006 is approximately HK\$4,924,340);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Investlink Venture Limited, a company incorporated under the laws of the British Virgin Islands, a third party independent of and not a connected person (as defined under the Listing Rules) of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“US\$”	United States dollars, the lawful currency of the United States of America.

By order of the Board
Ms. Chan Oi Ling, Maria Olimpia
Chairperson

Hong Kong, 3 November 2006

As at the date of this announcement, the Board comprises Ms. Chan Oi Ling, Maria Olimpia (Chairperson), Mr. Lam Yu Ho, Daniel (Managing Director), Mr Cheng Lok Hing, Mr, Cheng Chun Kit and Ms. Ji Hong as executive Directors, Mr. Wong Yui Leung, Larry, Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam as independent non-executive Directors.