
IMPORTANT

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, 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 to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Mascotte Holdings Limited.

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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

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share and the Shareholder’s Loan by the Purchaser from the Vendor
“Adjoining Property”	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
“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
“Completion”	the completion of the Acquisition
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the total amount of HK\$20,000,000, being the consideration for the Acquisition
“Consideration Shares”	20,000,000 Shares 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
“Hong Kong”	the Hong Kong Special Administration Region of the PRC

DEFINITIONS

“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
“Latest Practicable Date”	23 November 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Property”	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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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

DEFINITIONS

“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 of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

Executive directors:

Ms. Chan Oi Ling, Maria Olimpia (*Chairperson*)

Mr. Lam Yu Ho, Daniel (*Managing Director*)

Mr. Cheng Lok Hing

Mr. Cheng Chun Kit

Ms. Ji Hong

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive directors:

Mr. Wong Yui Leung, Larry

Mr. Lui Wai Shan, Wilson

Mr. Cheung Ngai Lam

*Head office and principal place
of business in Hong Kong:*

1st Floor

Po Chai Industrial Building

28 Wong Chuk Hang Road

Aberdeen

Hong Kong

27 November 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF 100% INTEREST IN A COMPANY HOLDING A PROPERTY

INTRODUCTION

It was announced on 3 November 2006 that on 2 November 2006, the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor, an independent third party, 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 Agreement was completed on 23 November 2006.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide Shareholders with information relating to the Acquisition in accordance with the Listing Rules.

LETTER FROM THE BOARD

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 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 should 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 has been 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) was paid by the Purchaser to the Vendor; and
- (b) the balance of HK\$15,000,000 was 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 were 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 paid to the Vendor.

LETTER FROM THE BOARD

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 represented approximately 4.72% of the issued share capital of the Company prior to Completion and approximately 4.50% of the enlarged issued share capital of the Company upon Completion. The issue of the Consideration Shares does not result in a change of control of the Company. The Consideration Shares, 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 at HK\$30,000,000 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.

Satisfaction of conditions and Completion:

The following conditions as set out in the Agreement had been satisfied and the Agreement was completed on 23 November 2006:

- (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;

LETTER FROM THE BOARD

- (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.

INFORMATION ON HOP SHING

According to the information supplied by 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.

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 in respect of a unit in the Property for a period of about 2 weeks in December 2005. According to the vendor, subject as aforesaid, the Property was otherwise vacant since its acquisition by the Hop Shing Group in December 2005 up to the Accounts Date. The said profit of approximately HK\$1,353,452 mainly resulted from revaluation of the Property.

Upon completion of the Acquisition, Hop Shing will become a wholly owned subsidiary of the Company and the accounts of the Hop Shing Group will be consolidated into the accounts of the Group. As the Property is currently vacant and does not generate any income and the audited consolidated net assets of the Hop Shing Group as at the Accounts Date amounted to approximately HK\$1,353,460, representing approximately 0.71% of the audited consolidated net assets of the Group as at the Accounts Date. Therefore, the Directors consider that the Acquisition would not have a material impact on the earnings and assets of the Group.

LETTER FROM THE BOARD

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 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 was 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.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to the further information contained in the appendix to this circular.

The Stock Exchange has granted approval to the Company for the listing of and permission to deal in the Consideration Shares on 16 November 2006.

For and on behalf of the Board
Ms. Chan Oi Ling, Maria Olimpia
Chairperson

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, 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 herein misleading.

2. SHARE CAPITAL OF THE COMPANY

Authorised and issued share capital as at the Latest Practicable Date:

Authorised:		<i>Nominal value</i> <i>HK\$</i>
<u>1,000,000,000</u>	Shares	<u>100,000,000.00</u>
Issued (fully paid or credited as fully paid):		
424,000,100	Shares in issue prior to Completion	42,400,010.00
<u>20,000,000</u>	Consideration Shares allotted and issued upon Completion pursuant to the Agreement	<u>2,000,000.00</u>
<u>444,000,100</u>	Shares	<u>44,400,010.00</u>

3. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Name	Name of company in which interests or short positions were held	Nature of interests	Number of shares	% of shareholding (approximate)
Chan Oi Ling, Maria Olimpia	The Company	Interests of controlled corporation (Note)	193,340,000 (L)	43.55%
Lam Yu Ho, Daniel	The Company	Beneficial interests	24,376,000 (L)	5.49%
Cheng Lok Hing	The Company	Beneficial interests	5,664,000 (L)	1.28%
Cheng Chun Kit	The Company	Beneficial interests	6,300,000 (L)	1.42%

Note: These Shares are held by Honeyard Corporation, the entire issued share capital of which is held by The Honeyard Trust, a discretionary trust of which the family members of Ms. Chan Oi Ling, Maria Olimpia, Chairperson of the Company and an executive Director, are discretionary beneficiaries.

(L) denotes the long position held in shares

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any options in respect of such capital:

Name	Name of company in which interests or short positions were held	Nature of interests	Number of shares	% of shareholding (approximate)
Honeyard Corporation (Note 1)	The Company	Beneficial interests	193,340,000 (L)	43.55%
Golden Mount Limited (Note 2)	The Company	Beneficial interests	110,558,000 (L)	24.90%

Note:

- (1) These Shares are held by Honeyard Corporation, the entire issued share capital of which is held by The Honeyard Trust, a discretionary trust of which the family members of Ms. Chan Oi Ling, Maria Olimpia, Chairperson of the Company and an executive Director, are discretionary beneficiaries.
- (2) Golden Mount Limited is a corporation controlled by Mr. Chim Pui Chun.
- (L) denotes the long position held in shares

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, no persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any options in respect of such capital.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

6. SERVICE CONTRACT

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and the Company or any member of the Group, excluding contracts which expire or may be terminated by the employer within a year without payment of any compensation (other than statutory compensation).

7. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware, no member of the Group was engaged in any litigation or arbitration or claim of material importance and the Directors were not aware of any litigation or claims of material importance pending or threatened against any member of the Group.

8. MISCELLANEOUS

- (a) The branch share registrar of the Company is Secretaries Limited, the address of which is at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (b) The secretary and the qualified accountant of the Company is Mr. Chiu Wing Keung, a Certified Public Accountant (Practising), a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (c) The English text of this circular shall prevail over the Chinese text.