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MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

MAJOR AND CONNECTED TRANSACTIONS DISPOSAL OF 100% INTEREST IN A COMPANY HOLDING PROPERTIES IN HONG KONG AND A PROPERTY IN THE PRC AND CONTINUING CONNECTED TRANSACTIONS

SHARE DISPOSAL AGREEMENT

On 8 August 2007, Mascotte Group Limited (a wholly owned subsidiary of the Company) entered into the Share Disposal Agreement with the Share Purchaser, pursuant to which Mascotte Group Limited agreed to dispose of, among other things, the entire issued share capital of Mascotte Investments with voting right to the Share Purchaser at a cash consideration of HK\$29,000,000. The Share Disposal is subject to the satisfaction of the conditions as set out in the paragraph headed “The Share Disposal Agreement – Conditions” in the section headed “The Share Disposal” below.

PROPERTY DISPOSAL AGREEMENT

On 8 August 2007, Mascotte Hui Zhou Limited (a wholly owned subsidiary of the Company) entered into the Property Disposal Agreement with the Property Purchaser, pursuant to which Mascotte Hui Zhou Limited agreed to dispose of the PRC Property to the Property Purchaser at a cash consideration of HK\$30,000,000. The Property Disposal is subject to the satisfaction of the conditions as set out in the paragraph headed “The Property Disposal Agreement – Conditions” in the section headed “The Property Disposal” below.

LEASEBACK

The Group will continue to use the HK Property A, the HK Property B and the HK Property D after the Share Disposal Completion pursuant to the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy.

GENERAL

The Share Disposal and the Property Disposal, when aggregated, constitutes a major transaction for the Company under the Listing Rules. The Share Disposal and the Property Disposal will be subject to the approval of the Shareholders at the SGM.

Each of the Share Disposal and the Property Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and will be subject to the approval of the Independent Shareholders at the SGM. Ms. Chan, Honeyard Corporation and Ms. Wong, Dickie and their respective associates, will abstain from voting on the resolution(s) in relation to each of the Share Disposal Agreement and the Property Disposal Agreement at the SGM.

Each of the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules after the Share Disposal Completion. Pursuant to Rule 14A.33 of the Listing Rules and subject to the final view of the independent non-executive Directors after reviewing the letter of advice from the independent financial adviser to be appointed by the Company, the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy are exempt from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

The Independent Board Committee, comprising the independent non-executive Directors, will be established to advise the Independent Shareholders in relation to the Share Disposal Agreement and the Property Disposal Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Share Disposal Agreement, the Property Disposal Agreement, the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy and the Independent Shareholders in relation to the Share Disposal Agreement and the Property Disposal.

A circular containing, among other things, details of the Share Disposal Agreement and the Property Disposal Agreement, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice by the independent financial adviser to the Independent Board Committee and the Independent Shareholders, a valuation report pursuant to Chapter 5 of the Listing Rules and a notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

THE SHARE DISPOSAL

THE SHARE DISPOSAL AGREEMENT

Date : 8 August 2007

Parties : (1) Mascotte Group Limited as the Share Disposal Vendor, a wholly-owned subsidiary of the Company; and
(2) Kada International Investments Limited, as the Share Purchaser, which is an investment holding company wholly-owned by Ms. Chan, an executive Director and the Chairperson of the Company

Interests to be disposed:

- (1) Sale Shares : 1,000 ordinary shares of HK\$1 each in the capital of Mascotte Investments, representing 100% of the issued share capital with voting right of Mascotte Investments
- (2) Shareholder's Loan : All amounts of loans due from Mascotte Investments to the Share Disposal Vendor as at Share Disposal Completion (estimated to be approximately HK\$24 million as at Share Disposal Completion)

As at Share Disposal Completion, the HK Properties will be the only material assets held by Mascotte Investments. Upon Share Disposal Completion, Mascotte Investments will cease to be a subsidiary of the Company.

Share Disposal Consideration:

HK\$29,000,000. The Share Disposal Consideration shall be satisfied by the Share Purchaser in cash in the following manner:

- (a) upon signing of the Share Disposal Agreement, a sum of HK\$10,000,000, (being part payment of the Share Disposal Consideration) has been paid by the Share Purchaser to the Share Disposal Vendor; and
- (b) the balance of HK\$19,000,000 shall be payable on Share Disposal Completion.

The Share Disposal Consideration was determined after arm's length negotiations between the Share Disposal Vendor and the Share Purchaser, taking into account a valuation of an independent valuer, Chung, Chan & Associates, Chartered Surveyors in respect of the market value of the HK Properties at HK\$28,590,000 as at 30 June 2007.

Conditions:

The Share Disposal Completion is conditional upon:

- (a) the passing of the necessary resolution(s) by the Independent Shareholders in general meeting approving the Share Disposal Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules; and
- (b) 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 Share Disposal Agreement and the transactions contemplated thereunder having been obtained.

If any of the conditions shall not have been satisfied on or before 30 September 2007 (or such other date as may be agreed by the Share Disposal Vendor and the Share Purchaser), the Share Disposal Agreement shall terminate and none of the parties to the Share Disposal Agreement shall have any claim whatsoever against the other party (save for any antecedent breaches of the terms thereof) provided that the Share Disposal Vendor shall return to the Share Purchaser the amount paid by it under the Share Disposal Agreement forthwith.

The Share Disposal and the Property Disposal are not inter-conditional.

Share Disposal Completion:

Subject to fulfilment of the conditions set out above, Share Disposal Completion shall take place on or before 30 September 2007 (or such other date as may be agreed by the Share Disposal Vendor and the Share Purchaser).

INFORMATION ON MASCOTTE INVESTMENTS

Mascotte Investments is a limited liability company incorporated under the laws of Hong Kong on 15 December 1992. The issued share capital of Mascotte Investments comprises (i) 1,000 ordinary shares of HK\$1 each (i.e. the Sale Shares); and (ii) 1,000,000 non-voting deferred shares of HK\$1 each, which carry no rights to dividend or to receive notice of or attend or vote at any general meeting of Mascotte Investments. On winding up, the holders of such non-voting deferred shares shall be entitled to one half of the remaining assets of Mascotte Investments after the first HK\$100,000,000,000,000 has been distributed equally amongst the holders of the ordinary shares of Mascotte Investments. Ms. Chan and Mr. Lam Yu Ho, Daniel, the Managing Director, each holds 500,000 of such non-voting deferred shares. Mascotte Investments is principally engaged in holding of investment properties and the principal assets of Mascotte Investments comprise the HK Properties as follows:

- (1) Units A & B on 1st Floor and Car Parking Spaces Nos. 1, 2 and 3 on Ground Floor, Po Chai Industrial Building, No. 28 Wong Chuk Hang Road, Hong Kong (“**HK Property A**”)

Saleable area (excluding car-parking spaces): (approx.) 8,835 sq. ft.

Valuation of the market value (with regard to market comparables) of an independent valuer, Chung, Chan & Associates, Chartered Surveyors as at 30 June 2007 (on the assumptions that, among other things, there is no leaseback, which would serve to increase the values of the properties and vacant possession will be available in the event of a sale): HK\$7,000,000

The HK Property A is currently used by the Group as its head office, showroom and principal place of business in Hong Kong and is subject to the following tenancy entered into on 12 July 2007 (“**Po Chai Building Tenancy (1)**”):

Tenant : Mascotte Industrial Associates (Hong Kong) Limited, a wholly-owned subsidiary of the Company

Term : 2 years commencing from 16 July 2007

Rent : HK\$38,000 per month (exclusive of rates, management fees and utilities charges payable by the tenant)

Deposit : HK\$76,000

The amount of rent was determined taking into account the amount of rent payable for similar premises in nearby district.

In addition, the Po Chai Building Tenancy (1) provides that the tenant shall not terminate the Po Chai Building Tenancy (1) during the term, otherwise, the tenant shall make compensation according to the remaining term of the Po Chai Building Tenancy (1). In the event the tenant requests for termination of the tenancy within the first year, the landlord has the right to deduct an additional amount equivalent to 1 month’s deposit as compensation.

The Group entered into the Po Chai Building Tenancy (1) such that it can continue to use the HK Property A as its head office, showroom and principal place of business in Hong Kong after the Share Disposal Completion.

The audited carrying amount of the HK Property A as at 31 March 2007 was HK\$5,735,558. The above monthly rent has been determined on arm's length basis with reference to the prevailing market rent.

- (2) Unit B on 7th Floor, Po Chai Industrial Building, No. 28 Wong Chuk Hang Road, Hong Kong (**"HK Property B"**)

Saleable area: (approx.) 2,912 sq. ft.

Valuation of the market value (with regard to market comparables) of an independent valuer, Chung, Chan & Associates, Chartered Surveyors, as at 30 June 2007 (on the assumptions that, among other things, there is no leaseback, which would serve to increase the values of the properties and vacant possession will be available in the event of a sale): HK\$1,895,000

The HK Property B is currently used by the Group as warehouse and is subject to the following tenancy entered into on 12 July 2007 (**"Po Chai Building Tenancy (2)"**):

Tenant : Mascotte Industrial Associates (Hong Kong) Limited, a wholly-owned subsidiary of the Company

Term : 2 years commencing from 16 July 2007

Rent : HK\$10,000 per month (exclusive of rates, management fees and utilities charges payable by the tenant)

Deposit : HK\$20,000

The amount of rent was determined taking into account the amount of rent payable for similar premises in nearby district.

In addition, the Po Chai Building Tenancy (2) provides that the tenant shall not terminate the Po Chai Building Tenancy (2) during the term, otherwise, the tenant shall make compensation according to the remaining term of the Po Chai Building Tenancy (2). In the event the tenant requests for termination of the tenancy within the first year, the landlord has the right to deduct an additional amount equivalent to 1 month's deposit as compensation.

The Group entered into the Po Chai Building Tenancy (2) such that it can continue to use the HK Property B as warehouse after the Share Disposal Completion.

The audited carrying amount of the HK Property B as at 31 March 2007 was HK\$1,785,698. The above monthly rent has been determined on arm's length basis with reference to the prevailing market rent.

- (3) Unit A on Ground Floor, Po Chai Industrial Building, No. 28 Wong Chuk Hang Road, Hong Kong (**"HK Property C"**)

Gross floor area: (approx.) 3,800sq. ft.

Valuation of the market value (with regard to market comparables and subject to the existing tenancies of an independent valuer, Chung, Chan & Associates, Chartered Surveyors, as at 30 June 2007: HK\$3,790,000

The HK Property C is currently leased to an Independent Third Party at the rent of HK\$30,700 per month. The tenancy is for an initial fixed term of 2 years commencing from 15 July 2006 with an option for the tenant to extend for 1 year.

The audited carrying amount of the HK Property C as at 31 March 2007 was HK\$3,750,000.

- (4) Unit A on 1st Floor, Wo Fung Industrial Building, No. 2 Yip Wo Street, Fanling, New Territories, Hong Kong (“**HK Property D**”)

Saleable area: (approx.) 6,219sq. ft.

Valuation of the market value (with regard to market comparables) of an independent valuer, Chung, Chan & Associates, Chartered Surveyors, as at 30 June 2007 (on the assumptions that, among other things, there is no leaseback, which would serve to increase the values of the properties and vacant possession will be available in the event of a sale): HK\$2,980,000

The HK Property D is currently used as the Group’s branch office and is subject to the following tenancy entered into on 12 July 2007 (“**Wo Fung Building Tenancy**”):

Tenant : Mascotte Industrial Associates (Hong Kong) Limited, a wholly-owned subsidiary of the Company

Term : 2 years commencing from 16 July 2007

Rent : HK\$15,000 per month (exclusive of rates, management fees and utilities charges payable by the tenant)

Deposit : HK\$30,000

The amount of rent was determined taking into account the amount of rent payable for similar premises in nearby district.

In addition, the Wo Fung Building Tenancy provides that the tenant shall not terminate the Wo Fung Building Tenancy during the term, otherwise, the tenant shall make compensation according to the remaining term of the Wo Fung Building Tenancy. In the event the tenant requests for termination of the tenancy within the first year, the landlord has the right to deduct an additional amount equivalent to 1 month’s deposit as compensation.

The Group entered into the Wo Fung Building Tenancy such that it can continue to use the HK Property D as the Group’s branch office after the Share Disposal Completion.

The audited carrying amount of the HK Property D as at 31 March 2007 was HK\$2,503,816. The above monthly rent has been determined on arm’s length basis with reference to the prevailing market rent.

- (5) 2 residential units in the South Horizons, Hong Kong (“**HK Property E**”)

Valuation of the market value (with regard to market comparables) of an independent valuer, Chung, Chan & Associates, Chartered Surveyors, as at 30 June 2007 (on the assumptions that, among other things, vacant possession will be available in the event of a sale): HK\$6,960,000

The HK Property E is currently used as staff quarter under the terms of a service contract with the Group on rent free basis. On completion of the Share Disposal, the HK Property E will cease to be staff quarter and the Group will not leaseback the Property E from Mascotte Investments. The audited carrying amount of the HK Property E as at 31 March 2007 was HK\$5,307,394.

- (6) Workshop No. 7 on 18th Floor, Harbour Industrial Centre, No. 10 Lee Hing Street, Hong Kong (“**HK Property F**”)

Gross floor area: (approx.) 1,145 sq. ft.

Valuation of the market value (with regard to market comparables and subject to the existing tenancies) of an independent valuer, Chung, Chan & Associates, Chartered Surveyors, as at 30 June 2007: HK\$600,000

The HK Property F is currently leased to an Independent Third Party at the rent of HK\$ 3,200 per month. The tenancy is for an initial fixed term of 2 years commencing from 1 August 2005. The tenancy expired on 31 July 2007 and the parties have agreed to extend the tenancy on the same terms and conditions to 31 January 2008. The audited carrying amount of the HK Property F as at 31 March 2007 was HK\$595,000.

- (7) Shop Space No. S18 & S97 on 2nd Floor, Red Mall of Malahon Apartment, No. 509 Jaffe Road, Hong Kong (“**HK Property G**”)

Saleable area: (approx.) 95 sq. ft.

Valuation of the market value (with regard to market comparables and subject to the existing tenancies) of an independent valuer, Chung, Chan & Associates, Chartered Surveyors, as at 30 June 2007: HK\$5,365,000

The HK Property G is currently leased to an Independent Third Party pursuant to 2 tenancy agreements at the aggregate rent of HK\$33,308 per month. The term of both tenancies is 2 years commencing from 27 October 2005.

The audited carrying amount of the HK Property G as at 31 March 2007 was HK\$5,320,000.

Based on the unaudited accounts of Mascotte Investments, the unaudited net assets of Mascotte Investments as at 31 March 2007 (“**Accounts Date**”) amounted to HK\$1,688,370 and the unaudited net profit before and after tax and extraordinary items of Mascotte Investments for the financial year ended on the Accounts Date amounted to HK\$1,243,341 and HK\$1,192,680 respectively. The audited net profit before and after tax and extraordinary items of Mascotte Investments for the financial year ended on 31 March 2006 amounted to HK\$2,004,302 and HK\$2,291,792 respectively. The unaudited carrying amount of the HK Properties as at 31 March 2007 was HK\$24,997,466.

THE PROPERTY DISPOSAL

THE PROPERTY DISPOSAL AGREEMENT

Date : 8 August 2007

Parties : (1) Mascotte Hui Zhou Limited as the Property Disposal Vendor, a wholly-owned subsidiary of the Company; and
(2) Ms. Chan, an executive Director and the Chairperson of the Company, as the Property Purchaser

Property to be disposed:

Address : Shop Units Nos. 201, 202 and 203 on Level 2
Glittery Plaza, No. 65 Qianjin Road
Haizhu District, Guangzhou
Guangdong Province, the PRC

Gross floor area : (approx.) 2,470.6 sq. m.

The PRC Property was acquired by the Group at the total consideration of HK\$22,000,000 (plus expenses of approximately HK\$500,000 incurred for the acquisition). The PRC Property comprises the entire 2nd level of a four-storey shopping arcade which forms part of a commercial/residential complex with another 3 residential buildings known as “Glittery Plaza”. Construction of the PRC Property was completed in about March 2007 and the PRC Property is currently vacant. No revenue has been generated to the Group by the PRC Property. The relevant title certificates had been issued in the name of Ms. Chan, who holds the PRC Property as trustee for the Property Disposal Vendor. The audited carrying amount of the PRC Property as at 31 March 2007 was RMB28,000,000.

Property Disposal Consideration:

HK\$30,000,000. The Property Disposal Consideration shall be satisfied by the Property Purchaser in cash in the following manner:

- (a) upon signing of the Property Disposal Agreement, a sum of HK\$10,000,000, (being part payment of the Property Disposal Consideration) has been paid by the Property Purchaser to the Property Disposal Vendor; and
- (b) the balance of HK\$20,000,000 shall be payable on Property Disposal Completion.

The Property Disposal Consideration was determined after arm’s length negotiations between the Property Disposal Vendor and the Property Purchaser, taking into account a valuation of the market value (with regard to market comparables where possible) of an independent valuer, Chung, Chan & Associates, Chartered Surveyors, in respect of the market value of the PRC Property at RMB28,300,000 as at 30 June 2007 (on the assumptions that, among other things, there is no leaseback, vacant possession will be available in the event of a sale or transfer).

Conditions:

The Property Disposal Completion is conditional upon:

- (a) the passing of the necessary resolution(s) by the Independent Shareholders in general meeting approving the Property Disposal Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules; and
- (b) 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 Property Disposal Agreement and the transactions contemplated thereunder having been obtained.

If any of the conditions shall not have been satisfied on or before 30 September 2007 (or such other date as may be agreed by the Property Disposal Vendor and the Property Purchaser), the Property Disposal Agreement shall terminate and none of the parties to the Property Disposal Agreement shall have any claim whatsoever against the other party (save for any antecedent breaches of the terms thereof) provided that the Property Disposal Vendor shall return to the Property Purchaser the amount paid by it under the Property Disposal Agreement forthwith.

The Property Disposal and the Share Disposal are not inter-conditional.

Property Disposal Completion:

Subject to fulfilment of the conditions set out above, Property Disposal Completion shall take place on or before 30 September 2007 (or such other date as may be agreed by the Property Disposal Vendor and the Property Purchaser).

The Property Disposal Agreement also provides that if the Property Disposal Vendor, after having received the part payment of the Property Disposal Consideration from the Property Purchaser, shall fail to complete the Property Disposal, two times of the amount of part payment shall be returned to the Property Purchaser. If the Property Purchaser shall fail to complete the Property Disposal, the Property Disposal Vendor shall be entitled to forfeit the part payment and resell the PRC Property to any other party.

If the Property Disposal Vendor shall fail to deliver the PRC Property to the Property Purchaser or if the Property Purchaser shall fail to pay the Property Disposal Consideration to the Property Disposal Vendor on the time specified in the Property Disposal Agreement, the defaulting party shall be liable to pay to the non-defaulting party a penalty equivalent to 0.05% of the total value of the PRC Property for each day of default. If such default shall last for more than 10 days, the non-defaulting party shall have the right to terminate the Property Disposal Agreement and shall be entitled to a penalty equivalent to 5% of the value of the PRC Property.

REASONS FOR THE DISPOSAL AND THE LEASEBACK

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

Having regard to the recent property market in Hong Kong and the PRC, the executive Directors (including Ms. Chan who owns 100% of the Share Purchaser and is the Property Purchaser and Ms. Wong, Dickie, the daughter of Ms. Chan) consider that the Share Disposal and the Property Disposal represents a good opportunity to realize a gain for the Share Disposal and contribute to the cashflow of the Group. The executive Directors (including Ms. Chan who owns 100% of the Share Purchaser and is the Property Purchaser and Ms. Wong, Dickie, the daughter of Ms. Chan), having experience in property investment for not less than 10 years and the Group having held each of the HK Property A, the HK Property B and the HK Property D for more than 10 years, also consider that the further upside potential of the HK Property A, the HK Property B and the HK Property D (all being industrial premises) may be limited. The leaseback of these premises pursuant to the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy enable the Group continue using the HK Property A, the HK Property B and the HK Property D after the Share Disposal Completion on reasonable terms, thus saving time and relocation costs for the Group.

The Group has been looking for strategic investments that would bring in attractive capital gain to it in the long term and the proceeds from the Share Disposal and the Property Disposal will put the Group in a better and more flexible position to take advantage of investment opportunities should they arise. As at the date of this announcement, no such investment or negotiations for any proposed investment has been identified or entered into by the Group. The executive Directors (including Ms. Chan who owns 100% of the Share Purchaser and is the Property Purchaser and Ms. Wong, Dickie, the daughter of Ms. Chan) further consider that the terms of each of the Share Disposal, the Property Disposal, the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy are made on an arm's length basis, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Having considered the above and subject to advice from the independent financial adviser to be appointed by the Company, the independent non-executive Directors, namely Mr. Wong Yui Leung, Larry, Mr. Lui Wai Shan, Wilson, Mr. Cheung Ngai Lam and Mr. Chan Sze Hung consider that the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy are made on an arm's length basis, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors will form their view on the Share Disposal and the Property Disposal after reviewing the letter of advice from the independent financial adviser to be appointed by the Company.

USE OF PROCEEDS FROM THE DISPOSAL

The estimated net proceeds from the Share Disposal and the Property Disposal are approximately HK\$28,630,000 and HK\$29,700,000 respectively, which are intended to be applied for the general working capital and/or other investments in the future. The Company has not earmarked how much of the net proceeds will be used for working capital and for investment purposes.

FINANCIAL EFFECTS OF THE DISPOSAL

The Share Disposal is expected to realize a net gain of approximately HK\$6,849,000 for the Group (taking into account the assignment of Shareholders' loan), being the difference between (i) the Share Disposal Consideration of HK\$29,000,000; and (ii) the estimated unaudited net asset value of Mascotte Investments as of 30 June 2007 of approximately HK\$21,781,000 (together with related costs for the Share Disposal of approximately HK\$370,000). Upon completion of the Share Disposal, the Group's assets are expected to increase by approximately HK\$6,849,000.

The PRC Property was acquired by the Group at a cost of approximately HK\$22,000,000 (plus expenses of approximately HK\$500,000 incurred for the acquisition). The Property Disposal is expected to realize a net loss of approximately HK\$100,000 for the Group, being the difference between (i) the Property Disposal Consideration of HK\$30,000,000; and (ii)(1) the audited carrying amount of the PRC Property as at 31 March 2007 of RMB28,000,000; (2) the write off of approximately HK\$1.8 million pre-paid renovation costs; and (3) related costs for the Property Disposal of approximately HK\$300,000. Upon completion of the Property Disposal, the Group's assets are expected to decrease by approximately HK\$100,000.

GENERAL

The Share Disposal and the Property Disposal, when aggregated, constitutes a major transaction for the Company under the Listing Rules. The Share Disposal and the Property Disposal will be subject to the approval of the Shareholders at the SGM.

Since the Share Purchaser is an associate of Ms. Chan and the Property Purchaser is Ms. Chan, who is an executive Director and the Chairperson of the Company and a controlling shareholder of the Company, each of the Share Disposal and the Property Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Company is required to seek the approval for each of the Share Disposal Agreement and the Property Disposal Agreement from the Independent Shareholders at the SGM, where voting must be taken by way of poll. Ms. Chan, Honeyard Corporation and Ms. Wong, Dickie (an executive Director and the daughter of Ms. Chan) and their respective associates, holding, in aggregate 196,840,000 Shares (representing approximately 31.2% of the issued share capital of the Company) as of the date of this announcement, will abstain from voting on the resolution(s) in relation to each of the Share Disposal Agreement and the Property Disposal Agreement at the SGM.

Upon the Share Disposal Completion, Mascotte Investments will become an associate of Ms. Chan who is an executive Director and the Chairperson of the Company and a controlling shareholder of the Company. Thus, each of the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules after the Share Disposal Completion. On the basis of the aggregate fixed monthly rental of HK\$63,000 for HK Property A, HK Property B and HK Property D, the aggregate amount to be paid by the Group to Mascotte Investment under the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy for each of the 2 years commencing from 16 July 2007 will be both HK\$756,000, resulting in the applicable percentage ratios being more than 0.1% but less than 2.5%. Pursuant to Rule 14A.33 of the Listing Rules and subject to the final view of the independent non-executive Directors after reviewing the letter of advice from the independent financial adviser to be appointed by the Company, the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy are exempt from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

The Independent Board Committee, comprising the independent non-executive Directors, will be established to advise the Independent Shareholders in relation to the Share Disposal Agreement and the Property Disposal Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Share Disposal Agreement, the Property Disposal Agreement, the Po Chai Building Tenancy (1), the Po Chai Building Tenancy (2) and the Wo Fung Building Tenancy and the Independent Shareholders in relation to the Share Disposal Agreement and the Property Disposal Agreement.

A circular containing, among other things, details of the Share Disposal Agreement and the Property Disposal Agreement, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice by the independent financial adviser to the Independent Board Committee and the Independent Shareholders, a valuation report pursuant to the Chapter 5 of the Listing Rules and a notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

“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 each of the Share Disposal Vendor and the Property Disposal Vendor;
“connected person”	has the meaning attributed to it in the Listing Rules;
“Controlling Shareholders”	has the meaning attributed to it in the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK Properties”	the properties owned by Mascotte Investments as referred to under the paragraph headed “Information on Mascotte Investments” in the section headed “The Share Disposal” above;
“Honeyard Corporation”	a company incorporated under the laws of the British Virgin Islands and is wholly owned by Honeyard Trust, a discretionary trust of which the family members of Ms. Chan are discretionary beneficiaries;
“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors, established to advise the Independent Shareholders in relation to the Share Disposal Agreement and the Property Disposal Agreement;
“Independent Shareholders”	Shareholders other than Ms. Chan, Honeyard Corporation and Ms. Ms. Wong, Dickie (an executive Director and the daughter of Ms. Chan) and their respective associates;
“Independent Third Party”	third party independent of the Company and connected persons of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Mascotte Investments”	Mascotte Investments Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of the Company;
“Ms. Chan” or “Property Purchaser”	Ms. Chan Oi Ling, Maria Olimpia, an executive Director and the Chairperson of the Company and a controlling shareholder of the Company. Ms. Chan is the purchaser in the Property Disposal and a connected person of the Company;
“Po Chai Building Tenancy (1)”	has the meaning as referred to under the paragraph headed “Information on Mascotte Investments” in the section headed “The Share Disposal” above;
“Po Chai Building Tenancy (2)”	has the meaning as referred to under the paragraph headed “Information on Mascotte Investments” in the section headed “The Share Disposal” above;
“PRC”	People’s Republic of China;
“PRC Property”	the properties known as Shop Units Nos. 201, 202 and 203 on Level 2, Glittery Plaza, No. 65 Qianjin Road, Haizhu District, Guangzhou, Guangdong Province, the PRC;
“Property Disposal”	the disposal of the PRC Property by the Property Disposal Vendor to the Property Purchaser;
“Property Disposal Agreement”	the agreement dated 8 August 2007 entered into between the Property Disposal Vendor and the Property Purchaser relating to the Property Disposal;
“Property Disposal Completion”	the completion of the Property Disposal;
“Property Disposal Consideration”	the total amount of HK\$30,000,000, being the consideration for the Property Disposal;
“Property Disposal Vendor”	Mascotte Hui Zhou Limited, a wholly-owned subsidiary of the Company and the vendor in the Property Disposal;
“Sale Shares”	1,000 ordinary shares of HK\$1 each in the capital of Mascotte Investments, representing the entire issued share capital with voting right of Mascotte Investments;
“SGM”	a special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Disposal Agreement and the Property Disposal Agreement;
“Share Disposal”	the disposal of the Sale Shares and the Shareholder’s Loan by Share Disposal Vendor to the Share Purchaser;
“Share Disposal Agreement”	the agreement dated 8 August 2007 entered into between Share Disposal Vendor and the Share Purchaser relating to the Share Disposal;

“Share Disposal Completion”	the completion of the Share Disposal;
“Share Disposal Consideration”	the total amount of HK\$29,000,000, being the consideration for the Share Disposal;
“Share Disposal Vendor”	Mascotte Group Limited, a wholly-owned subsidiary of the Company and the vendor in the Share Disposal;
“Share Purchaser”	Kada International Investments Limited, a company incorporated under the laws of the British Virgin Islands, which is wholly-owned by Ms. Chan and the purchaser in the Share Disposal. The Share Purchaser is a connected person of the Company;
“Shareholders”	shareholders of the Company;
“Shareholder’s Loan”	all amounts of loans due from Mascotte Investments to the Share Disposal Vendor as at Share Disposal Completion (estimated to be approximately HK\$24 million as at Share Disposal Completion);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wo Fung Building Tenancy”	has the meaning as referred to under the paragraph headed “Information on Mascotte Investments” in the section headed “The Share Disposal” above;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board
Mr. Lam Yu Ho, Daniel
Executive Director

Hong Kong, 8 August 2007

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. Au Yeung Kai Chor, Ms. Wong, Dickie and Mr. Peter Temple Whitlam as executive Directors, Mr. Wong Yui Leung, Larry, Mr. Lui Wai Shan, Wilson, Mr. Cheung Ngai Lam and Mr. Chan Sze Hung as independent non-executive Directors.