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## **MASCOTTE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

### **ANNOUNCEMENT UNCONDITIONAL EXTENSION OF THE LOAN AND NON-EXERCISE OF THE OPTION**

On 15 October 2008, the Company announced that its agreement to extend the repayment date of the Total Outstanding Loan to 4 December 2008 has become unconditional and it has also decided not to exercise the Option to require Hennabun PT to acquire all of the New Debt which remains outstanding at its face value together with all other rights of the Company under the New Amended Facility Letter and the Guarantee.

The Company will make further announcement regarding the above matter as and when required under the Listing Rules.

Reference is made to the circular of the Company dated 22 August 2008 (the “**Circular**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Circular.

#### **CONDITIONAL EXTENSION OF THE LOAN AND EXTENSION OF THE EXERCISE DATE OF THE OPTION**

As disclosed in the Circular, the Company, the Borrower and the Guarantor conditionally agreed to amend and supplement the Amended Facility Letter to further extend the repayment date of the Total Outstanding Loan, from 1 August 2008 to 4 December 2008, subject to early repayment and the Conditions in relation to the due diligence review concerning the 3rd Party Acquisition and the Coal Mine:

- i. interviews with the representatives of the 3rd Party and the relevant professional advisors involved in the 3rd Party Acquisition;
- ii. the existence and the conditions of the Coal Mine; and
- iii. the valuation report of the Coal Mine prepared by an independent valuer in such form and substance to the satisfaction of the Company.

As disclosed in the Circular, Hennabun PT and the Company agreed to amend and supplement the Option Agreement by entering into the Supplemental Agreement to, among others, extend the Exercise Date from 11 August 2008 to 10 October 2008 in light of the conditional extension of the Loan.

## UNCONDITIONAL EXTENSION OF THE LOAN AND NON-EXERCISE OF THE OPTION

On 15 October 2008, the Company announced that its agreement to extend the repayment date of the Total Outstanding Loan to 4 December 2008 has become unconditional and it has also decided not to exercise the Option to require Hennabun PT to acquire all of the New Debt which remains outstanding at its face value together with all other rights of the Company under the New Amended Facility Letter and the Guarantee due to the following reasons:

- i. the Board had interviewed the representatives of the 3rd Party and the relevant professional advisors involved in the 3rd Party Acquisition and had also reviewed certain documents including the mining permit, the documents regarding the ownership structure of the Coal Mine and the draft technical report of the Coal Mine prepared by an independent technical expert. According to the draft technical report, the Coal Mine has approximately 100 million tons of reserve in coal for which the Company considers that the disposal value of such Coal Mine should be far much higher than the Total Outstanding Loan and interest and will not have any shortfall. The Directors understand that the 3rd Party is currently negotiating with a company listed on the Stock Exchange regarding the 3rd Party Acquisition. In view of the recent global financial turmoil, the Board is of the view that the 3rd Party Acquisition may take much longer time and may not be able to complete before the extended repayment date of the Loan, i.e. 4 December 2008. In light of the above, the Board is of the view that it is appropriate to continue the negotiation with the Guarantor in relation to any possible co-investment which may facilitate the repayment of the Total Outstanding Loan by the Borrower as well as providing an investment opportunity to the Company. Therefore, the Board is simultaneously working on an alternative arrangement with the Guarantor concerning the acquisition of two coal mines in Shanxi (the **“Shanxi Coal Mines”**);
- ii. at the same time, the Board has conducted a due diligence review on the Shanxi Coal Mines and also met with the technical adviser specialised in mining from a leading investment bank in relation to the Shanxi Coal Mines which the Guarantor has proposed to acquire the controlling equity interest therein through a group of offshore companies (the **“Offshore Group”**) (the **“Acquisition”**);
- iii. the Board also understands that the leading investment bank is in the course of arranging certain international private equity funds to provide funding for the Guarantor to complete the Acquisition as well as the working capital for the Offshore Group. The fund to be raised is expected to be more than the consideration required for the Acquisition. The Board is of the view that there is a better prospect for the Acquisition to be completed before the extended repayment date of the Total Outstanding Loan, i.e. 4 December 2008 which will enable the Guarantor to utilize part of the fund raised and arrange the repayment of the Total Outstanding Loan on the due date and give rise to a co-investment opportunity between the Company and the Guarantor on the Shanxi Coal Mines;
- iv. the Board has reached a preliminary understanding with the Guarantor regarding the application of certain amount of the Total Outstanding Loan to become the equity interest of the aforesaid Offshore Group if the Acquisition materialises; and
- v. the Company has failed to reach the commercial agreement with Hennabun PT to further extend the exercise date of the Option.

In light of the above, the Board considered that the unconditional extension of the repayment date of the Total Outstanding Loan, its decision to allow the lapse of the Option and the non-exercise of the Option are fair and reasonable and will enable the Company to maintain an amicable relationship with the Borrower and the Guarantor so that it can continue to develop an cooperation opportunity with the Borrower and/or the Guarantor in connection with their investments in the PRC. Accordingly, the Directors are of the view that it is in the interest of the Company to extend the repayment date of the Total Outstanding Loan to 4 December 2008.

As at 14 October 2008, the total principal amount of the Loan which remained outstanding was HK\$160,000,000; the outstanding interest yet to be paid is HK\$17,760,000; and the extension fee yet to be paid is HK\$2,000,000 and all of the amounts shall become due on the extended repayment date of the Total Outstanding Loan, i.e. 4 December 2008. Except for the outstanding interest amount which is accrued on a daily basis, the above amounts remain the same as at the date of this announcement. Since 19 November 2007, i.e. the date of the Facility Letter, the Borrower has repaid a principal amount of the Loan of HK\$40,000,000, an interest of HK\$21,006,027 and an extension fee of HK\$5,000,000. The Company has been regularly updated by the Guarantor regarding the progress of such negotiation and the Company is satisfied with the progress so far.

The Company will make further announcement regarding the above matter as and when required under the Listing Rules.

By order of the Board of  
**Mascotte Holdings Limited**  
**Lo Yuen Wa Peter**  
*Acting Chief Executive Officer*

Hong Kong, 15 October 2008

*As at the date of this announcement, the Board comprises Mr. Peter Temple Whitelam (Chairman), Mr. Lo Yuen Wa Peter (Acting Chief Executive Officer), Mr. Au Yeung Kai Chor and Mr. Lam Suk Ping as executive Directors, Mr. Chan Sze Hung, Ms. Kristi L Swartz and Ms. Hui Wai Man, Shirley as independent non-executive Directors.*