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MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

PROPOSED CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

The Directors propose to put forward a proposal to the Shareholders to effect the Capital Reorganisation comprising (i) a reduction of the issued share capital of the Company whereby the par value of each Share will be reduced from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 of the paid up capital on each Share of HK\$0.10; (ii) the application of the credit arising from the Capital Reduction to cancel the accumulated losses of the Company (if any) as of the effective date of the Capital Reduction and for the balance (if any) to be transferred to the contributed surplus account of the Company and (iii) immediately following the Capital Reduction, the consolidation of every ten issued Reduced Shares of HK\$0.01 each into one Adjusted Share of HK\$0.10.

The Directors also propose to change the board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 4,000 Adjusted Shares.

A circular containing, among other things, details of the Capital Reorganisation, Change in Board Lot Size and the notice convening the SGM to approve the Capital Reorganisation will be despatched to Shareholders as soon as practicable.

PROPOSED CAPITAL REORGANISATION

The Directors propose to put forward a proposal to the Shareholders to effect the Capital Reorganisation pursuant to the Companies Act which will involve:

- (a) a Capital Reduction under which the par value of each Share will be reduced from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 of the paid up capital on each Share of HK\$0.10;
- (b) the application of the credit arising from the Capital Reduction to cancel the accumulated losses of the Company (if any) as of the effective date of the Capital Reduction and for the balance (if any) to be transferred to the contributed surplus account of the Company; and
- (c) the Share Consolidation under which every ten issued Reduced Shares of HK\$0.01 each will be consolidated into one Adjusted Share of HK\$0.10.

As at the date of this announcement, the authorised share capital of the Company was HK\$1,000,000,000 divided into 10,000,000,000 Shares and the issued share capital of the Company was HK\$285,924,015 divided into 2,859,240,150 Shares.

Assuming no further Shares will be issued between the date of this announcement and the SGM, immediately upon the Capital Reorganisation becoming effective, the authorised share capital of the Company will remain as HK\$1,000,000,000 divided into 10,000,000,000 shares of HK\$0.10 each and the issued share capital of the Company will be reduced from HK\$285,924,015 to HK\$28,592,401.5 divided into 285,924,015 Adjusted Shares, giving rise to a total credit of approximately HK\$257,331,613.5 which will be applied to set off the accumulated losses of the Company as of the effective date of the Capital Reduction and the balance, if any, to be transferred to the contributed surplus account of the Company.

As at the date of this announcement, the Company has no outstanding options, warrants, conversion rights or other similar rights giving rights to subscribe for the Shares.

Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effected in accordance with the Bye-Laws of the Company and the Companies Act) is conditional upon:

- (a) passing by the Shareholders of the relevant resolution(s) at the SGM approving the Capital Reorganisation;
- (b) publication of a notice of capital reduction in Bermuda in accordance with section 46(2)(a) of the Companies Act;
- (c) on the date on which the Capital Reduction is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they fall due; and
- (d) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Adjusted Shares to be issued following completion of the Capital Reorganisation.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares to be issued and allotted upon the Capital Reorganisation becoming effective.

Effect of the Capital Reorganisation

The expected market price per Adjusted Share is HK\$0.93 based on the closing price of HK\$0.093 per Share as quoted on the Stock Exchange on the date of this announcement, adjusted for the effect of the Share Consolidation.

Implementation of the Capital Reorganisation would not, by itself, alter the underlying assets, liabilities, businesses, management or financial position of the Group and the Company or the rights of the Shareholders, except for payment of the related expenses.

The Adjusted Shares will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the rights of the Shareholders. However, fractional Adjusted Shares will not be issued to the Shareholders but will be aggregated and sold for the benefit of the Company.

Trading Arrangement

Subject to the Capital Reorganisation becoming effective, the Shareholders may, during the period from 4 March 2009 to 9 April 2009 (both dates inclusive), submit their existing certificates in orange colour for the Shares to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for exchange, at the expense of the Company, for new certificates in purple colour for the Adjusted Shares. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each certificate issued or cancelled, whichever is higher. The new share certificates in purple colour will be made available for Shareholder's collection on or before the first day of parallel trading assuming the Shareholders submit their existing certificates in orange colour for free exchange of the new certificates in purple colour on 4 March 2009. Certificates for the Shares will continue to be good evidence of legal title and may be exchanged for certificates for Adjusted Shares at any time at the expense of the Shareholders.

In order to alleviate the difficulties arising from the existence of odd lots of Adjusted Shares, the Company has appointed Chung Nam Securities Limited to stand in the market to provide matching services for odd lots of Adjusted Shares on a best effort basis during the period from 18 March 2009 to 7 April 2009 (both dates inclusive). Holders of odd lots of the Adjusted Shares who wish to take advantage of this facility may contact Mr. Cecil Chan of Chung Nam Securities Limited at telephone number (852) 3198 0838 during this period. Shareholders should note that the above matching service is on a best effort basis only and successful matching of the sale and purchase of odd lots of Adjusted Shares is not guaranteed. Shareholders who are in any doubt about such matching service are recommended to consult their own professional advisers.

Reasons

Since 6 January 2009, Shares have been trading at prices below their nominal value of HK\$0.10 each. As mentioned above, the closing price of the Share on the Stock Exchange on the day of this announcement was HK\$0.093 per Share. Under the laws of Bermuda, it is not permissible for a company to issue shares at a discount to the nominal value of its share. With a view to facilitating any capital raising exercise when circumstances arise in the future, the Board proposes the Capital Reorganisation, which has the effect of consolidating ten issued Reduced Shares of HK\$0.01 each to one Adjusted Share of HK\$0.10 by way of the Capital Reorganisation. In addition, the Company may apply the credit arising from the Capital Reduction to set off against the accumulated losses of the Company. Therefore, the Directors consider that the Capital Reorganisation to be in the interests of the Company and the Shareholders.

CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 2,000 Shares each. The Company proposes the Change in Board Lot Size (i.e. the change of the board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 4,000 Adjusted Shares) with effect from 18 March 2009, upon the Capital Reorganisation becoming effective.

Assuming the Capital Reorganisation and the Change in Board Lot Size becomes effective, the Adjusted Shares will be traded in board lots of 4,000 Adjusted Shares and the estimated market value per board lot of the Adjusted Shares will be HK\$3,720, based on the closing price of HK\$0.93 per Adjusted Share (based on the closing price of HK\$0.093 per Share as quoted on the Stock Exchange on the date of this announcement and adjusted for the effect of the Share Consolidation). The Change in Board Lot Size is conditional on the Capital Reorganisation becoming effective.

The Change in Board Lot Size is expected to bring about a corresponding upward adjustment in the trading price of the Adjusted Shares on the Stock Exchange, which will reduce the overall transaction costs for dealings in the Adjusted Shares.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation and the Change in Board Lot Size is set out below:

2009

Latest time for lodging the proxy form for the SGM.	9:00 a.m. on 1 March
Date and time of the SGM	9:00 a.m. on 3 March
Announcement of the results of the SGM	3 March
Effective date and time of the Capital Reorganisation.	9:30 a.m. on 4 March
First day of the free exchange of existing share certificates in orange colour for new share certificates in purple colour for Adjusted Shares.	4 March
Dealing in Adjusted Shares commences	9:30 a.m. on 4 March
Original counter for trading in existing shares (in board lots of 2,000 existing shares) temporarily closes	9:30 a.m. on 4 March
Temporary counter for trading in Adjusted Shares (in board lots of 200 Adjusted Shares in the form of existing share certificates in orange colour) opens	9:30 a.m. on 4 March
Original counter for trading in Adjusted Shares (in board lots of 4,000 Adjusted Shares in the form of new share certificates in purple colour) re-opens.	9:30 a.m. on 18 March
Parallel trading in the Adjusted Shares (in the form of new share certificates in purple colour and existing share certificates in orange colour) commences	9:30 a.m. on 18 March
Designated broker starts to stand in the market to provide matching services	9:30 a.m. on 18 March
Temporary counter for trading in Adjusted Shares (in board lots of 200 Adjusted Shares in the form of existing share certificates in orange colour) closes	4:10 p.m. on 7 April
Parallel trading in the Adjusted Shares (in the form of new share certificates in purple colour and existing share certificates in orange colour) ends	4:10 p.m. on 7 April

Designated broker ceases to stand in the market to
provide matching services 4:10 p.m. on 7 April

Last day for free exchange of the share certificates for
existing share certificates in orange colour for
new share certificates in purple colour for Adjusted Shares 9 April

All times and dates in this announcement refer to Hong Kong local times and dates. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable will be announced as and when appropriate.

GENERAL

A circular containing, among other things, further particulars of the Capital Reorganisation, Change in Board Lot Size and the notice of the SGM, will be despatched to the Shareholders as soon as possible in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the meanings respectively set opposite them unless the context requires otherwise:

“Adjusted Share(s)”	new ordinary shares of HK\$0.10 each in the capital of the Company upon the Capital Reorganisation becoming effective
“Application of Credit”	the proposed application of the credit arising from the Capital Reduction to cancel the accumulated losses of the Company (if any) as of the effective date of the Capital Reduction and the transfer of the balance (if any) to the contributed surplus account of the Company
“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the par value of each issued Share from HK\$0.10 to HK\$0.01 by canceling the paid up capital to the extent of HK\$0.09 on each issued Share
“Capital Reorganisation”	the Capital Reduction, Application of Credit and the Share Consolidation
“Change in Board Lot Size”	the proposed change in the board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 4,000 Adjusted Shares
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Mascotte Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Reduced Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company immediately after the Capital Reduction but before the Share Consolidation becoming effective
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Capital Reorganisation
“Share(s)”	existing ordinary share(s) of HK\$0.10 each in the capital of the Company before the Capital Reorganisation becoming effective
“Share Consolidation”	the proposed consolidation of every ten issued Reduced Shares into one Adjusted Share
“Shareholder(s)”	registered holder(s) of the Share(s), Reduced Shares(s) or Adjusted Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board of
Mascotte Holdings Limited
Peter Temple Whitelam
Chairman

Hong Kong, 16 January 2009

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