
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

PROPOSED RENEWAL OF GENERAL MANDATES AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

VINCO 
Grand Vinco Capital Limited

A letter from the Independent Board Committee is set out on page 8 of this circular and a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 9 to 14 of this circular.

A notice convening the SGM to be held on Wednesday, 11 July 2007 at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong at 11:00 a.m. is set out on pages 18 to 21 of this circular. Whether or not Shareholders are able to attend the SGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's registrar in Hong Kong, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM should Shareholders so wish.

25 June 2007

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
INTRODUCTION	3
PROPOSED REPURCHASE MANDATE	4
AUGUST 2006 NEW ISSUE MANDATE	4
REASONS FOR RENEWAL OF THE GENERAL MANDATES	4
PROPOSED NEW ISSUE MANDATE	5
SGM	5
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL	5
RECOMMENDATION	6
PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS	6
GENERAL	7
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	8
LETTER FROM VINCO	9
APPENDIX I – EXPLANATORY STATEMENT	15
NOTICE OF SPECIAL GENERAL MEETING	18

DEFINITIONS

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

“associate”	the meaning ascribed to it in the Listing Rules;
“August 2006 New Issue Mandate”	the mandate granted to the Directors at the annual general meeting of the Company held on 23 August 2006 to issue and allot new Shares;
“Board”	the board of directors of the Company;
“Company”	Mascotte Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange;
“Connected Persons”	the meaning ascribed thereto in the Listing Rules;
“Directors”	the directors of the Company;
“General Mandates”	the Issue Mandate and Repurchase Mandate;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	an independent committee of the Board appointed by the Directors to advise the Independent Shareholders in respect of the New Issue Mandate;
“Independent Shareholders”	any Shareholders other than controlling Shareholders of the Company and their associates or, where there are no controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates;
“Latest Practicable Date”	22 June 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

DEFINITIONS

“New Issue Mandate”	the mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued capital of the Company on the date of the SGM and to extend such mandate to include the Shares repurchased under the Repurchase Mandate;
“Placing”	the placing of the Placing Shares by the Placing Agent under the terms of the Placing Agreement;
“Placing Agent”	Chung Nam Securities Limited;
“Placing Agreement”	an agreement dated 8 June 2007 between the Placing Agent and the Company in relation to the Placing of the Placing Shares;
“Placing Condition”	the condition for the Placing as described in the section headed “Placing Condition” above;
“Placing Shares”	up to 64,800,000 new Shares in the Company to be placed under the Placing Agreement;
“Repurchase Mandate”	the mandate proposed to be sought at the SGM to authorise the Directors to repurchase Shares on the Stock Exchange up to 10% of the issued share capital of the Company on the date of the SGM;
“SGM”	the special general meeting of the Company to be convened on Wednesday, 11 July 2007 at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong at 11:00 a.m. to approve refreshment of the General Mandates and increase in authorised share capital;
“Share(s)”	ordinary shares of a par value of HK\$0.10 each in the Company;
“Shareholders” or “members”	holders of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vince”	Grand Vince Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the New Issue Mandate.

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. Au Yeung Kai Chor
Ms. Wong, Dickie

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
Mr. Chan Sze Hung

*Head Office and Principal Place
of Business in Hong Kong:*

1st Floor
Po Chai Industrial Building
28 Wong Chuk Hang Road
Aberdeen
Hong Kong

25 June 2007

To the Shareholders

Dear Sir/Madam,

PROPOSED RENEWAL OF GENERAL MANDATES AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

INTRODUCTION

It was stated in the Company's announcement dated 11 June 2007 that, inter alia, the Company proposes to seek a refreshment of the General Mandates and an increase in authorised share capital at the SGM.

The purpose of this circular is to set out (i) details of the renewal of General Mandates and increase in authorised share capital; (ii) the recommendation from the Independent Board Committee on the renewal of the New Issue Mandate; (iii) the recommendation from Vinco to the Independent Board Committee and the Independent Shareholders on the renewal of the New Issue Mandate; and (iv) a notice convening the SGM at which resolutions will be proposed to the shareholders to consider and, if thought fit, approve the renewal of General Mandates, and increase in authorised share capital.

LETTER FROM THE BOARD

PROPOSED REPURCHASE MANDATE

At the SGM, it is proposed, by way of an ordinary resolution, that the Directors of the Company be given a general and unconditional mandate to exercise all powers of the Company to repurchase Shares on the Stock Exchange up to a maximum of 10% of the issued share capital of the Company at the date of the SGM.

An explanatory statement containing information relating to the Repurchase Mandate as required pursuant to the Listing Rules, is set out in Appendix I to this circular.

AUGUST 2006 NEW ISSUE MANDATE

At the annual general meeting held on 23 August 2006, the Shareholders approved, amongst other things, an ordinary resolution to grant to the Directors the August 2006 New Issue Mandate to issue Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution. This was a mandate to allot and issue up to 84,800,020 new Shares.

On 23 November 2006, 20,000,000 Shares were issued and allotted pursuant to the August 2006 New Issue Mandate as consideration for the acquisition of Hop Shing Trading Limited, details of which were disclosed in the announcement of the Company dated 3 November 2006.

As disclosed in the Company's announcement dated 11 June 2007, the Company agreed to place through Chung Nam Securities Limited 64,800,000 Shares at a price of HK\$0.45 per Share. Gross proceeds raised were HK\$29.16 million. It was disclosed in the announcement that the proceeds will be for general working capital or other investments in future. The Placing was recently completed. The proceeds have not been utilised yet but the Company intends to apply the proceeds towards general working capital or other investments in future. The Company does not have any identified investment plans at present. Only 20 Shares remain unissued under the August 2006 New Issue Mandate.

REASONS FOR RENEWAL OF THE GENERAL MANDATES

The Company does not have any plans at present to use the New issue Mandate. However, the Directors consider that the Renewal of the New Issue Mandates provides flexibility for the Company to raise capital for business development or to issue shares as consideration for investments if and when opportunities arise without having to wait for a shareholders meeting to be convened once a fund raising or investment opportunity arises to approve a new issue mandate which may cause delays and jeopardise negotiations. The Board believes that the information contained in this Letter from the Board, the letter of the Independent Board Committee and the Letter from Vinco provide sufficient information for shareholders to make a considered decision on the refreshment of the New Issue Mandate. By refreshing the Repurchase Mandate, the number of shares to be repurchased will be greater than that permitted under the repurchase mandate approved at the annual general meeting of the Company held on 23 August 2006 as the Company now has a larger capital base. There are no

LETTER FROM THE BOARD

plans to utilise the Repurchase Mandate at this stage. The Extension Mandate allows the Company issue more shares if the Repurchase Mandate is utilised. The Board is of the view that it is beneficial to the Company to take the opportunity to refresh the Repurchase Mandate and to approve the Extension Mandate at the same time as the New Issue Mandate is refreshed.

PROPOSED NEW ISSUE MANDATE

At the SGM, it is proposed by way of ordinary resolution that the Directors of the Company be given a general and unconditional mandate to exercise all powers of the Company to issue new Shares in the Company up to 20% of the issued share capital of the Company on the date of the SGM. Based on the issued share capital of the Company as at the Latest Practicable Date of 524,800,100 Shares and there are no further changes in the issued share capital until the date of the SGM, the New Issue Mandate will allow the Directors to issue and allot up to 104,960,020 new Shares. In addition, it is further proposed, by way of a separate ordinary resolution, that the New Issue Mandate be extended so that the Directors of the Company be given a general mandate to issue further shares in the Company equal to the aggregate nominal value of the Shares repurchased by the Company under the Repurchase Mandate, provided that such extended amount does not exceed 10% of the issue of the Company as at the date of the SGM.

SGM

Pursuant to Rule 13.36(4)(a) of the Listing Rules, the New Issue Mandate requires the approval of the Independent Shareholders at the SGM at which the controlling shareholders and their associates or if there are no controlling shareholders, the Directors (excluding the independent non-executive directors) and their associates to abstain from voting in favour of the resolutions to be proposed in respect of the New Issue Mandate. Honeyard Corporation, holding 193,340,000 Shares representing approximately 36.84% of the issued share capital of the Company as at the Latest Practicable Date and the controlling shareholder of the Company, shall abstain from voting in favour of the relevant resolutions in relation to refreshment of the mandate to issue Shares at the SGM pursuant to the Listing Rules.

Pursuant to Rule 13.39(4)(b) of the Listing Rules, the vote of the Independent Shareholders in respect of the New Issue Mandate at the SGM will be taken by poll.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the New Issue Mandate. Vinco has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in this regard.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares of which 524,800,100 Shares are in issue. In order to accommodate future expansion and growth of the Group, the Company proposes to increase its authorised share capital from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 Shares by the creation of additional 900,000,000 unissued Shares of HK\$0.10 each.

LETTER FROM THE BOARD

The proposed increase in authorised share capital of the Company is conditional upon the approval by the Shareholders by way of an ordinary resolution at the SGM.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 8 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning the New Issue Mandate and the letter from Vinco set out on pages 9 to 14 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in this regard. The Independent Board Committee, having taken into account the advice of Vinco in relation to the New Issue Mandate, is of the opinion that the New Issue Mandate is in the best interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommended the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to renew the New Issue Mandate.

The Board is of the opinion that the renewal of the Repurchase Mandate and the increase in authorised share capital are in the best interests of the Company and Shareholders as a whole and recommends Shareholders to vote in favour of such resolutions at the SGM.

PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

It is stated in Bye-law 66 of the Bye-laws that a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights of all members having the right to vote at the meeting.

LETTER FROM THE BOARD

GENERAL

The notice of the SGM is set out on pages 18 to 21 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not Shareholders are able to attend the SGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the registrar of the Company in Hong Kong, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM should Shareholders so wish.

Your attention is also drawn to the additional information set out in Appendix I to this circular.

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



MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

25 June 2007

To the Shareholders,

Dear Sir or Madam,

RENEWAL OF NEW ISSUE MANDATES

We have been appointed as members of the Independent Board Committee to advise you in connection with the New Issue Mandate, details of which are set out in the letter from the Board in a circular dated 25 June 2007 issued by the Company to the Shareholders (the “Circular”), of which this letter forms a part. The terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Your attention is drawn to the letter from Vinco concerning its advice to us regarding the New Issue Mandate as set out on pages 9 to 14 of the Circular. Having considered the advice given by Vinco and the principal factors and reasons taken into consideration by them in arriving at its advice, we are of the opinion that the New Issue Mandate is in the best interests of the Company and its Shareholders as a whole, and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to renew the New Issue Mandate.

Yours faithfully,

By order of the board of

Independent Board Committee

Wong Yui Leung, Larry, Lui Wai Shan, Wilson, Cheung Ngai Lam and Chan Sze Hung

Independent non-executive Directors

LETTER FROM VINCO

The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders in connection with the proposed New Issue Mandate, which has been prepared for the purpose of incorporation in this Circular:



Grand Vinco Capital Limited
Unit 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

25 June 2007

*To the Independent Board Committee and
the Independent Shareholders of
Mascotte Holdings Limited*

Dear Sirs,

NEW ISSUE MANDATE TO ISSUE SHARES

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed New Issue Mandate, details of which are set out in the "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 25 June 2007 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

In accordance with Rule 13.36 (4) of the Listing Rules, the proposed New Issue Mandate requires the approval of the Independent Shareholders at which Honeyard Corporation shall abstain from voting at the SGM. As at the Latest Practicable Date, Honeyard Corporation was interested in as to approximately 36.84% of the entire issued share capital of the Company upon completion of the Placing. Voting of the Independent Shareholders at the SGM shall be taken by poll according to Rule 13.39 (4) (b) of the Listing Rules.

The Independent Board Committee, comprising Mr. Wong Yui Leung, Larry, Mr. Lui Wai Shan, Wilson, Mr. Cheung Ngai Lam and Mr. Chan Sze Hung, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the proposed New Issue Mandate are fair and reasonable so far as the Independent Shareholders are concerned and whether the proposed New Issue Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM VINCO

BASIS OF OUR OPINION AND RECOMMENDATION

In compliance with rule 13.80 of the Listing Rules, in forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed New Issue Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM VINCO

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the proposed New Issue Mandate, we have considered the principal factors and reasons set out below:

Background of and reasons for the proposed New Issue Mandate

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.

The August 2006 New Issue Mandate was granted to the Directors to allot and issue shares at the annual general meeting held on 23 August 2006 (the “AGM”) pursuant to Rule 13.36 (2) of the Listing Rules and it was partly utilized as a result of (i) 20,000,000 Shares have been issued and allotted as consideration for the acquisition of Hop Shing Trading Limited as announced by the Company on 3 November 2006; and (ii) the Placing of 64,800,000 new Shares under the Placing Agreement dated 8 June 2007. As at the Latest Practicable Date, 20 Shares remained unutilized under the August 2006 New Issue Mandate.

The Board proposed to pass an ordinary resolution at the SGM to approve the proposed New Issue Mandate in accordance with Rule 13.36 (4) of the Listing Rules to allow flexibility to issue any additional new Shares so that the Directors would be granted to allot and issue not exceeding 20% of the issued share capital of the Company as at the date of the SGM. The proposed New Issue Mandate will be in force when it is approved by the Independent Shareholders at the SGM.

Fund raising activities in the past 12 months

The following table summarizes the information relating to the Company’s fund raising activities in the past 12 months:

Date of Announcement	Event	Net proceeds	Intended use of proceeds
12 June 2007	Placing of 64,800,000 new Shares	Approximately HK\$28.2 million	As the general working capital of the Company and/or investments

The unaudited bank balances and cash of the Group was approximately HK\$18 million as at 30 September 2006 according to the 2006 interim report of the Group. The Company received (i) an amount of approximately HK\$28.2 million resulting from the Placing completed on 21 June 2007 which is intended to be used as the general working capital of the Company and/or investments (as advised by the Directors, the Group has not identified any suitable investments as at Latest Practicable Date); (ii) the Company will receive a sum of HK\$30 million from a disposal of Company holding properties as announced on 4 June 2007 on or

LETTER FROM VINCO

before 30 June 2007; and (iii) the Company will receive approximately HK\$29 million from a disposal of property as announced on 12 June 2007 to be completed on or before 29 June 2007. As advised by the Directors, the net proceeds from the Placing have not been utilized by the Company as at the Latest Practicable Date. The Directors confirmed that the existing cash resources of the Group are sufficient for it to conduct its daily operations and the Group has sufficient working capital to meet its present requirements. However, there is no certainty that such cash resources will be adequate for possible acquisition of appropriate investments that may be identified by the Company in the future. In the event that the Group identifies a suitable investment opportunity and does not have sufficient cash resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity capital market, or it cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Group may lose its bid in an otherwise favourable investment.

Financial flexibility

The Directors believed that the granting of the New Issue Mandate will provide the Company with additional flexibility in deciding the source of finance for any acquisition opportunities that may arise in the future and for the purpose of raising general working capital of the Group. As at the Latest Practicable Date, the Directors confirmed that there is no proposal for any investment or acquisition of the Group, we noted that the Directors cannot perceive whether or not there will be any issue of Shares as at the Latest Practicable Date and the amount thereof and the application of such proceeds.

We consider that the granting of the New Issue Mandate could enhance the financing flexibility of the Company to raise capital and to strengthen the capital base of the Group, if and when required, through placing of Shares for further development of the Group. In addition, the Directors consider that if investment or acquisition opportunities arise, decisions may have to be made within a short period of time. The proposed New Issue Mandate would provide the Group with the maximum flexibility as allowed under the Listing Rules to allot and issue new Shares to raise capital through placing of Shares as consideration for funding such potential investments and/or acquisitions in the future as and when such opportunities arise. The increased amount of capital which may be raised under the New Issue Mandate provides more options of financing to the Group when assessing and negotiating potential acquisitions in a timely manner.

Other financing alternatives

Other than raising fund by way of issuing equity capital, the Directors will consider other financing methods such as bank financing, debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group, depending on the then financial position, capital structure and cost of funding of the Group and the then market condition. As confirmed by the Directors, the proposed New Issue Mandate provides another alternative to the Directors to finance the Group's businesses and the Directors will use the method which serves the best interest of the Group. We consider that it is a sensible consideration to make reference to the then financial position of the Group in order to decide on a financing method for the future development of the Group.

LETTER FROM VINCO

Potential dilution to shareholding of the Independent Shareholders

	Existing shareholding after the Placing as at the Latest Practicable Date		Shareholding after full utilization of the New Issue Mandate	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Honeyard Corporation (<i>note 1</i>)	193,340,000	36.84%	193,340,000	30.70%
Golden Mount Limited (<i>note 2</i>)	31,380,000	5.98%	31,380,000	4.98%
Bestco Worldwide Investment Limited	80,000,000	15.24%	80,000,000	12.70%
Wong, Dickie (<i>note 3</i>)	3,500,000	0.67%	3,500,000	0.56%
New issue under the New Issue Mandate	0	0.00%	104,960,020	16.67%
Other public Shareholders	<u>216,580,100</u>	<u>41.27%</u>	<u>216,580,100</u>	<u>34.39%</u>
 Total	 <u>524,800,100</u>	 <u>100.00%</u>	 <u>629,760,120</u>	 <u>100.00%</u>

Notes:

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 are discretionary beneficiaries.
2. A company holds 31,380,000 shares of Mascotte Holdings Limited, and Mr. Chim Pui Chung is the controlling shareholder of Golden Mount Limited. Therefore, Mr. Chim is a substantial shareholder of the Company.
3. A Director, and is the daughter of Ms. Chan Oi Ling, Maria Olimpia.

For illustrative purpose, (i) assuming that the New Issue Mandate is approved by the Independent Shareholders at the SGM and; (ii) the New Issue Mandate is fully utilized, 104,960,020 Shares will be issued, representing 20% of the entire issued share capital of the Company after the Placing, and approximately 16.67% of the entire issued share capital of the Company as enlarged by the Shares issued under the New Issue Mandate respectively.

The aggregate shareholding of the Independent Shareholders will decrease from approximately 41.27% to approximately 34.39% upon full utilization of the New Issue Mandate, a potential maximum dilution of approximately 6.88%. Taken into account that the New Issue Mandate (i) will provide an alternative to increase the amount of capital which may be raised under the New Issue Mandate; (ii) provides more options of financing to the Group for further development of its business as well as in other potential future investment and/or acquisitions as and when such opportunities arise and; (iii) the fact that the shareholding of all the Shareholders will be diluted proportionally to their respective shareholdings upon any utilization of the New Issue Mandate, we consider such potential maximum dilution to shareholdings of the Independent Shareholders to be justifiable.

LETTER FROM VINCO

CONCLUSION

Having taken into consideration of the following principal factors and reasons:

- (i) the New Issue Mandate provides the Company with additional financial flexibility;
- (ii) the Directors will consider other financing methods with reference to the then financial position of the Group; and
- (iii) the shareholding of all the Shareholders will be diluted proportionally to their respective shareholdings upon any utilization of the New Issue Mandate,

we are of the view that the proposed New Issue Mandate is fair and reasonable, so far as the Independent Shareholders are concerned and that the proposed New Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the proposed New Issue Mandate.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide all the information in relation to the Repurchase Mandate for your consideration.

SHARE CAPITAL

As at the Latest Practicable Date, there were 524,800,100 Shares in issue. Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the date of the SGM, the Company would be authorised to repurchase up to a maximum of 52,480,010 Shares.

REASONS FOR THE REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to have general authority from the Shareholders to enable the Directors to repurchase Shares on the Stock Exchange. Such repurchase may, depending on marketing conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its Shareholders.

FUNDING OF THE REPURCHASES

In repurchasing the securities, the Company may only apply funds legally available for such purpose in accordance with the memorandum and bye-laws of the Company and the laws of Bermuda.

There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest published audited accounts of the Company for the year ended 31 March 2006), in the event that the proposed Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Per Share	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2006		
June	0.22	0.20
July	0.22	0.19
August	0.24	0.21
September	0.62	0.21
October	0.52	0.41
November	0.45	0.40
December	0.50	0.40
2007		
January	0.49	0.34
February	0.47	0.39
March	0.50	0.39
April	0.47	0.39
May	0.68	0.46
June (up to the Latest Practicable Date)	0.68	0.50

DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any of the Shares to the Company.

No connected person (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell any of the Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules and the laws of Bermuda.

EFFECT OF THE TAKEOVERS CODE

If a shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purpose of the Hong Kong Codes on Takeovers and Mergers and Share Repurchases ("Takeovers Code"). Accordingly, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Honeyard Corporation held 193,340,000 Shares, representing approximately 36.84% of the existing issued share capital of the Company, and will hold approximately 40.93% of the issued share capital of the Company in the event the Repurchase Mandate is exercised in full based on the issued share capital of the Company as at the Latest Practicable Date. Assuming that there are no alterations to the existing shareholdings in the Company, so far as the Directors are aware, the exercise of the Repurchase Mandate in full may give rise to an obligation Honeyard Corporation (and parties acting in concert with it) to make a mandatory offer under Rule 26 of the Takeovers Code.

SHARE REPURCHASES MADE BY THE COMPANY

No repurchase of the Shares (whether on the Stock Exchange or otherwise) has been made by the Company during the six months preceding the Latest Practicable Date.

NOTICE OF SPECIAL GENERAL MEETING



MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

NOTICE IS HEREBY GIVEN that a special general meeting of Mascotte Holdings Limited (the “Company”) will be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong at 11:00 a.m. on Wednesday, 11 July 2007 for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT**

- (A) subject to paragraph (C) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (B) the Directors be and are authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs 1(A) and (B), otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the Bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

NOTICE OF SPECIAL GENERAL MEETING

(D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

2. **“THAT:**

- (A) subject to paragraph (C) below, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase securities in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to purchase such securities are subject to and in accordance with all applicable laws, be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its securities at a price determined by the Directors;
- (C) the aggregate nominal amount of securities in the capital of the Company purchased or agreed conditionally or unconditionally to be purchased by the Company pursuant to the approval in paragraph (A) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution and the said approval shall be limited accordingly; and

NOTICE OF SPECIAL GENERAL MEETING

(D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

3. “**THAT** conditional upon the passing of the ordinary resolutions numbered 1 and 2 in the notice convening the meeting dated 25 June 2007, the aggregate nominal amount of the shares in the capital of the Company which are purchased by the Company pursuant to and in accordance with the said resolution numbered (2) shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the ordinary resolution numbered (1) set out in the notice of the meeting dated 25 June 2007 provided that such additional amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”
4. “**THAT** the authorised share capital of the Company be increased from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 Shares by the creation of additional 900,000,000 unissued Shares of HK\$0.10 each.”

By Order of the Board
Mascotte Holdings Limited
Ms. Chan Oi Ling, Maria Olimpia
Chairperson

Dated 25 June 2007

Registered Office:

1st Floor
Po Chai Industrial Building
28 Wong Chuk Hang Road
Aberdeen
Hong Kong

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. A form of proxy to be used for the meeting is enclosed.
2. Any member entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch registrar in Hong Kong, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.
7. As at the date of this notice, the Executive Directors of the Company are Ms. Chan Oi Ling, Maria Olimpia (Chairperson), Mr. Lam Yu Ho, Daniel (Managing Director), Mr. Au Yeung Kai Chor and Ms. Wong, Dickie; and the Independent Non-executive Directors of the Company are Mr. Wong Yui Leung, Larry, Mr. Lui Wai Shan, Wilson, Mr. Cheung Ngai Lam and Mr. Chan Sze Hung.