
IMPORTANT

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mascotte Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

DISCLOSEABLE TRANSACTION

DISPOSAL OF 100% INTEREST IN A COMPANY HOLDING PROPERTIES

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DEFINITIONS

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

“Agreement”	the agreement dated 30 May 2007 entered into between the Vendor and the Purchaser relating to the Disposal
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Mascotte Holdings Limited, a company incorporated under the laws of Bermuda, the issued shares of which are listed on the Stock Exchange and the holding company of the Vendor
“Completion”	the completion of the Disposal
“connected person”	has the meaning attributed to it in the Listing Rules
“Consideration”	the total amount of HK\$30,000,000, being the consideration for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share and the Shareholder’s Loan by the Vendor to the Purchaser
“Group”	the Company and its subsidiaries
“Hop Shing”	Hop Shing Trading Limited, a company incorporated under the laws of the British Virgin Islands
“Hop Shing Group”	Hop Shing and its subsidiary
“Independent Third Party (Parties)”	third parties independent of the Company and connected persons of the Company
“Latest Practicable Date”	22 June 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China

DEFINITIONS

“Properties”	Property A and Property B
“Property A”	means the property known as The Remaining Portion of Section B of Subsection 1 of Section G of Inland Lot No. 1297 together with the messuages erections and buildings thereon now known as No. 4 Hau Wo Street, Hong Kong, adjoining the Property B
“Property B”	means the property known as The Remaining Portion of Section A of Subsection 1 of Section G of Inland Lot No. 1297 together with the messuages erections and buildings thereon now known as No. 2 Hau Wo Street, Hong Kong, adjoining the Property A
“Purchaser”	Great Asia Properties Limited, a company incorporated under the laws of British Virgin Islands, an Independent Third Party
“Sale Share”	1 share of US\$1.00 each in the capital of Hop Shing, representing the entire issued share capital of Hop Shing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Shareholder’s Loan”	all amounts of loans due from Hop Shing to the Vendor as at Completion (estimated to be approximately HK\$12.7 million as at Completion)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mascotte Group Limited, a company incorporated under the laws of the British Virgin Islands and a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

Executive directors:

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

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

Mr. 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 or Madam,

DISCLOSEABLE TRANSACTION

DISPOSAL OF 100% INTEREST IN A COMPANY HOLDING PROPERTIES

INTRODUCTION

It was announced on 4 June 2007 that on 30 May 2007, the Vendor (a wholly owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to dispose of, among other things, the entire issued share capital of Hop Shing to the Purchaser at a consideration of HK\$30,000,000.

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

LETTER FROM THE BOARD

THE AGREEMENT

Date : 30 May 2007

Parties : (1) Mascotte Group Limited as the Vendor, a wholly-owned subsidiary of the Company; and
(2) Great Asia Properties Limited as the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser is an investment holding company and the Purchaser (and its ultimate beneficial owner(s)) are Independent Third Parties.

Interests to be disposed:

- (1) Sale Share : 1 share of US\$1.00 each in the capital of Hop Shing, representing 100% of the issued share capital of Hop Shing
- (2) Shareholder's Loan : All amounts of loans due from Hop Shing to the Vendor as at Completion (estimated to be approximately HK\$12.7 million as at Completion)

As at Completion, the Properties will be the only material assets held by the Hop Shing Group. Upon Completion, Hop Shing will cease to be a subsidiary of the Company.

Consideration:

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

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

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser, taking into account a valuation of an independent valuer in respect of the market value of the Properties at HK\$30,400,000 as at 31 March 2007.

Conditions:

Completion is conditional upon, among other things:

- (a) completion of the transfer of the Property B to the Hop Shing Group from another member of the Group; and

LETTER FROM THE BOARD

- (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 Agreement and the transactions contemplated thereunder with respect to the Company having been obtained by the Vendor.

The Purchaser shall be entitled to waive any of the conditions set out above (other than condition (b)) in whole or in part. If any of the conditions shall not have been satisfied (or as the case may be, waived by the Purchaser) on or before 30 June 2007 (or such other date as may be agreed by the Vendor and the Purchaser), the Agreement shall automatically terminate and none of the parties to the Agreement shall have any claim whatsoever against the other party (save for any antecedent breaches of the terms thereof) provided that the Vendor shall return to the Purchaser the amount paid by it under the Agreement forthwith.

As at the Latest Practicable Date, the above conditions (a) and (b) have been satisfied. Property B was transferred to the Hop Shing Group from Mascotte Investments Limited, a wholly owned subsidiary of the Company on 13 June 2007 for the consideration of HK\$7,800,000.

In addition, Completion is also subject to the Group having proved a good and marketable title to the Properties in accordance with the terms of the Agreement, which is yet to be satisfied by the Group. The Vendor's legal advisors are still answering requisitions on the Properties raised by the Purchaser's legal advisors.

Completion:

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

INFORMATION ON HOP SHING

Hop Shing is a limited liability company incorporated under the laws of the British Virgin Islands on 8 August 2005. The Hop Shing Group is principally engaged in holding of investment property and prior to completion of the transfer of Property B to the Hop Shing Group from Mascotte Investments Limited, a wholly owned subsidiary of the Company on 13 June 2007 as referred to the section head "Conditions" above, the principal asset of the Hop Shing Group comprises the Property A, which was acquired by the Hop Shing Group in December 2005. The Property A is situated at No. 4 Hau Wo Street, Kennedy Town, Hong Kong and comprises a 3-storey tenement building adjoining the Property B which is also a 3-storey tenement building. The area of the lot which is occupied by the Property A is approximately 77.67 square metres. The Property A is currently vacant. The unaudited carrying amount of the Property A as at 31 March 2007 was HK\$6,340,000.

LETTER FROM THE BOARD

Based on the audited accounts of the Hop Shing Group, the audited consolidated net assets of the Hop Shing Group as at 31 March 2006 (“**Accounts Date**”) amounted to HK\$1,353,460 and the audited consolidated net profit before and after tax of the Hop Shing Group for the period from 8 August 2005 (being the incorporation date of Hop Shing) and ended on the Accounts Date amounted to HK\$1,353,452 and HK\$1,353,452 respectively. For the period between 8 August 2005 (being the incorporation date of Hop Shing) and the Accounts Date, the revenue of the Hop Shing Group was approximately HK\$5,000, which was derived from rental income on the Property A. The said profit of HK\$1,353,452 referred to above mainly resulted from revaluation of the Property A. Based on the management accounts of the Hop Shing Group, the unaudited consolidated net assets of the Hop Shing Group as at 31 March 2007 amounted to HK\$1,353,564 and the unaudited consolidated net profit before and after tax of the Hop Shing Group for the financial year ended 31 March 2007 amounted to approximately HK\$104 and HK\$104 respectively, which was resulted from revaluation of the Property A net of the expenses of the Group. The Hop Shing Group did not have any revenue for the financial year ended 31 March 2007.

As referred to the section headed “Conditions” above, the Property B was transferred from Mascotte Investments Limited, a wholly owned subsidiary of the Company on 13 June 2007 for the consideration of HK\$7,800,000. The Property B is situated at No. 2 Hau Wo Street, Kennedy Town, Hong Kong and comprises a 3-storey tenement building adjoining the Property A. The area of the lot which is occupied by the Property B is approximately 86.02 square metres. The Property B is currently subject to various tenancies. The unaudited carrying amount of the Property B as at 31 March 2007 was HK\$7,700,000. For each of the 2 years ended 31 March 2006 and 31 March 2007, the revenues derived from rental income on the Property B amounted to HK\$488,335 (audited) and approximately HK\$554,864 (unaudited) respectively.

REASONS FOR THE DISPOSAL

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.

Having regard to the recent property market in Hong Kong, the Directors (including the independent non-executive Directors) consider that Disposal represents a good opportunity to realize a gain and will contribute to the cashflow of the Group. The Directors (including the independent non-executive Directors) further consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE DISPOSAL

The estimated net proceeds from the Disposal of approximately HK\$29.4 million are intended for working capital purposes.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

Hop Shing was acquired by the Group at a cost of approximately HK\$20.3 million (including the expenses of approximately HK\$0.3 million incurred for the acquisition) and the Property B was transferred to the Hop Shing Group on 13 June 2007 at a cost of approximately HK\$8.17 million (including the consideration for the transfer of HK\$7,800,000 and expenses of approximately HK\$0.37 million incurred for the transfer). Thus, the Disposal is expected to realize a total net gain of approximately HK\$1.3 million for the Group. Upon completion of the Disposal, the Group's assets are expected to increase by approximately HK\$1.3 million and based on the existing tenancies in respect of the Properties, the revenue of the Group are expected to decrease by approximately HK\$182,600 for the financial year ending 31 March 2008.

GENERAL

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

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL OF THE COMPANY

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

<i>Authorised:</i>	Nominal value
<u>1,000,000,000</u> Shares	<u>HK\$100,000,000.00</u>
<i>Issued (fully paid or credited as fully paid):</i>	
<u>524,800,100</u> Shares	<u>HK\$52,480,010</u>

3. DIRECTORS' INTERESTS IN SECURITIES

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

Name	Name of company in which interests or short positions were held	Nature of interests	Number of shares	% of shareholding (approximate)
Chan Oi Ling, Maria Olimpia	The Company	Interests of controlled corporation (Note 1)	193,340,000 (L)	36.84%
Wong, Dickie	The Company	Beneficial interests (Note 2)	3,500,000 (L)	0.67%

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, Chairperson of the Company and an executive Director, are discretionary beneficiaries.
 - (2) Ms. Wong Dickie is the daughter of Ms. Chan Oi Ling, Maria Olimpia.
- (L) denotes the long position held in shares

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

4. SUBSTANTIAL SHAREHOLDERS

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

Name	Name of company in which interests or short positions were held	Nature of interests	Number of shares	% of shareholding (approximate)
Honeyard Corporation (Note 1)	The Company	Beneficial interests	193,340,000 (L)	36.84%
Golden Mount Limited (Note 2)	The Company	Beneficial interests	31,380,000 (L)	5.98%
Bestco Worldwide Investment Limited	The Company	Beneficial interests	80,000,000 (L)	15.24%

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, Chairperson of the Company and an executive Director, are discretionary beneficiaries.
- (2) Golden Mount Limited is a corporation controlled by Mr. Chim Pui Chung.
- (L) denotes the long position held in shares

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

5. COMPETING INTERESTS

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

6. SERVICE CONTRACT

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

7. LITIGATION

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

8. MISCELLANEOUS

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