THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of 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 and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE INTERESTS OF A WHOLLY OWNED SUBSIDIARY AND NOTICE OF SPECIAL GENERAL MEETING

A notice convening the special general meeting of Mascotte Holdings Limited (the "Company") to be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on 8 January 2013 at 4:30 p.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not prevent shareholders of the Company from attending and voting at the meeting or any adjourned meetings if they so wish.

Hong Kong, 18 December 2012

CONTENTS

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business day"	means a day on which licensed banks in Hong Kong are open for business, other than: (i) a Saturday; (ii) a Sunday; (iii) public holiday; or (iv) a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
"BVI"	means the British Virgin Islands
"Bye-laws"	the bye-laws of the Company as may be amended from time to time
"Chung Nam Finance"	Chung Nam Finance Limited, a limited liability company incorporated in Hong Kong and is principally engaged in money lending
"Companies Act"	the Companies Act 1981 of Bermuda
"Company"	Mascotte Holdings Limited (Stock code: 136), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Completion"	means the completion of the sale and purchase of the SS Share and the assignment of the benefits of and interests in the SD Loan pursuant to the Conditional Agreement
"Completion Date"	means the third Business Day after the date on which all of the conditions precedent of the Conditional Agreement shall have been satisfied or waived by the parties thereto (or such other date and/or time as the parties thereto may agree from time to time) and where Completion shall take place

"Conditional Agreement"	means the conditional agreement (including its schedules and exhibits) dated 19 November 2012 entered into between Mega Soar, the Company and the Purchaser in relation to, amongst other things, (i) the sale and purchase of the entire share capital in Smart Style and (ii) the assignment of the benefit of and the interests in the SD Loan to the Purchaser for a total consideration of HK$88,000,000 (subject to adjustment)
"connected persons"	has the meaning ascribed to this term under the Listing Rules
"Director(s)"	the director(s) of the Company
"Disposal"	means the sale of the entire share capital in Smart Style and the assignment of the benefit of and the interests in the SD Loan to the Purchaser pursuant to the Conditional Agreement
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administration Region of the People's Republic of China
"Latest Practicable Date"	18 December 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange
"Mega Soar"	means Mega Soar Holdings Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Company
"Property"	means the office premises known as 25th Floor (comprising Units 2501 and 2511), China United Centre, No. 28 Marble Road, North Point, Hong Kong
"Purchaser"	Chung Nam Finance

"Remaining Group"	the Group immediately after Completion
"SD Loan"	means the outstanding shareholder loan(s) advanced by the Company and its subsidiaries (excluding the Smart Style Group) to the Smart Style Group as at the date of the Conditional Agreement
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	means the special general meeting of the Company to be convened to consider, and if thought fit, approve the Conditional Agreement and the transactions contemplated thereunder
"Share(s)"	means ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Smart Direct"	means Smart Direct Investments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Smart Style
"Smart Style"	means Smart Style Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Mega Soar
"Smart Style Group"	means Smart Style and Smart Direct
"SS Share"	means one share of US$1.00 each in the issued share capital of Smart Style legally and beneficially owned by the Mega Soar, representing the entire issued share capital of Smart Style
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Sun Materials"	means Sun Materials Technology Co., Ltd, which is a limited liability company incorporated in Taiwan and its principal business is manufacture of solar grade polycrystalline silicon

"Tenancy Agreement"	means the tenancy agreement, substantially in a form set out in Conditional Agreement, to be entered into by the Company or its nominee as the tenant and Smart Direct as the landlord upon Completion pursuant to which Smart Direct shall let and the Company or its nominee shall rent the Property for a period of one year and with an option to renew for one further year at a monthly rental of HK$223,000
"US$"	means United States dollar, the lawful currency of the United States of America
"2010 Sale and Purchase Agreement"	On 31 December 2010, the Company entered into a sale and purchase agreement with Quinella International Incorporated ("Quinella"), Hsieh Cheng Lu ("Ms Hsieh") and Wu Yi-Shuen ("Dr Wu") to purchase 50.1% of the entire allotted and issued shares of Trifecta International Incorporated, renamed to Sun Mass Energy Limited ("Sun Mass") for cash consideration of US$150,000,000. Sun Mass holds 100% equity interest in Lution International Holdings Co. Ltd which holds 100% equity interest of Sun Materials
"2011 Sale and Purchase Agreement"	On 12 September 2011, the Company entered into a sale and purchase agreement with the non-controlling owner of Sun Mass in respect of the acquisition of the remaining 49.9% interest in Sun Mass by mean of cash consideration of HK$750 million and issuance of consideration bonds with principal amount of HK$1,750 million

MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

Executive Directors:
Mr. Peter Temple Whitelam *(Chairman)*
Mr. Lo Yuen Wa Peter *(Managing Director)*
Mr. Eddie Woo
Mr. Suen Yick Lun Philip
Mr. Lau King Hang
Dr. Wu Yi-Shuen

Independent Non-executive Directors:
Mr. Frank H. Miu
Dr. Agustin V. Que
Mr. Robert James Iaia II

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
1st Floor
Po Chai Industrial Building
28 Wong Chuk Hang Road
Aberdeen
Hong Kong

Room 2511, 25th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

18 December 2012

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE INTERESTS OF A WHOLLY OWNED SUBSIDIARY AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 19 November 2012 (after trading hours), Mega Soar, the Company and the Purchaser entered into the Conditional Agreement pursuant to which (i) Mega Soar agreed to sell and the Purchaser agreed to purchase the SS Share and (ii) Mega Soar agreed to assign/ or procure its associates to assign the benefit of and the interests in the SD Loan to the Purchaser for a total consideration of HK$88.0 million (subject to adjustment as set out in the section headed "Consideration" below).

The purpose of this circular is to provide you with information in relation to, among other things, (i) details of the Conditional Agreement; (ii) the financial information of Smart Style Group; (iii) the financial information of the Remaining Group; (iv) the unaudited pro forma financial information of the Remaining Group; (v) the property valuation report; and (vi) a notice convening the SGM at which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve the Conditional Agreement and the transactions contemplated thereunder.

THE CONDITIONAL AGREEMENT

Set out below are the principal terms of the Conditional Agreement:

Date:

19 November 2012 (after trading hours)

Parties:

(1) Vendor: Mega Soar, a wholly owned subsidiary of the Company

(2) Guarantor of the Vendor: The Company

(3) Purchaser: Chung Nam Finance

Chung Nam Finance is a limited liability company incorporated in Hong Kong which is principally engaged in money lending. The immediate holding company and the ultimate beneficial owner of Chung Nam Finance are, namely, Kam Kwong Investments Limited and HEC Capital Limited, respectively.

The Company shall act as the guarantor of Mega Soar in relation to the Conditional Agreement.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Chung Nam Finance and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Sale and purchase of the SS Share and the SD Loan

Pursuant to the Conditional Agreement, Mega Soar shall, as the sole registered and beneficial owner, sell and the Purchaser shall purchase the SS Share and Mega Soar shall assign/ or procure its associates to assign the benefit of and interests in the SD Loan to the

Purchaser, free from all claims, charges, liens, encumbrances, equities and other adverse claims and interests but together with all rights attached, accrued or accruing thereto.

Assets to be disposed of

The SS Share represents the entire issued share capital of Smart Style. Smart Style is the sole shareholder of Smart Direct. Smart Direct is the registered and beneficial owner of the Property.

The Property has a gross floor area of approximately 11,187 sq. ft. and is located directly above the North Point Mass Transit Railway Station as well as is easily accessible by other means of public transport. The Property is now subject to a legal charge/mortgage as security for a mortgage loan granted to Smart Direct with outstanding principal amount of HK$24.0 million as at 31 October 2012 ("the Mortgage Loan"). According to a recent valuation conducted by an independent professional valuer, the market value of the Property as at 31 October 2012 was approximately HK$88.3 million. The property valuation has taken into account the leasehold improvements, furniture and fixtures and the same is disclosed in the valuation report contained in Appendix IV to this circular. As at the date of the Conditional Agreement, the Property is under two tenancies, of which Unit 2511 is occupied by the Company and Unit 2501 is let to a third party independent of the Company and its connected persons.

The SD Loan amounted to approximately HK$67.9 million as at 31 October 2012.

Consideration

The aggregate total consideration payable for the sale of the SS Share together with the assignment of the benefit of and interests in the SD Loan shall be HK$88.0 million, all of which shall be set-off completely by the outstanding amount of a loan facility borrowed by the Company from Chung Nam Finance, with principal amount up to $100 million and monthly interest rate of 1%, on the Completion Date.

If the Mortgage Loan has not been fully paid off on or before the Completion Date, the consideration shall be adjusted by deducting the amount of the principal of the Mortgage Loan and any outstanding interest accrued thereon up to the Completion Date from the said sum of HK$88,000,000.

The consideration was determined after arm's length negotiations between Mega Soar, the Company and the Purchaser with reference to (i) the market value of the Property of approximately HK$88.3 million as at 31 October 2012; (ii) the Mortgage Loan; and (iii) the amount of net liabilities of the Smart Style Group of approximately HK$3.2 million as per its management account as at 31 October 2012.

The letting of the Property after Completion

Upon Completion, according to the terms of the Conditional Agreement, the parties shall procure Smart Direct, as landlord, to enter into the Tenancy Agreement with the Company or its nominee, as tenant, whereby Smart Direct shall let to the Company or its nominee the Property for a period of one year and with an option to renew for one further year, at a monthly rental of HK$223,000. The monthly rental was determined after arm's length negotiations between the parties with reference to the market conditions.

The Company has agreed to rent the whole 25th Floor (both Units 2501 and 2511) from the Purchaser (landlord) in order to enjoy a relatively favorable rental price, in accordance with the Conditional Agreement, the Company is free to sub-lease without making any reimbursement to the Purchaser. The Board considers it is a favorable treatment and more cost effective for the Company to rent both units and sub-lease one unit to an independent third party.

Conditions precedent

Completion shall be subject to and conditional upon the fulfillment of the following conditions:

(a) the Purchaser having conducted and completed due diligence on all business, technical, legal and financial matters and title investigation on the Property, and all such other matters as deemed necessary by the Purchaser in its absolute discretion, in relation to the Smart Style Group and the Property, and the Purchaser being satisfied with the results of such due diligence and title investigations in its absolute discretion;

(b) the approval of the Conditional Agreement and transactions contemplated thereunder by Shareholders who are permitted to vote in accordance with the Listing Rules, if required;

(c) the compliance by the Company and its subsidiaries with all the necessary requirements under the Listing Rules;

(d) if applicable, the obtaining of all consents or waiver from government or regulatory authorities or third parties (including the existing mortgagee of the Property) which are necessary in connection with the execution and performance of the Conditional Agreement and any of the transactions contemplated thereunder; and

(e) no events, facts, or circumstance, which has constituted or may constitute any breach of any provisions of the Conditional Agreement (including without limitation the representations and warranties as stipulated therein) has been happened on or before the Completion Date.

Termination

If the above-mentioned conditions are not fulfilled or waived (as the case may be) or the Purchaser gives notice to the Vendor in writing with reason that any such condition is not capable of being fulfilled on or prior to 31 May 2013 (or such later date as may be agreed between Mega Soar, the Company and the Purchaser in writing), the Conditional Agreement shall terminate and shall become void and of no further effect and save in respect of any antecedent breaches, all liabilities of Mega Soar, the Company and the Purchaser shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the parties which shall have accrued prior to such termination.

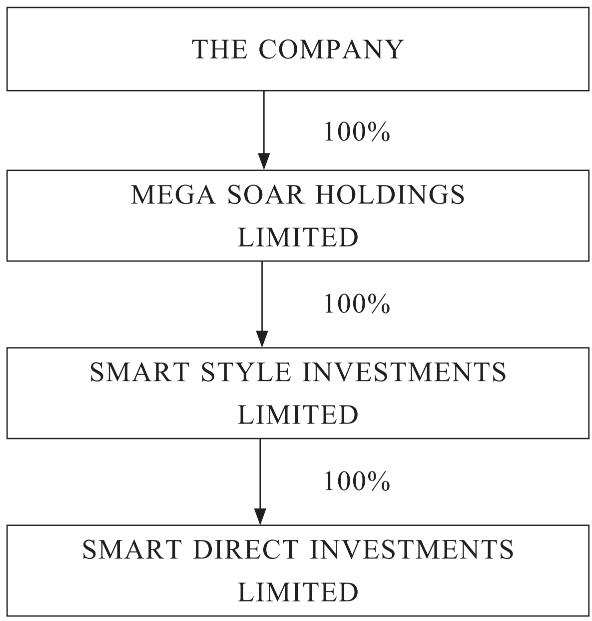
Completion

Completion shall take place on the third Business Day after the date on which the abovementioned conditions shall have been satisfied or, if applicable, waived by the parties.

Mega Soar and the Purchaser shall procure that within a period of twelve months from Completion, there shall be a discharge of the corporate guarantee currently given by the Company for securing the existing Mortgage Loan.

SHAREHOLDING STRUCTURE OF THE COMPANY AND SMART STYLE GROUP

At the Latest Practicable Date, the shareholding structure in relation to the Company and Smart Style Group is as follows:



INFORMATION OF THE SMART STYLE GROUP

Smart Style is a company incorporated in the BVI with limited liability and principally engaged in investment holding Smart Direct. Smart Direct is a company incorporated in Hong Kong with limited liability and principally engaged in investment of the Property in Hong Kong. Smart Direct is a wholly-owned subsidiary of Smart Style. The Property has a floor area of approximately 11,187 sq. ft. and is located directly above the North Point Mass Transit Railway Station as well as is easily accessible by other means of public transport.

Based on the unaudited consolidated account of the Smart Style Group, the consolidated net loss before and after taxation for the period from the date of incorporation to 31 March 2012 and from 1 April 2012 to 31 October 2012 and the consolidated net liabilities as at 31 March 2012 and 31 October 2012 are as follows:

	Period from the date of incorporation to 31 March 2012 (unaudited) *HK$*	**Period from 1 April 2012 to 31 October 2012 (unaudited)** *HK$*
Net loss before taxation and extraordinary items	2.2 million	1.0 million
Net loss after taxation and extraordinary items	2.2 million	1.0 million

	As at 31 March 2012 (unaudited) *HK$*	**As at 31 October 2012 (unaudited)** *HK$*
Net liabilities	2.2 million	3.2 million

Smart Style and Smart Direct will cease to be subsidiaries of the Company after Completion.

FINANCIAL EFFECT OF COMPLETION OF THE CONDITIONAL AGREEMENT AND THE USE OF THE PROCEEDS FROM THE DISPOSAL

Based on the unaudited pro forma financial information of the Remaining Group as set out in the note of Appendix III of this circular, the Group is expected to recognise a net gain of approximately HK$649,000 upon Completion.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III of this circular, the total assets of the Group will decrease by approximately HK$64.3 million while the total liabilities of the Group will decrease by approximately HK$64.9 million and the loss of the Group will slightly decrease by approximately HK$169,000.

The net proceeds from the Disposal of approximately HK$63.0 million will be used for setting off the amount of a loan facility borrowed by the Company from Chung Nam Finance on 4 July 2012, with an aggregate principal amount up to HK$100.0 million and monthly interest rate of 1%, on the Completion Date. As of 31 October 2012, the loan principal borrowed by the Company from Chung Nam Finance has been fully utilized for the working capital of the Group and detailed breakdown is set out as follows:

Nature of the payment	*HK$*
Interest payments — consideration bonds (2nd quarter and 3rd quarter payments) *(Note 1)*	17,060,108
Interest payments — convertible bonds (2nd half-year payment) *(Note 2)*	35,281,147
Capital expenditure relating to the construction work of the recycling plant of Sun Materials	25,000,000
Redemption of consideration bonds *(Note 1)*	22,658,745
Total	100,000,000

Notes:

1. For details of the consideration bonds, please refer to paragraph headed "Material acquisitions and disposal of subsidiaries" under the section "Management discussion and analysis of the year ended 31 March 2012" and paragraph headed "INDEBTEDNESS" in Appendix II.

2. For details of the convertible bonds, please refer to paragraph headed "INDEBTEDNESS" in Appendix II.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the business of manufacturing solar grade polycrystalline silicon in Taiwan, investment and trading of securities, provision of finance, property investment and manufacture and sale of accessories for photographic and multimedia products.

The Company has tightened liquidity as a result of following reasons:

As at the Latest Practicable Date, the Group's polycrystalline silicon business is yet to complete and the funding for the implementation of the recycling plant and other facilities has been heavily relied on internal resources of the Group and it is still uncertain whether the commercial production of the Group's polycrystalline silicon business will suffer further delay in the future. Because of its nature of the Group's polycrystalline silicon business, any further delay on the commercial production will certainly affect the economic benefits (such as revenue, net profit and net cash flow) which are expected to be flowed to the Company.

The Company has exhausted itself of seeking ways to combat with the financial difficulty recently by raising funds through proposed rights issue and placement of new Shares. As first announced on 17 July 2012, the Company disclosed its intention to propose a rights issue mainly for repayment of existing debts and payment of interest as well as enhancement of the Group's production facilities in respect of its polycrystalline silicon business, with gross proceeds of approximately HK$465.81 million. Unfortunately, the Company experienced an unexpectedly prolonged process in relation to the proposed rights issue. For the past four months, the share price of the Company has dropped more than 20%, and in response to the drop of the share price, the proposed subscription price is likely to be adjusted downward, which in turn shrunken the net proceed of the proposed rights issue to be raised and further squeezed the liquidity of the Company in the future.

Further, as announced on 8 November 2012, the Company entered into a placing agreement to raise net proceeds of approximately HK$11.10 million for general working capital purpose, which is insufficient to sustain the Company for repaying its outstanding debts (as disclosed hereinafter). Accordingly, the general mandate granted to the Directors by the Shareholders at the annual general meeting on 25 September 2012 to allot and issue and deal with 20% of the then issued share capital of the Company has been fully utilized.

As at 31 October 2012, the Group has outstanding debts mainly in the form of (i) consideration bonds bearing interest of 2.5% per annum with aggregate outstanding amounts of HK$1,275.0 million due in January 2014; (ii) convertible bonds bearing interest of 5% per annum and convertible into new Shares at a conversion price of HK$8 per Share (adjusted), with aggregate outstanding amounts of HK$1,419.0 million due in July 2014; (iii) loan facility due from Chung Nam Finance bearing interest of 1% per month with an outstanding principal of HK$100.0 million, due on 3 January 2013; and (iv) an outstanding Mortgage Loan of the Property being HK$24.0 million.

The Disposal is an attractive option and best alternative available to the Group to reduce its debts as whether the Property may be sold within a short-period of time, the selling price may agree by others potential buyers which has yet to be identified and the Company is able to lease back the Property for the Company's use, all of them are either time consuming, uncertain or not costs effective to the Company at this present time.

The Board decides to make use of the net sale proceeds from the Disposal to offset the outstanding Chung Nam Finance's loan which will be due in two month's period. The remaining loan borrowed from Chung Nam Finance by the Company will restructure and subject to further negotiation upon Completion or other days that the Company and Chung Nam Finance may agree.

Meanwhile, the Company is awaiting/seeking available financial resources to support the financial requirements of the Group's polycrystalline silicon business and in consideration to reduce its debts level and to enhance its working capital including but not limited to debt restructuring and/or other fund raising activities. Although certain debts will not be due within 12 months' period from the Latest Practicable Date, it is necessary for the Company to work on the future funding requirements so as to serve the debts and associated finance costs when fall due.

In addition, with the entering into of the Tenancy Agreement, the Group will be able to secure the tenancy of the Property for one year and with an option to renew for one further year upon Completion, having regard to the rent per sq. ft. of the Property being approximately HK$20 per month (HK$223,000/11,187 sq. ft.), which rate is relatively attractive in the Company's view when taken into consideration the existing renovation and fixture and the transacted rental rate being a range from HK$22 to HK$25 per sq. ft. for the same office building within this year. Further, the Company would sub-lease unit 2501 to its existing tenant with terms and conditions prevailing to the market conditions and continue to receive regular rental income of HK$137,000 per month, which is equivalent to a rental rate of approximately HK$30 per sq. ft..

Further, the Board considers that the consideration for the Disposal is a fair and good one with reference to a recent valuation of the Property conducted by an independent professional valuer.

The Board considers that the terms of the Conditional Agreement are negotiated on an arm's length basis. Having considered the above-mentioned terms and reasons of entering into the Conditional Agreement, the Board considers that the terms of the Conditional Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is larger than 75%, the entering into of the Conditional Agreement constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The SGM will be held by the Company for the Shareholders to consider, and if thought fit, passing resolution(s) by poll to approve the Conditional Agreement and the transactions contemplated thereunder. Any Shareholder with a material interest in the Disposal and its associates shall abstain from voting on the resolution approving the Disposal. As no Shareholder has an interest in the Disposal which is materially different from other Shareholders when their interests are considered as a whole, no Shareholder is required to abstain from voting on the relevant resolution to be proposed at the SGM to approve the Conditional Agreement and the transactions contemplated thereunder.

RECOMMENDATION

The Board considers that the Conditional Agreement has been entered into on normal commercial terms after arm's length negotiation and the terms of the Conditional Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed ordinary resolution to approve the Conditional Agreement and the transactions contemplated thereunder at the SGM.

ADDITIONAL INFORMATION

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

By order of the Board of
Mascotte Holdings Limited
Lo Yuen Wa Peter
Managing Director

Deloitte.
德勤

REPORT ON REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF MASCOTTE HOLDINGS LIMITED

Introduction

We have reviewed the consolidated financial information of Smart Style Investments Limited and its subsidiary (the "Disposal Group") set out on pages I-3 to I-7, which comprises the consolidated statements of financial position as at 31 March 2012 and 30 September 2012, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the period from 20 June 2011 (date of incorporation) to 31 March 2012 and the six months ended 30 September 2012 and certain explanatory notes (altogether "Unaudited Consolidated Financial Information"). The Unaudited Consolidated Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Mascotte Holdings Limited (the "Company") in connection with the disposal of the entire interest in the Disposal Group in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Consolidated Financial Information in accordance with the basis of preparation set out in note 2 to the Unaudited Consolidated Financial Information and paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Unaudited Consolidated Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" and interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Report" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibility is to express a conclusion on the Unaudited Consolidated Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of this Unaudited Consolidated Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Consolidated Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Consolidated Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 December 2012

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following is a summary of the consolidated statements of comprehensive income of the Disposal Group.

Unaudited Consolidated Statements of Comprehensive Income
For the period from 20 June 2011 (Date of incorporation) to 31 March 2012 and the six months ended 30 September 2012

	Six months ended 30 September 2012 *HK$*	**Period from 20 June 2011 (date of incorporation) to 31 March 2012** *HK$*
Rental income	1,998,000	588,000
Bank interest income	14	5
Fair value gain on investment property	192,700	654,994
Administrative expenses	(732,731)	(724,952)
Finance costs	(2,286,371)	(2,750,936)
Loss before tax	(828,388)	(2,232,889)
Income tax expense	—	—
Loss and total comprehensive expense for the period	(828,388)	(2,232,889)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following is a summary of the consolidated statements of financial position of the Disposal Group as at the end of each of the Relevant Periods.

Unaudited Consolidated Statements of Financial Position

At 31 March 2012 and 30 September 2012

	At 30 September 2012	At 31 March 2012
	HK$	*HK$*
Non-current asset		
Investment property	88,300,000	88,100,000
Current assets		
Amount due from immediate holding company	8	8
Deposits and prepayments	201,590	205,284
Bank balances	577,875	62,404
	779,473	267,696
Current liabilities		
Other payables and accrued charges	400,665	472,908
Amount due to ultimate holding company	67,240,077	62,627,669
Bank borrowing	24,500,000	27,500,000
	92,140,742	90,600,577
Net current liabilities	(91,361,269)	(90,332,881)
Total assets less current liabilities	(3,061,269)	(2,232,881)
Capital and reserve		
Share capital	8	8
Accumulated losses	(3,061,277)	(2,232,889)
Total equity	(3,061,269)	(2,232,881)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The movements in the consolidated statements of changes in equity of the Disposal Group are as follows:

Unaudited Consolidated Statements of Changes in Equity
For the period from 20 June 2011 (Date of incorporation)
to 31 March 2012 and the six months ended 30 September 2012

	Share capital	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*
At 20 June 2011 (date of incorporation)	—	—	—
Issue of share capital	8	—	8
Loss and total comprehensive expense for the period	—	(2,232,889)	(2,232,889)
At 31 March 2012	8	(2,232,889)	(2,232,881)
Loss and total comprehensive expense for the period	—	(828,388)	(828,388)
At 30 September 2012	8	(3,061,277)	(3,061,269)

CONSOLIDATED STATEMENTS OF CASH FLOWS

The consolidated statements of cash flows of the Disposal Group are as follows:

Unaudited Consolidated Statements of Cash Flows

For the period from 20 June 2011 (Date of incorporation) to 31 March 2012 and the six months ended 30 September 2012

	Six months ended 30 September 2012	Period from 20 June 2011 (date of incorporation) to 31 March 2012
	HK$	*HK$*
Operating activities		
Loss before tax	(828,388)	(2,232,889)
Adjustments for:		
Fair value gain on investment property	(192,700)	(654,994)
Bank interest income	(14)	(5)
Interest expense	2,286,371	2,750,936
Operating cash flow before movements in working capital	1,265,269	(136,952)
Decrease (increase) in deposits and prepayments	3,694	(205,284)
(Decrease) increase in other payables and accrued charges	(72,243)	472,908
Net cash generated from operating activities	1,196,720	130,672
Investing activities		
Interest received	14	5
Advance to immediate holding company	—	(8)
Additions of investment property	(7,300)	(9,230,195)
Purchase of investment property	—	(78,214,811)
Net cash used in investing activities	(7,286)	(87,445,009)

	Six months ended 30 September 2012	Period from 20 June 2011 (date of incorporation) to 31 March 2012
	HK$	*HK$*
Financing activities		
Interest paid	(656,250)	(604,167)
Proceeds from issue of share	—	8
Advance from ultimate holding company	2,982,287	60,480,900
New bank borrowing raised	—	30,000,000
Repayment of bank borrowing	(3,000,000)	(2,500,000)
Net cash (used in) generated from financing activities	(673,963)	87,376,741
Net increase in cash and cash equivalents	515,471	62,404
Cash and cash equivalents at the beginning of the period	62,404	—
Cash and cash equivalents at the end of the period, represented by bank balances	577,875	62,404

Notes to the Unaudited Consolidated Financial Information

For the period from 20 June 2011 (Date of incorporation) to 31 March 2012 and the six months ended 30 September 2012

1. GENERAL

On 19 November 2012, Mega Soar Holdings Limited ("Mega Soar") (a wholly-owned subsidiary of Mascotte Holdings Limited (the "Company")) entered into a sales and purchase agreement with Chung Nam Finance Limited ("Chung Nam"), pursuant to which Mega Soar has conditionally agreed to sell and Chung Nam has conditionally agreed to purchase the entire issued share capital of Smart Style Investments Limited and its subsidiary (the "Disposal Group") together with the shareholder's loan owed to the Company by the Disposal Group (the "Disposal"). Upon completion of the Disposal, the Disposal Group will cease to be the subsidiary of the Company.

2. BASIS OF PREPARATION OF THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

The unaudited consolidated financial information has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The amounts included in the unaudited consolidated financial information have been recognised and measured in accordance with the relevant accounting policies adopted by the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries for the six months ended 30 September 2012. The unaudited consolidated financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" nor an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Report" issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited consolidated financial information has been prepared on a going concern basis, because the Company has agreed not to request for repayment of debts due from the Disposal Group in the foreseeable future, until the Disposal Group is financially capable to do so if the Disposal is not completed. In addition, the Directors may consider disposing part of the investment property if the Disposal Group has financial difficulty in the repayment of the mortgage loan.

Upon completion of the proposed Disposal, the shareholder's loan due from the Disposal Group will be taken up by Chung Nam, Chung Nam has agreed not to request for repayment of debts due from the Disposal Group in the foreseeable future, until the Disposal Group is financially capable to do so.

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2010, 2011 and 2012 together with the relevant notes to the financial statements and the unaudited consolidated financial statements of the Group ended 30 September 2012, which are incorporated by reference in this circular, could be found in the annual reports and the 2012 interim report of the Company published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (http://www.irasia.com/listco/hk/mascotte/index.htm).

2. INDEBTEDNESS

As at the close of business on 31 October 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular:

The Group has outstanding debts mainly in the form of (i) unsecured consideration bonds bearing interest of 2.5% per annum with aggregate outstanding amounts of HK$1,275.0 million due on 4 January 2014; (ii) unsecured convertible bonds bearing interest of 5% per annum and convertible into new Shares at a conversion price of HK$8 per Share (adjusted), with aggregate outstanding amounts of HK$1,419.0 million due on 14 July 2014; (iii) an unsecured loan facility due from Chung Nam Finance bearing interest of 1% per month with an outstanding principal of HK$100.0 million, due on 3 January 2013; (iv) an outstanding Mortgage Loan of HK$24.0 million which is secured by the Property with a fair value of HK$88.3 million; and (v) an outstanding bank borrowing of approximately HK$42.5 million (NT$160.0 million) which is secured by buildings in Taiwan with a aggregated carrying value of approximately HK$80.5 million (NT$303.1 million).

Save as aforesaid, and apart from intra-group liabilities, the Group and the Smart Style Group did not have outstanding at the close of business on 31 October 2012, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

Provided that the Company will be able to raise sufficient additional funds through issue of new shares as and when required to meet the liquidity requirements of the Remaining Group, the Directors confirm that, after taking into account its internally generated funds, its currently available facilities and financial resources and the estimated net proceeds from the Disposal, the Remaining Group has sufficient working capital for its requirements in the next 12 months commencing from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Group recorded a consolidated loss of approximately HK$2,360.4 million for the six months ended 30 September 2012. The loss was mainly attributable to (i) an impairment of approximately HK$1,921.0 million was made by the Company against the aggregated carrying value of the investment in Sun Mass; (ii) finance costs of approximately HK$214.7 million; (iii) a change in fair value of derivative financial instrument of the Company's consideration bonds which resulting of approximately HK$101.1 million loss; (iv) an aggregated loss on early redemptions of the Company's consideration bonds of approximately HK$86.4 million; and (v) the fair value losses approximately HK$22.2 million in financial assets at fair value through profit or loss.

Save as disclosed, as at the Latest Practicable Date, the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 March 2012, being the date to which the latest published audited financial statements of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for three years ended 31 March 2010, 2011 and 2012 and for six months ended 30 September 2012.

Management discussion and analysis of the year ended 31 March 2010

Set out below is an extract from page 6 to 8 of the final report of the Company for year ended 31 March 2010.

"Financial results and business review

As anticipated in the Company's positive profit alert announcement issued on 30 April 2010, the Remaining Group has achieved a turnaround from loss of the previous year. Profit attributable to shareholders for the year ended 31 March 2010 amounted to HK$108.6 million, as compared to a loss of HK$345.3 million last year. Turnover for the year amounted to HK$241.9 million, representing an increase of approximately HK$107.0 million from HK$134.9 million for the previous year. The increase in turnover was largely brought about by the turnover of HK$88.1 million derived from the trading of securities for which a negative turnover of HK$86.2 million was recorded last year; such increase was partially offset by the decrease in sales of the manufacturing division to HK$148.0 million this year from HK$186.2 million for the previous year. The basic and diluted earnings per share was HK$0.23, as compared to the basic and diluted loss per share of HK$1.34 for the previous year.

The recovery of the Hong Kong stock market which saw the benchmark Hang Seng Index rebounded to 21,239.35 points at the end of the year under review from 13,576.02 points a year earlier had substantial contribution to the turnaround of the Remaining Group's financial results for the current year. Benefitting from this recovery, the Remaining Group's securities trading activities registered net realized and unrealized gains of HK$106.2 million in respect of the year ended 31 March 2010, as compared to net realized and unrealized loss of HK$225.2 million for the previous year when the market was hard hit by the global financial tsunami. In addition, a HK$80 million partial reversal of impairment allowance in respect of a loan receivable was recorded in the current year, as compared to impairment allowances of HK$182.5 million made in the previous financial year.

The Remaining Group's profit for the current year was reduced by the impairment allowance of HK$48.7 million made in respect of the Remaining Group's 50% economic interests in certain forestry land in Puer City in the Yunnan Province of the People's Republic of China through the wholly owned subsidiary of Richful Zone International Limited. The Remaining Group has disposed the project subsequent to the end of the financial year at a loss equivalent to the amount of impairment allowance made.

Sales for the Remaining Group's manufacturing business dropped by HK$38.1 million or 20.5% from the previous year as demand for the European Market has not recovered to the previous level as the result of the economic downturn. Contribution from this segment to the Remaining Group's results was HK$5.2 million, as compared to HK$9.7 million for the previous year.

Final dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: Nil).

Bonus issue of shares

The directors of the Company have recommended a bonus issue of three (3) new shares, credited as fully paid, for every (two) 2 shares held by the shareholders of the Company whose names appear on the register of members of the Company on 29 July 2010 and subject to the following conditions: (i) the passing by the shareholders of the Company at a special general meeting of an ordinary resolution approving the bonus issue; and (ii) the Listing Committee of the Stock Exchange agreeing to grant the approval for the listing of, and permission to deal in, the bonus shares to be issued pursuant to the bonus issue. Such bonus shares credited as fully paid will rank *pari passu* in all respects with the existing issued shares in the Company.

The Board proposes the bonus issue in recognition of the continual support of the shareholders. In addition, the Board believes that the bonus issue will enhance the liquidity of the shares in the market and thereby strengthening the capital base of the Company.

Liquidity and capital resources

As at 31 March 2010, the Remaining Group's total equity amounted to HK$651.3 million (31 March 2009: HK$356.3 million); net current assets totalled HK$567.9 million (31 March 2009: HK$309.8 million), which included cash and cash equivalents totalling HK$75.7 million (31 March 2009: HK$33.2 million). The Remaining Group did not have any outstanding bank borrowings as at 31 March 2010 (31 March 2009: nil).

Currency risk management

The Remaining Group's securities trading and loan financing activities are conducted in Hong Kong Dollar. For manufacture and sale of goods segment, the Remaining Group's largest sale market is Europe, which alone accounts for around 44% of this segment sale turnover. In safeguarding the volatile Euro/ United States Dollar currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting United States Dollar quoted sale orders, which in turn the management can maintain a stable currency exchange condition for normal trading business development.

Number of employees and remuneration policy

As at 31 March 2010, the Remaining Group had more than 600 employees, around 93% of them were employed in the People's Republic of China for the manufacturing business.

The Remaining Group remunerates its employees based on their work performance and with reference to prevailing conditions of labour markets."

In addition to the above extract from the final report of the Company for the year ended 31 March 2010, set out below is further information in relation to:

Significant investments held

As at 31 March 2010, significant investments of the Remaining Group included listed investments held for trading which amounted to HK$343.4 million.

Material acquisitions and disposal of subsidiaries

During the year, the Remaining Group acquired the entire interest in Richful Zone International Limited (with its subsidiary, Allied Loyal International Investments Limited) (the "Richful Zone Group") at a consideration of HK$130.0 million which was satisfied by the issuance of convertible notes by the Company in the principal amount of HK$130.0 million.

Subsequent to the end of balance sheet date, the Remaining Group disposed the entire equity interest of the Richful Zone Group, to a wholly-owned subsidiary of Forefront Group Limited ("Forefront"), a company whose shares are listed on the Stock Exchange of Hong Kong, at a consideration of HK$79.2 million which is satisfied by the issuance of 330 million new shares of Forefront at HK$0.24 each. As the selling price is lower than the carrying amount of net assets of the Richful Zone Group, an impairment loss has been recognised in these consolidated financial statements accordingly.

Staff cost incurred

Total staff costs for the year, including directors' emoluments, amounted to HK$37.3 million.

Contingent Liabilities

The Remaining Group has no contingent liabilities as at 31 March 2010.

Charge on asset

The Remaining Group did not create any charge on assets as at 31 March 2010.

Future plans for material investments or capital assets

The Company remains committed to our strategy of diversification and broadening of the Remaining Group's long term sustainable income base. The Remaining Group remains debt-free and is in a strong liquidity position. We are actively exploring suitable investment opportunities to enhance the Company's value to our shareholders. The Remaining Group is currently looking into many projects including but not limited to a possible investment in a renewable energy related project which, if it materializes, has good potential for long term growth and return.

Gearing ratio

The gearing ratio of the Company, calculated as total liabilities over total assets, was 6.3%.

Management discussion and analysis of the year ended 31 March 2011

Set out below is an extract from page 6 to 10 of the final report of the Company for year ended 31 March 2011.

"Financial results and business review

As anticipated in the Company's announcement issued on 15 April 2011, the Remaining Group recorded a loss for the current year as compared to the profit for the previous year. The loss attributable to shareholders for the year ended 31 March 2011 amounted to HK$244.8 million, as compared to a profit of HK$108.6 million last year. Turnover for the year amounted to HK$103.3 million, a decrease of approximately HK$138.6 million from the previous year.

The decrease in turnover was largely brought about by the negative turnover of HK93.4 million derived from the trading of securities as compared to the positive turnover of HK$89.5 million last year; despite the increase in the turnover of the manufacturing division to HK$189.5 million this year from HK$148.1 million for the previous year. The basic and diluted loss per share was HK$0.1328, as compared to the basic earnings per share of HK$0.0928 and the diluted earnings per share of HK$0.0911 for the previous year. During the year, there was no material acquisition and disposal of subsidiaries, except for the disposal of 50% of forestry land use rights and forestry trees entitlement of three forestry sites and 50% of distributable profits of these forests held by a then subsidiary to the consolidated financial statements.

Final dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2011 (2010: Nil).

Liquidity and capital resources

The Remaining Group primarily financed its operations with internally generated cash flows and its equity during 2011. As at 31 March 2011, the Remaining Group had bank and cash balances of approximately HK$16.8 million (31 March 2010: HK$75.7 million) and the net current assets of the Remaining Group is HK$645.6 million (31 March 2010: HK$567.9 million). The Remaining Group had an outstanding interest-bearing borrowings, represented by margin facilities utilised of approximately HK$0.5 million as of 31 March 2011. Interest-bearing borrowings were mainly denominated in Hong Kong Dollar with interest generally chargeable at market rate, and had maturity dates less than a year. As at 31 March 2011, the total equity of the Remaining Group is HK$757 million (31 March 2010: HK$654.9 million).

The gearing ratio of the Remaining Group, representing total interest-bearing borrowings divided by total equity, was 0.1% as at 31 March 2011.

Currency risk management

The Remaining Group's investments, operations and trade and loan receivables were mainly denominated in Hong Kong Dollar. Except for manufacture and sale of goods, which are also denominated in Euro or United States Dollar. During the year under review, the fluctuation of the mentioned currencies did not have a material impact on income statement of the Remaining Group. Because of the certain operations of the Remaining Group in China, the Remaining Group has foreign exposure and mainly in transaction and conversion risks. The Remaining Group will continue to take measures to minimize its foreign exchange exposure and implement a more prudent sales policy so as to maintaining a stable currency exchange conditions for the manufacture and trading business.

Number of employees and remuneration policy

As at 31 March 2011, the Remaining Group had more than 570 employees, around 90% of them were employed in the People's Republic of China for the manufacturing business.

The Remaining Group remunerates its employees based on their work performance and with reference to prevailing conditions of labor markets."

In addition to the above extract from the final report of the Company for the year ended 31 March 2011, set out below is further information in relation to:

Significant investments held

As at 31 March 2011, significant investments of the Remaining Group included listed investments held for trading which amounted to HK$484.8 million.

Material acquisitions and disposal of subsidiaries

On 31 December 2010, the Company entered into the 2010 Sale and Purchase Agreement.

Staff cost incurred

Total staff costs for the year, including directors' emoluments, amounted to HK$39.7 million.

Contingent Liabilities

The Remaining Group has no contingent liabilities as at 31 March 2011.

Charge on asset

Margin facilities of HK$234.2 millon from three regulated securities brokers were granted to the Remaining Group under which financial assets at fair value through profit or loss of HK$546.0 million were treated as collateral for the facilities granted. Aggregate of HK$0.5 million facilities were utilised and the carrying amount of the financial assets at fair value through profit or loss charged under the utilized facilities to a securities broker is HK$28.6 million.

Future plans for material investments or capital assets

Save as disclosed in the material acquisition and disposal of subsidiaries, the Remaining Group has no future plans for the material investments or capital assets.

Gearing ratio

The gearing ratio of the Company, calculated as total liabilities over total assets, was 6.6%.

Management discussion and analysis of the year ended 31 March 2012

Set out below is extracted and modified from page 3 to 7 of the final report of the Company for year ended 31 March 2012.

"Financial results and business review

As anticipated in the Company's announcement issued on 12 April 2012, the Remaining Group recorded a substantial increase in loss for the current year as compared to the last year. The loss attributable to shareholders for the year ended 31 March 2012 amounted to HK$618.4 million, as compared to a loss of HK$244.8 million last year. The substantial increase in loss of approximately HK$373.6 million was largely brought about by (i) the increase of loss on change in fair value of financial assets at fair value through profit or loss by HK$119.2 million to HK$306.8 million derived from trading of securities during the year, which represented an increase of realised loss of HK$170.1 million, from HK$96.0 million to HK$266.1 million and a decrease of unrealised loss of HK$50.9 million, from HK$91.6 million to HK$40.7 million; and (ii) the increase in finance costs by approximately HK$191.1 million arising from the interest expenses on bank and other borrowings, amortisation of interest expenses for convertible bonds and consideration bonds issued during the year, with the amount of HK$0.8 million, HK$127.1 million and HK$63.2 million charged in consolidated statement of comprehensive income respectively. The basic and diluted loss per share was HK$2.52, as compared to the basic and diluted loss per share of HK$2.12 for the last year. The basic and diluted loss per share have been adjusted to reflect the impact of the share consolidation effected on 26 April 2012. During the year, the Company completed the acquisition of 50.1% interest in Sun Mass Energy Limited ("Sun Mass") and its subsidiaries, Lution International Holdings Co., Ltd. and Sun Materials in July 2011 and further acquired the remaining 49.9% interest in Sun Mass. Sun Mass became wholly-owned subsidiary upon completion in January 2012. No material disposal of subsidiaries was noted during the year.

Final dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: Nil).

Liquidity and capital resources

The Remaining Group primarily financed its operations with internally generated cash flows and by its shareholder's equity. On 14 July 2011, the Company completed a placing of new ordinary shares and convertible bonds with aggregated proceeds of HK$2,330.0 million in which HK$880.0 million was raised from placing of 2,200,000,000 new ordinary shares.

The Remaining Group had secured bank borrowings of approximately HK$42.0 million (2011: Nil), of which approximately HK$42.0 million is a 10-year term loan and is denominated in new Taiwan Dollars (NT$160 million). The bank borrowings carry variable interest at prime rate in Taiwan plus a spread ranging from 1.6% to 5% per annum. In addition, the Remaining Group had utilised secured margin facilities of approximately HK$0.5 million as at 31 March 2012.

During the year, the Company issued HK$1,750 million in principal amount of 2.5% unsecured bonds to the seller of the Sun Mass as part of the consideration for the acquisition of 49.9% of Sun Mass.

As at 31 March 2012, net current assets of the Remaining Group amounted to HK$436.3 million (2011: HK$645.6 million) with bank balances and cash of HK$267.6 million (2011: HK$16.8 million). The total equity of the Remaining Group as at 31 March 2012 is HK$1,232.0 million (2011: HK$757.0 million). Gearing ratio calculated on the basis of the Remaining Group's total debts (interest-bearing bank and other borrowings plus convertible bonds and consideration bonds) over shareholders' funds was 191.4% (31 March 2011: 0.1%).

Currency risk management

The majority of the Remaining Group's assets are held in Hong Kong Dollars with no material foreign exchange exposure. The Remaining Group's manufacturing business has its overseas market, which alone accounts for around HK$113.3 million of the Remaining Group's turnover. Furthermore, the Remaining Group also engaged in solar grade polycrystalline silicon business in Taiwan, United Stated Dollar ("US$") will be expected to be the functional currency, no income is yet to be recorded during the year. In safeguarding the volatile Euro Dollars currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting US$ quoted sale orders, which in turn the management can maintain a stable currency exchange condition for normal trading business development. The Remaining Group currently does not have a foreign currency hedging policy. During the year, the directors are of the view that the Remaining Group's exposure to exchange rate risk is not material, and will continue to monitor it.

Number of employees and remuneration policy

As at 31 March 2012, the Remaining Group employed approximately 502 employees, around 75.5% and 12.9% of them were employed in PRC for the manufacturing business and in Taiwan for the manufacturing of solar grade polycrystalline silicon business respectively. The remuneration policy of the Remaining Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme. Total staff costs for the year, including director's emoluments, amount to HK$62.0 million."

In addition to the above information extracted and modified from the final report of the Company for the year ended 31 March 2012, set out below is further information in relation to:

Significant investments held

As at 31 March 2012, significant investments of the Remaining Group included listed investments held for trading which amounted to HK$154.8 million.

Material acquisitions and disposal of subsidiaries

During the year, the Company acquired the entire interests in Sun Mass. The acquisition of 50.1% equity interest in Sun Mass pursuant to the 2010 Sale and Purchase Agreement was completed on 15 July 2011. On 12 September 2011, the Company entered into the 2011 Sale and Purchase Agreement and the transaction was completed on 4 January 2012.

Staff cost incurred

Total staff costs for the year, including directors' emoluments, amounted to HK$62.0 million.

Contingent Liabilities

The Company and the Remaining Group had not provided corporate guarantee to its subsidiaries or other parties and did not have other contingent liabilities as at 31 March 2012.

Charge on asset

As at 31 March 2012, margin facilities of HK$63.2 million from four regulated securities brokers were granted to the Remaining Group under which financial assets at fair value through profit or loss of HK$154.8 million were treated as collateral for the facilities granted. Aggregate of HK$0.5 million facilities were utilised and the carrying amount of the financial assets at fair value through profit or loss charged under the utilised facilities to a securities broker is HK$21.8 million.

As at 31 March 2012, buildings in Taiwan with carrying amount of approximately of HK$81.4 million (NT$310.0 million) were pledged to secure bank borrowings of approximately HK$42.0 million (NT$160 million).

Furthermore, the Remaining Group had a restricted bank deposit, approximately to HK$5.5 million (NT$20.9 million) as at 31 March 2012, placed to secure the lease agreement in relation to the land located in Taiwan.

Future plans for material investments or capital assets

Save as disclosed in the material acquisition of subsidiaries, the Remaining Group has no future plans for the material investments or capital assets.

Gearing ratio

The gearing ratio of the Company, calculated as total liabilities over total assets, was 66.6%.

Management discussion and analysis of the period ended 30 September 2012

Set out below is an extract from page 29 to 48 of the interim report of the Company for the six months ended 30 September 2012 (“the Period”).

"*Financial results*

For the six months ended 30 September 2012 (the "Period"), the loss attributable to shareholders for the Period recorded as approximately HK$2,392.0 million, which increased by approximately HK$2,046.3 million, as compared to a loss of approximately HK$345.7 million at the same period last year. The loss was mainly attributable to:

(i) Turnover for the period was approximately HK$92.6 million, an increase of 3.9% from approximately HK$89.2 million for the corresponding period last year;

(ii) As at 30 September 2012, an impairment of approximately HK$1,921.0 million was made by the Company against the aggregated carrying value of the investment in Sun Mass. The basis of determination of the impairment is primarily based on the valuation report dated 28 November 2012 (the "Report") in respect of the Remaining Group's polycrystalline silicon business in Taiwan. The Report indicated that the value in use of business enterprise of the Remaining Group's polycrystalline silicon business (on the existing plant scenario) is reasonably stated as approximately HK$780.0 million (USD100.0 million);

(iii) an increase in finance costs by approximately HK$177.1 million, from approximately HK$37.0 million to approximately HK$214.1 million in which approximately HK$1.5 million arising from interest expenses paid for bank and other borrowings, approximately HK$94.0 million arising from the amortisation of interest expenses for convertible bonds and approximately HK$118.6 million arising from the amortisation of interest expenses for consideration bonds during the Period;

(iv) a change of fair value on derivative financial instrument of the Company's consideration bonds which resulting of approximately HK$101.1 million loss as at 30 September 2012 (As at 30 September 2011: Nil);

(v) an aggregated loss on early redemptions of the Company's consideration bonds during the Period of approximately HK$86.4 million (2011:Nil);

(vi) a decrease in investment income (investments in shares and provision of finance) by approximately HK$16.6 million, from approximately HK$17.2 million to approximately HK$0.6 million during the Period;

(vii) the fair value losses of approximately HK$22.2 million in financial assets at fair value through profit or loss, which was decreased by approximately HK$273.5 million from approximately HK$295.7 million during the Period.

The basic and diluted loss per share was HK$7.58 for the Period. The basic and diluted loss per share was adjusted to reflect the impact of the share consolidation effected on 26 April 2012.

Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2012 (30 September 2011: Nil).

Business review and trading prospects

Solar grade polycrystalline silicon

No turnover was generated from solar grade polycrystalline silicon segment with no commercial production was commenced during the Period and the same period last year. With the completions of acquisition of 50.1% and 49.9% interest in Sun Mass Energy Limited and its subsidiaries ("Sun Mass Group"), which is engaged in solar grade polycrystalline silicon's business, in July 2011 and in Jan 2012 respectively, the segment loss increased by 196.9 times, from approximately HK$9.9 million in the same period last year to approximately HK$1,949.4 million for the Period, in which approximately HK$1,920.0 million was arising from the impairment loss on the Remaining Group's polycrystalline silicon's business, which amount of approximately HK$1,732.0 million allocated to intangible asset and approximately HK$189.0 million allocated to the property, plant and equipment.

As disclosed in the announcement dated 18 June 2012, certain milestone towards achieving commercial production was achieved. Sun Materials, a wholly owned subsidiary of the Company, conducted two sampling runs during the week of 23 April 2012. Subsequent to these initial sampling runs, Sun Materials conducted an additional sampling run on 15 June 2012, ascertaining the results achieved during the week of 23 April 2012. In order to properly treat and recycle the byproducts, Sun Materials has to implement the designed recycling facility before the commencing formal large-scale production of polycrystalline silicon. It is expected that the enhancement work will be completed by early 2013, and commercial production will commence in the first half of 2013.

During the Period, as a result of severe and challenging market conditions in the solar industry in the year of 2012 which impacted the selling prices of the polysilicon in the industry, the Remaining Group carried out a review of the recoverable amount of related cash generating unit, with the assistance from an independent valuation firm. The recoverable amount of the cash generating unit has been determined on the basis of value in use. The calculation was based on the future pre-tax cash flows expected to arise from the cash generating units for the next five years using a pre-tax discount rate of 22% that reflects current market assessments of the time value of money and the risks specific to the cash generating unit. The cash flows beyond the next five years are extrapolated using a nominal growth rate of 3%. Accordingly, an impairment loss of HK$1,921.0 million is recognised in the profit and loss. No impairment assessment was performed for the year ended 31 March 2012.

Investments

During the Period, the dividend income on investments in shares decreased by 99.1% from approximately HK$4.6 million to approximately HK$0.04 million as compared with the same period last year. The net loss from investment in shares was approximately HK$22.2 million, 92.5% lower than approximately HK$295.7 million as compared with the same period last year. The proceeds from disposal of investments were utilised for the working capital of the Remaining Group.

Loan financing

During the Period, interest income from provision of finance significantly decreased by 21 times from approximately HK$12.6 million to approximately HK$0.6 million as compared with the same period last year, mainly due to decrease in number of customers. All loans and interest receivables were duly settled as at 30 September 2012 and no provision for loan receivable was made during the Period. The amounts received from loan receivables were utilised for the working capital of the Remaining Group.

Manufacture and sale of accessories

The segment's turnover slightly increased by approximately HK$3.4 million, from approximately HK$89.2 million to approximately HK$92.6 million, as compared with the same period last year. With the provision of the sales value added tax and the continuous increase in wages and salaries, gross profit margin slightly decreased from 28.7% to 27.1%. The segment's result decreased by approximately HK$2.3 million, from approximately HK$7.0 million to approximately HK$4.7 million, as compared with the same period last year.

Prospects

As the year 2012 is drawing to a close, the economic outlook for the year ahead remains to be uncertain. Sovereign debt problems in Europe, the fiscal cliff conundrum in the United States are amongst the main factors posing continual risks and uncertainties to the recovery and stability of major economies and financial markets around the world, despite the loose monetary measures taken by major central banks globally. At an industry specific level, the photovoltaic industry and particularly the polycrystalline silicon market continue to be under pressure from a combination of an oversupply issue from aggressive industry capacity expansion over the past few years and weakening feed-in-tariff support in Europe. The macro short term view is that the industry will continue its current shakeout of weaker players in the near term but with many polysilicon manufacturers without long-term contract support selling at a spot price below their cash costs, we should be nearing an inflection point and should see a capacity reduction in the coming months as weaker players continue the quicken the pace of shut down or exit the industry.

The Remaining Group's future prospects would depend primarily on the commencement of commercial production of polycrystalline silicon by Sun Materials and the future success of this business operation in the light of prevailing market conditions in the solar energy and polysilicon industries. As earlier mentioned a recycling facility with additional enhanced production equipment is currently being constructed to enable cost effective and environmentally safe products can be produced upon the launch of commercial production. The progress of the construction of this facility is currently underway and is progressing in line with plan generally. The coming few months will be critical as far as completion of the construction of the recycling facility is concerned and the Remaining Group is continuously monitoring the ongoing progress closely such that commercial production can be successfully launched within our anticipated timing in the first half of 2013.

On the other hand, the Remaining Group's available financial resources have been stretched to a less than satisfactory level. The Company has been exploring various initiatives to seek new funding as demonstrated by the recent placement of new shares. Efforts to explore new financing including a planned rights issue as well as debt restructuring are ongoing with a view to restore the Remaining Group's financial position in due course.

Liquidity and capital resources

During the Period, the Remaining Group primarily financed its operations with internally generated cash flows, other borrowing and by its internal resources and shareholder's equity. As at 30 September 2012, net current assets of the Remaining Group amounted to approximately HK$43.7 million (As at 31 March 2012: approximately HK$436.3 million) with bank balances and cash of approximately HK$52.9 million (As at 31 March 2012: approximately HK$267.6 million).

In April 2012, the Company completed a capital reorganisation which involved, among others, shares consolidation of every 16 issued shares into 1 consolidated share, capital reduction and share subdivision. Upon the said capital reorganisation became effective on 26 April 2012, par value of the shares of the Company has become HK$0.01 each from HK$0.1 each. A credit arising from the capital reduction of approximately HK$453.8 million is set off against the accumulated loss of the Company. The authorised share capital of the Company has become HK$2,000,000,000 divided into 200,000,000,000 shares of HK$0.01 each. Details of the capital reorganisation are disclosed in the announcement and the circular dated 6 March 2012 and 2 April 2012 respectively.

On 27 June 2012, the Company completed a placing of 57,084,736 new ordinary shares with net proceeds of approximately HK$12.7 million, of which approximately HK$11.7 million was used for the down payment for the construction of the new facility building for polycrystalline silicon's business; and the remaining balance of the net proceeds of approximately HK$1.0 million was utilised for the construction works of the recycling facility of polycrystalline silicon's business.

As at 30 September 2012, the Remaining Group had secured bank borrowings of approximately HK$42.5 million (As at 31 March 2012: approximately HK$42 million), of which approximately HK$42.5 million is a ten-year term loan and is denominated in new Taiwan Dollars (NT$160 million). The bank borrowings carry variable interest at local bank's deposit rate in Taiwan plus a spread ranging from 1.8% to 5% per annum. In addition, the Remaining Group had utilised secured margin facilities of approximately HK$0.5 million as at 30 September 2012 (As at 31 March 2012: approximately HK$0.5 million). Furthermore, the Company entered a loan facility agreement with an independent financial institution in July 2012 with a loan facility up to HK$100 million obtained. The loan facility is unsecured, at monthly interest rate of 1% per month and repayable within six months from the date of the loan agreement. As at 30 September 2012, the Company utilised HK$40 million for the working capital of the Remaining Group.

The Company issued convertible bonds with aggregate principal amount of HK$1,450.0 million in connection with the acquisition of 50.1% interest in Sun Mass Group in July 2011. The convertible bonds due in July 2014, with 5% per annum coupon interest rate payable semi-annually, are convertible into ordinary shares of the Company at a conversion price of HK$8 per share (adjusted upon capital reorganisation effected on 26 April 2012). With principal amount of HK$31.0 million was converted into ordinary shares of the Company in August 2011, the aggregate principal amount of HK$1,419.0 million was outstanding as at 30 September 2012 (As at 31 March 2012: HK$1,419.0 million). During the Period, an aggregated interest paid was approximately HK$35.3 million (2011: approximately HK$35.9 million).

The Company issued consideration bonds with aggregate principal amount of HK$1,750.0 million as part of the consideration for the acquisition of the remaining 49.9% interest in Sun Mass Group in January 2012. The consideration bonds due in January 2014 with 2.5% per annum coupon interest rate payable quarterly. With aggregated principal amount of HK$320.0 million was redeemed during the Period, the aggregate principal amount of HK$1,330.0 million was outstanding as at 30 September 2012 (As at 31 March 2012: HK$1,650.0 million). During the Period, an aggregated interest paid was approximately HK$19.5 million (2011: approximately HK$0.4 million).

The total deficit of the Remaining Group as at 30 September 2012 was approximately HK$1,100.6 million (As at 31 March 2012: total equity was approximately HK$1,232.0 million). Gearing ratio calculated on the basis of the Remaining Group's total debts (interest-bearing bank and other borrowings plus convertible bonds and consideration bonds) over shareholders' funds was (205.5%) (As at 31 March 2012: 191.4%).

Currency risk management

The majority of the Remaining Group's assets are held in Hong Kong Dollars with no material foreign exchange exposure. The Remaining Group's manufacturing business has its overseas market, which alone accounts for around HK$60.1 million of the Remaining Group's sales turnover. Furthermore, the Remaining Group also engaged in solar grade polycrystalline silicon business in Taiwan, United Stated Dollar ("US$") will be expected to be the functional currency, no income is yet to be recorded during the Period. In safeguarding the volatile Euro Dollars currency risk, the management has chosen to adopt a more prudent sales policy by mainly accepting US$ quoted sale orders, which in turn the management can maintain a stable currency exchange condition for normal trading business development. During the Period, the directors are of the view that the Remaining Group's exposure to exchange rate risk is not material, and will continue to monitor it.

Number of employees and remuneration policy

As at 30 September 2012, the Remaining Group employed approximately 412 employees, around 72.6% and 14.3% of them were employed in the People's Republic of China for the manufacturing business and in Taiwan for the manufacturing of solar grade polycrystalline silicon business respectively. The remuneration policy of the Remaining Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme. Total staff costs for the six months ended 30 September 2012, including director's emoluments, amount to approximately HK$24.7 million."

In addition to the above information extracted and modified from the interim report of the Company for the Period, set out below is further information in relation to:

Significant investments held

As at 30 September 2012, significant investments of the Remaining Group included listed investments held for trading which amounted to HK$22.9 million.

Material acquisitions and disposal of subsidiaries

The Remaining Group has no material acquisitions and disposal of subsidiaries during the Period.

Staff cost incurred

Total staff costs for the Period, including directors' emoluments, amounted to HK$24.7 million.

Contingent Liabilities

The Company and the Remaining Group had not provided corporate guarantee to its subsidiaries or other parties and did not have other contingent liabilities as at 30 September 2012 (As at 31 March 2012: Nil).

Charge of Assets

As at 30 September 2012, margin facilities of approximately HK$10.1 million (As at 31 March 2012: approximately HK$63.2 million) from one regulated securities broker (As at 31 March 2012: four regulated securities brokers) were granted to the Remaining Group under which financial assets at fair value through profit or loss of approximately HK$22.5 million (As at 31 March 2012: approximately HK$154.8 million) were treated as collateral for the facilities granted. Aggregate of approximately HK$0.5 million (As at 31 March 2012: approximately HK$0.5 million) facilities were utilised and the carrying amount of the financial assets at fair value through profit or loss charged under the utilised facilities to a securities broker is approximately HK$22.5 million (As at 31 March 2012: approximately HK$21.8 million).

Future plans for material investments or capital assets

The Remaining Group has no future plans for the material investments or capital assets.

Gearing ratio

The gearing ratio of the Company, calculated as total liabilities over total assets, was 184.4%.

A. ACCOUNTANTS REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF MASCOTTE HOLDINGS LIMITED

We report on the unaudited pro forma financial information of Mascotte Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed disposal of entire equity interest in Smart Style Investments Limited might have affected the financial information presented, for inclusion in section C of Appendix III to the circular dated 18 December 2012 (the "Circular"). The basis of preparation of the unaudited pro forma financial information of the Group is set out in section B of Appendix III to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information of the Group in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information of the Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information of the Group beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information of the Group has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information of the Group as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information of the Group is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 September 2012 or any future date or the results and cash flows of the Group for the six months ended 30 September 2012 or any future period.

Opinion

In our opinion:

(a) the unaudited pro forma financial information of the Group has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information of the Group as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 December 2012

B. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Basis of preparation of the unaudited pro forma financial information of the Remaining Group after the Disposal

The unaudited pro forma financial information of the Remaining Group is prepared in accordance with the Listing Rules 4.29 to illustrate the effect of the Disposal.

The preparation of unaudited consolidated statement of financial position of the Remaining Group after the Disposal is based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2012 as set out in the Company's interim report for the six months ended 30 September 2012, after making pro forma adjustments relating to the Disposal, as if the Disposal had been completed on 30 September 2012.

The preparation of unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group after the Disposal are based on the unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 September 2012 as extracted from the Company's interim report for the six months ended 30 September 2012, after making pro forma adjustments relating to the Disposal, as if the Disposal had been completed on 1 April 2012.

The unaudited pro forma financial information is based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments that are (i) directly attributable to the transaction and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information has been prepared by the Directors for illustrative purpose only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the results, cash flows, or financial position of the Group upon completion of the Disposal or for any future period or at any future date.

C. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	The Group as at 30 September 2012	Pro forma adjustments for the Disposal		The Remaining Group as at 30 September 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)			
	Note (a)	*Note (b)*	*Note (c)*	
Non-current assets				
Property, plant and equipment	137,053	(49,822)		87,231
Investment properties	62,557	(36,150)		26,407
Intangible asset	732,456			732,456
Prepaid lease payments	3,168			3,168
Available-for-sale investments	9,991			9,991
Restricted bank deposits	5,574			5,574
Deposits paid for acquisition of property, plant and equipment	5,934			5,934
Derivative financial instrument	291,719			291,719
Rental deposits	629			629
	1,249,081			1,163,109
Current assets				
Financial assets at fair value through profit or loss	22,912			22,912
Inventories	9,139			9,139
Trade receivables	41,888			41,888
Other receivables, deposits and prepayments	13,869	(202)		13,667
Prepaid lease payments	692			692
Tax recoverable	21			21
Bank balances and cash	31,000	(578)	22,500	52,922
	119,521			141,241

	The Group as at 30 September 2012	Pro forma adjustments for the Disposal		The Remaining Group as at 30 September 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)			
	Note (a)	*Note (b)*	*Note (c)*	
Current liabilities				
Amount due to the ultimate holding company	—	(67,240)	67,240	—
Trade payables	16,218			16,218
Other payables and accrued charges	60,327	(401)		59,926
Borrowings	67,838	(24,500)	(40,000)	3,338
Taxation payable	18,035			18,035
	162,418			97,517
Net current (liabilities) assets	(42,897)			43,724
Total assets less current liabilities	1,206,184			1,206,833
Non-current liabilities				
Convertible bonds	1,181,832			1,181,832
Consideration bonds — debt component	1,047,725			1,047,725
Deferred tax liabilities	38,209			38,209
Borrowings	39,708			39,708
	2,307,474			2,307,474
Net liabilities	(1,101,290)			(1,100,641)
Capital and reserves				
Share capital	3,425			3,425
Reserves	(1,109,797)		649	(1,109,148)
Equity attributable to owners of the Company	(1,106,372)			(1,105,723)
Non-controlling interests	5,082			5,082
Total equity	(1,101,290)			(1,100,641)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 September 2012

	The Group for the six months period ended 30 September 2012	Pro forma adjustments for the Disposal					The Remaining Group for the six months period ended 30 September 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (d)*	*Note (e)*	*Note (f)*	*Note (g)*	*Note (h)*	
Turnover							
Sales of goods	92,631						92,631
Cost of sales	(67,511)						(67,511)
	25,120						25,120
Investment income	596						596
Rental income	1,500	(1,998)		1,176			678
Change in fair value of financial assets at fair value through profit or loss	(22,188)						(22,188)
	5,028						4,206
Other income	2,238						2,238
Other gains and losses	(2,109,347)	(193)	(197)		773		(2,108,964)
Selling and distribution costs	(4,637)						(4,637)
Administrative expenses	(58,790)	733	857	(300)		(1,338)	(58,838)
Other expenses	(19,105)						(19,105)
Finance costs	(214,721)	2,286		(1,630)			(214,065)
Loss before taxation	(2,399,334)						(2,399,165)
Income tax credit	7,320						7,320
Loss for the period	(2,392,014)						(2,391,845)
Other comprehensive income:							
Exchange differences arising on translating foreign operatios	31,646						31,646
Change in fair value of available-for-sale investment	(3,877)						(3,877)
Impairment loss on available-for-sale investment	3,877						3,877
Other comprehensive income for the period	31,646						31,646
Total comprehensive expense for the period	(2,360,368)						(2,360,199)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 September 2012

	The Group for the six months ended 30 September 2012	Pro forma adjustments for the Disposal						The Remaining Group for the six months ended 30 September 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (d)*	*Note (e)*	*Note (f)*	*Note (g)*	*Note (h)*	*Note (g)*	
OPERATING ACTIVITIES								
Loss before taxation	(2,399,334)	828	660	(754)	773	(1,338)		(2,399,165)
Adjustments for:								
Finance costs	214,721	(2,286)		1,630				214,065
Loss on early redemption of consideration bonds	86,352							86,352
Change in fair value of derivative financial instrument	101,073							101,073
Gain on disposal of subsidiaries	–				(773)			(773)
Other non-cash items	1,951,650	193	(660)					1,951,183
Operating cash flows before movements in working capital	(45,538)							(47,265)
Decrease in financial assets at fair value through profit or loss	131,883							131,883
Other working capital items	19,010	68		(876)		1,338		19,540
NET CASH FROM OPERATING ACTIVITIES	105,355							104,158
INVESTING ACTIVITIES								
Proceeds from disposal of available-for-sale investments	58,000							58,000
Advance to the Smart Style Group	–	(2,982)						(2,982)
Net cash inflow from disposal of the Smart Style Group	–						59,438	59,438
Other investing cash flows	(13,849)	7						(13,842)
NET CASH FROM INVESTING ACTIVITIES	44,151							100,614

	The Group for the six months ended 30 September 2012	Pro forma adjustments for the Disposal						The Remaining Group for the six months ended 30 September 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (d)*	*Note (e)*	*Note (f)*	*Note (g)*	*Note (h)*	*Note (g)*	
FINANCING ACTIVITIES								
Repayment of consideration bonds	(320,000)							(320,000)
Interest paid on borrowings, convertible bonds and consideration bonds	(56,939)	656						(56,283)
New borrowings raised	40,000							40,000
Issue of new shares	13,700							13,700
Other financing cash flows	(3,343)	3,000						(343)
NET CASH USED IN FINANCING ACTIVITIES	(326,582)							(322,926)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(177,076)							(118,154)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	208,181							208,181
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE CHANGES	(105)							(105)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	31,000							89,922

Notes:

(a) The figures are extracted from the unaudited condensed consolidated financial statements of the Group as set out in the interim report of the Company for the six months ended 30 September 2012.

(b) The adjustments reflect the exclusion of the assets and liabilities of the Smart Style Group as at 30 September 2012, assuming that the Disposal had been taken place on 30 September 2012.

The Property is accounted for as an investment property in the unaudited consolidated financial statements of the Smart Style Group as at 30 September 2012 using fair value model as the Property was leased to an independent third party and the Company. The portion of Property leased to the Company for administrative use ("Company's Portion") is accounted for as property, plant and equipment in the unaudited condensed consolidated financial statements of the Group as at 30 September 2012 using cost model. For the purpose of preparing the pro forma financial information, the adjustments include elimination of:

(i) the carrying value of the Company's Portion included in property, plant and equipment of HK$49,822,000 recorded by the Group as at 30 September 2012; and

(ii) the carrying value of the investment property leased to an independent third party of HK$36,150,000 recognised by the Group as at 30 September 2012.

Reconciliation from the carrying value of the Property as extracted from the unaudited consolidated financial statements of the Smart Style Group as at 30 September 2012 as set out in Appendix I to this Circular to the unaudited condensed consolidated financial statement of the Group as set out in the interim report of the Company for the six months ended 30 September 2012:

	HK$'000
Fair value of the Property recorded by the Smart Style Group	88,300
Less: Fair value of the Property leased to an independent third party	(36,150)
Fair value of the Company's Portion	52,150
Reversal of the accumulated fair value gain of the Company's Portion not recorded by the Group but recorded by the Smart Style Group	(458)
Recognition of the accumulated depreciation of the Company's Portion recorded by the Group	(1,870)
Carrying value of the Company's Portion recorded by the Group	49,822

(c) The adjustments reflect the consideration to be received, the assignment of SD Loan and the offsetting of loan due to the Purchaser and the gain on Disposal assuming the Disposal had been taken place on 30 September 2012.

Cash flows from the Disposal are as follow:

	HK$'000
Total consideration *(Note 1)*	88,000
Outstanding Mortgage Loan not yet repaid *(Note 2)*	(24,500)
Offsetting loan borrowed by the Group from the Purchaser *(Note 3)*	(40,000)
Consideration to be received from the Purchaser	23,500
Payment for transaction cost directly attributable to the Disposal *(Note 4)*	(1,000)
Increase in bank balances and cash	22,500

Calculation of gain on Disposal is as follows:

	HK$'000
Total consideration *(Note 1)*	88,000
Outstanding Mortgage Loan not yet repaid *(Note 2)*	(24,500)
Assignment of SD Loan to the Purchaser (Note 5)	(67,240)
Transaction cost directly attributable to the Disposal *(Note 4)*	(1,000)
Carrying amounts of net liabilities of the Smart Style Group *(Note 6)*	5,389
Gain on Disposal	649

Notes:

(1) Based on the Conditional Agreement, the total consideration is HK$88,000,000.

(2) Based on the Conditional Agreement, if the Mortgage Loan has not been fully paid off on or before the Completion Date, the consideration shall be adjusted by deducting the amount of the principal of the Mortgage Loan and any outstanding interest accrued thereon up to the Completion Date from the said sum of HK$88,000,000. For the purpose of preparing the pro forma financial information, the outstanding Mortgage Loan as at 30 September 2012 of HK$24,500,000 has not been repaid by the Group and therefore such amount is deducted from the consideration.

(3) Based on the Conditional Agreement, the consideration shall be set-off by the outstanding amount of the loan borrowed by the Company from the Purchaser on the Completion Date. For the purpose of preparing the pro forma financial information, the outstanding loan due to the Purchaser as at 30 September 2012 of HK$40,000,000 is deducted from the consideration.

(4) Transaction costs (including but not limited to legal and professional fees) of HK$1,000,000 directly attributable to the Disposal is estimated by the Directors.

(5) The balance represents the outstanding amount of the SD Loan borrowed by the Smart Style Group from the Company as at 30 September 2012.

(6) The balance represents the sum of the pro forma adjustments in Note (b) above.

(d) The adjustments reflect the exclusion of the results and cash flows of the Smart Style Group for the six months ended 30 September 2012 before elimination of intercompany transactions as detailed in Note (f) below, assuming that the Disposal had been taken place on 1 April 2012.

(e) The adjustments represent reversal of the fair value change of the investment property (included in other gains and losses) and the depreciation of property, plant and equipment of HK$857,000 of the Company's Portion (included in administrative expenses) for the six months ended 30 September 2012.

(f) The adjustments eliminate the intercompany transactions between the Remaining Group and the Smart Style Group included in the results and cash flows of the Smart Style Group for the six months ended 30 September 2012 (as disclosed in Note (d) above) which represented rental income of HK$1,176,000, management fee expenses of HK$300,000 and finance cost of HK$1,630,000 for the six months ended 30 September 2012.

(g) The adjustments reflect the consideration to be received, the assignment of SD Loan and the offsetting of loan due to the Purchaser and the gain on Disposal assuming the Disposal had been taken place on 1 April 2012.

Net cash inflows from the Disposal are as follow:

	HK$'000
Total consideration *(Note 1)*	88,000
Outstanding Mortgage Loan not yet repaid *(Note 2)*	(27,500)
Offsetting loan borrowed by the Group from the Purchaser *(Note 3)*	—
Consideration to be received from the Purchaser	60,500
Payment for transaction cost directly attributable to the Disposal *(Note 4)*	(1,000)
Bank balances of the Smart Style Group upon Disposal	(62)
Net cash inflows from the Disposal	59,438

Calculation of gain on Disposal is as follows:

	HK$'000
Total consideration *(Note 1)*	88,000
Outstanding Mortgage Loan not yet repaid *(Note 2)*	(27,500)
Assignment of SD Loan to the Purchaser *(Note 5)*	(62,628)
Transaction cost directly attributable to the Disposal *(Note 4)*	(1,000)
Carrying amounts of net liabilities of the Smart Style Group	3,901
Gain on Disposal	773

Notes:

(1) Based on the Conditional Agreement, the total consideration is HK$88,000,000.

(2) Based on the Conditional Agreement, if the Mortgage Loan has not been fully paid off on or before the Completion Date, the consideration shall be adjusted by deducting the amount of the principal of the Mortgage Loan and any outstanding interest accrued thereon up to the Completion Date from the said sum of HK$88,000,000. For the purpose of preparing the pro forma financial information, the outstanding Mortgage Loan as at 1 April 2012 of HK$27,500,000 has not been repaid by the Group and therefore such amount is deducted from the consideration.

(3) There is no outstanding borrowing due to the Purchaser by the Group as at 1 April 2012.

(4) Transaction costs (including but not limited to legal and professional fees) of HK$1,000,000 directly attributable to the Disposal is estimated by the Directors.

(5) The balance represents the outstanding amount of the SD Loan borrowed by the Smart Style Group from the Company as at 1 April 2012.

(h) The adjustment represents the rental expense of HK$1,338,000 assuming the Disposal had been taken place on 1 April 2012.

Based on the Conditional Agreement, the Group shall enter a Tenancy Agreement with Smart Direct upon Completion. The monthly rental expense charged by Smart Direct to the Group is HK$223,000. The total rental expense for the six months ended 30 September 2012 is HK$1,338,000.

The above pro forma adjustments, except for note (h), will have no continuing effect on the Remaining Group in the subsequent reporting periods. The Directors considered that there is no seasonal impact on the above pro forma adjustments relating to the Smart Style Group.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from CHUNG, CHAN & ASSOCIATES, an independent valuer, in connection with its valuation as at 31 October 2012 of the Property.

Chung,Chan &Associates
Chartered Surveyors
Professional Valuers of all types of Property, Business and Intangible Assets,
Plant, Machinery and Equipment
Professional Real Estate Advisers

衡量行

18 December, 2012

The Directors,
Mascotte Holdings Limited,
25th Floor, China United Centre,
No. 28 Marble Road,
North Point,
Hong Kong

Dear Sirs,

Re: Unit 2501 and Unit 2511 on Whole of 25th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong.

In accordance with your instructions to value the above property interest which is held by Mascotte Holdings Limited (the "Company") and its subsidiary (hereinafter together referred to as the "Group") for the purpose of disposal, we have carried out an inspection of the property, made relevant enquiries and have obtained such further information as we consider necessary for the purpose of providing you with our opinion on the capital value or market value of the property as at 31 October, 2012, (the "date of valuation") for inclusion in the circular of the Company dated 18 December, 2012. Our valuation undertaken herein is in compliance with the requirements as set out in Chapter 5 and Practice Note 12 of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Our valuation of the above property interest is our opinion of its market value which, in accordance with the Valuation Standards on Properties (First Edition, 2005) as laid down by the Hong Kong Institute of Surveyors (HKIS) and the RICS Valuation Standards (6th Edition, 2008) as published by the Royal Institution of Chartered Surveyors (RICS), is defined as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our valuation has been made on the assumption that the owner sells the property interest on the market in its existing state without the benefit of a deferred terms contract, sale and leaseback, joint venture, unusual financing, management agreement, concessionary engagement or any similar arrangement which would serve to enhance, affect or diminish the value of the property. In addition, no account is taken of any option or pre-emptive right relating to or affecting the sale of the property and no forced sale in any form in respect of the property has been assumed in our valuation.

We are advised that, as at the date of valuation, the subject property which comprises the entire 25th Floor has been divided into two adjoining office units namely Unit 2501 and Unit 2511 which have been leased at respective rents of HK$137,000 per month and HK$196,000 per month, both rents inclusive of rates, management fee and government rent. Accordingly, the property has been valued on the basis of its market value subject to the existing tenancies and having regard to market comparables wherever possible.

As at the date of valuation, the subject units namely Unit 2501 and Unit 2511 which comprise the entire 25th Floor of China United Centre are under the ownership of Smart Direct Investments Limited, a 100% owned subsidiary of Mascotte Holdings Limited.

We have relied to a considerable extent on information given to us by the Group and have accepted advice given to us in relation to planning approvals or statutory notices, easements, tenure, completion date of construction of the building, particulars of occupancy, floor areas and other relevant matters.

We have not been provided with copies of title documents relating to the property but we have caused searches to be made at the Land Registry.

We have not inspected the original documents to verify ownership or to ascertain the existence of any lease amendments which do not appear on the copies provided to us.

All copies of documents relating to the property interest have been used as reference only. All dimensions, measurements and areas including floor areas, as stated in our valuation certificate are approximate and are based on information provided to us by the Group. No on-site measurements have been taken or carried out to determine the floor areas of the two units comprising the subject property or to verify their correctness.

We are instructed to express our opinion on the market value of the property interest and in the capacity of an external valuer, we have not undertaken any building survey to report on the condition or state of repair of the property although in the course of our inspection, we did not note any serious defects. However, we must advise that we cannot express an opinion about or give advice on the condition of the uninspected parts of the property or report on whether or not those parts of the property, which are concealed, unexposed or inaccessible are free of rot, infestation or other structural defects, whether latent or otherwise. For the purpose of our valuation, the aforesaid parts of the property are assumed to be in a good state of repair and condition and this report should not be construed as making any implied representation or statement about the condition of such parts. None of the services in respect of the property has been tested.

We have not arranged for any investigation to be conducted or tests to be carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the building accommodating the property, or whether such materials have since been incorporated, and we are therefore unable to report that the property is free from such risk. However, for the purpose of our valuation, we have assumed that should such an investigation be carried out it would not reveal the presence of any such materials to any significant extent.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property and neither has any allowance been made for any liability to taxation on sale or any expenses which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

The aforementioned assumption is a standard statement or limiting condition which we, as professional valuers, would need to include in this valuation report. We cannot be in the position to verify all of the information in respect of encumbrances or restrictions, etc. relating to the property as these are legal matters which are outside the scope of our work. With regard to the subject property, we have conducted title searches on the property, which are relevant to the preparation of a valuation report but there could be encumbrances which we do not know about or have not been registered as at the date of valuation. We would also need to rely on information and advice from the Group that no encumbrance or restriction, etc. of an onerous nature exists. An encumbrance such as a mortgage would not affect the value of a property but certain encumbrances may but as at the date of valuation we are not aware of any such encumbrances.

In accordance with your instructions, we are required to express our opinion on the market value of the property interest in the local currency, and that is Hong Kong Dollars.

We enclose herewith our valuation certificate in respect of the property.

Yours faithfully,
CHUNG, CHAN & ASSOCIATES

Peter C. K. Chung FRICS FHKIS MRISM PDABV

Note: Mr. Peter Chung is a Chartered Surveyor, a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Hong Kong Institute of Surveyors, and has been conducting professional valuations of property and other assets as well as providing professional advisory work in Hong Kong, mainland China, the Asia Pacific region, Europe and America for over 25 years. He has more than 18 years experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October, 2012
Unit 2501 and Unit 2511 on Whole of 25th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong. 768/23,400 parts or shares of and in I.L. 3504 s.A ss.2, I.L. 3504 s.A ss.3 s.B, I.L. 3504 s.A ss.3 R.P., I.L. 3504 s.A ss.3 s.A, I.L.3504 s.A ss.5, I.L. 3504 s.A ss.4, I.L. 3504 s.A R.P., I.L.3504 s.A ss.1 s.A R.P., I.L.3504 s.A ss.1 s.A ss.5, I.L. 3504 s.A ss.1 s.A ss.3, I.L. 3504 s.A ss.1 s.A ss.2, I.L. 3504 s.A ss.1 s.A ss.4, I.L. 3504 s.A ss.1 s.A ss.6.	The property comprises two adjoining office units which comprise the entire 25th Floor of a modern multi-storey commercial/office development which is situated in the district of North Point with a frontage to Marble Road, a secondary street which runs parallel to King's Road to the south and Java Road to the north. Retail and commercial users are located on the ground floor and lower floors of the building while the upper floors are designed for office purposes. Car parking is also available in the building on the lower level. The building is believed to have been built in 1997 or thereabouts. The building is believed to be of reinforced concrete frame construction with the external elevations finished with aluminium claddings and glass curtain walls with tinted panes.	As at the date of valuation, the property has been divided into two adjoining units namely Unit 2501 and Unit 2511. Unit 2501 which has a rentable area of 3,934.35 sq. ft. and a gross floor area of 4,611.03 sq. ft. is subject to a two-year tenancy commencing on 1 April, 2012 and expiring on 31 March, 2014 at a monthly rent of HK$137,000, inclusive of rates, management fee and government rent. The Landlord is Smart Direct Investments Limited while the Tenant is Ching & Solicitors. Unit 2511 which has a rentable area of 5,611.03 sq. ft. and a gross floor area of 6,575.97 sq. ft. is subject to a two-year tenancy commencing on 1 January, 2012 and expiring on 31 December, 2013 at a monthly rent of HK$196,000, inclusive of rates, management fee and government rent. The Landlord is Smart Direct Investments Limited while the Tenant is Mascotte Holdings Limited.	HK$88,350,000

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October, 2012
	We are advised that the total gross floor area of the subject two units namely Unit 2501 and Unit 2511 which comprise the entire 25th Floor is approximately 1,039 sq. m. (11,187 sq. ft.) while the rentable area is approximately 886.79 sq.m. (9,545.38 sq. ft.). The units are very well decorated and we understand that a substantial amount has been expended on the fitting-out and decorations. The units have a north facing aspect and enjoy views over Victoria Harbour. The layout of the entire 25th Floor is somewhat oblong in shape and being free of columns allows for flexibility in design for use as offices or as a showroom. The property is situated in an area which is zoned “Commercial/ Residential” in accordance with the Outline Zoning Plan. The land upon which the whole development is built comprises 13 lots which are held under Conditions of Sale No. UB336912 for a lease term of 75 years which commenced on 17 October, 1932 with a right of renewal for a further term of 75 years. The total determined government rent payable in respect of the 13 lots which form the land is $334 per annum.		

Notes:

1. The registered owner of the property interest, namely Unit 2501 and Unit 2511 which comprise the whole of the 25th Floor of China United Centre, is Smart Direct Investments Limited, a 100% owned subsidiary of Mascotte Holdings Limited.

2. The property was purchased for a consideration of $75,000,000 by Smart Direct Investments Limited on 30 June, 2011. According to our title search at the Land Registry, the Agreement for Sale and Purchase was signed on 18 July, 2011 under Memorial No. 11072902290014. We are advised that the total cost expended on the property since the date of acquisition is about $12,452,306 which excludes the cost of acquisition.

   We are advised that the aforementioned total cost expended on the property may be broken down as follows:

	HK$
Leasehold improvement	6,124,137.26
Furniture, fixtures and equipment	3,106,058.01
Additional cost expended during the six months ended 30 Sept 2012 - (CCTV, additional furniture, fixtures and equipment)	7,300.00
Stamp duty	3,187,500.00
Legal fee	27,311.00
	12,452,306.27

3. There is a legal charge/mortgage in favour of The Bank of East Asia, Limited for all monies vide Memorial No. 11111001350110 dated 25 October, 2011.

4. Our valuation of the property has taken into account the leasehold improvement including furniture and fixtures.

5. Our valuation of the property is based on a 100 per cent attributable interest in relation to the registered owner.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in shares

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executive of the Company has or is deemed to have any interests or short positions in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are 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 and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

Long positions in shares and underlying shares of the Company

Name of directors	Capacity	Number of shares held	Percentage of the issued share capital *Approximately*
Dr. Wu Yi-Shuen	Beneficial owner	17,797,250	4.05%
Mr. Lo Yuen Wa Peter	Beneficial owner	156,250	0.04%
Mr. Whitelam Peter Temple	Beneficial owner	78,125	0.02%

Long Positions in option deeds of the Company

Name of Directors	Capacity	Number of underlying shares held	Percentage of the issued share capital
Dr. Wu Yi-Shuen *(Note)*	Beneficial owner	28,125,000	6.40%
Mr. Eddie Woo *(Note)*	Beneficial owner	7,187,500	1.64%
Mr. Lo Yuen Wa Peter *(Note)*	Beneficial owner	625,000	0.14%

Note: The Company entered into option deeds on 29 August 2011 with amongst others Mr. Lo Yuen Wa Peter, Dr. Wu and Mr. Eddie Woo (the "Grantees"), details of which can be referred to page 21 of annual report for the year ended 31 March 2012. The adjusted exercise price of the share options is HK$6.4 each.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were 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, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

As at the Latest Practicable Date, save as disclosed, none of the Directors holds any option to subscribe for Shares.

(d) Substantial Shareholders

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, 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, had any options in respect of such capital were as follows:

Long Positions in the Underlying Shares of the Company

Name of substantial shareholders	Capacity	Number of underlying shares held	Percentage of the issued share capital *Approximately*
Mr. Andrew Liu	Beneficial owner	62,500,000	14.22%
VMS Private Investments Partners II Limited *(Note 1)*	Beneficial owner	48,750,000	11.09%
PMA Emerging Opportunities Fund SPC *(Note 2)*	Beneficial owner	48,750,000	11.09%

Notes:

1. Mr. Tung Sun Tat Clement is the ultimate beneficial owner of 100% of VMS Private Investments Partners II Limited and Ms. Mak Siu Hang Viola is the trustee.

2. SPARX Asia Capital Management Limited is the ultimate beneficial owner of 100% of PMA Emerging Opportunities Fund SPC.

3. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into a service contract with the Group which does not expire or which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 March 2012, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of, by or leased to any member of the Company or are proposed to be acquired or disposed of, by or leased to any member of the Company.

As at the date of this circular, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Company.

5. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date which are, or may be, material:

(i) the 2010 Sale and Purchase Agreement.

(ii) On 31 December 2010, the Company entered into a call option agreement with Quinella in relation to the grant of option by Quinella to the Company to buy, and to require Quinella to sell, the 4,990,000 option shares of Sun Mass (representing 49.9% of the issued shares of Sun Mass at the date of the agreement) during the call option period in consideration of US$1.00.

(iii) On 12 January 2011, the Company entered into a subscription agreement with Huai Jin Yang (also known as Samuel Yang) and Improve Forever Investments Limited ("Improve Forever") whereby Improve Forever conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 354,100,608 subscription shares at a price of HK$0.40 per subscription share. Improve Forever is 100% beneficially owned by Samuel Yang. The net proceeds were approximately HK$141 million.

(iv) On 17 January 2011, the Company entered into a placing agreement with Deutsche Bank AG, Hong Kong Branch in relation to a placing, on best effort basis, of a maximum of 3,000,000,000 placing shares and convertible bonds in an aggregate principal amount of up to HK$1,600,000,000. On 11 February 2011, 30 March 2011 and 28 June 2011, the Company entered into supplementary agreements with Deutsche Bank AG, Hong Kong Branch to vary and supplement the terms and conditions of the placing agreement by increasing the maximum gross proceeds that could be raised from the placing of the placing shares and convertible bonds to an aggregate amount of HK$4,000,000,000. The placing was completed on 14 July 2011 and the net proceeds from the placing of the placing shares and the convertible bonds were approximately HK$2,240,000,000.

(v) On 7 March 2011, the Company entered into a facility agreement with Sun Mass whereby the Company agreed to lend to Sun Mass a loan facility of principal amount of up to but not exceeding US$50 million at the interest rate of 12% per annum.

(vi) On 30 June 2011, the Company entered into a provisional sale and purchase agreement with Sinoace Limited in relation to the acquisition of the Property in consideration of HK$75,000,000.

(vii) On 15 July 2011, the Company, Quinella, Ms Hsieh and Sun Mass entered into a shareholders' agreement with Sun Mass in respect of Sun Mass.

(viii) On 1 August 2011, the Company entered into a service agreement with Dr. Wu in relation to the appointment of Dr. Wu as executive Director of the Company.

(ix) On 29 August 2011, the Company entered into the option deeds (the "Option Deeds") with each of Dr. Wu, Mr. Eddie Woo, Dr. Chuang, Henry Yueheng, Mr. William Eui Won Pak, Mr. Lo Yuen Wa Peter, Mr. Cheng Lien Huang, Mr. Hsieh Yung-Ming and Mr. Shen Gi-Chou (collectively the "Grantees") in relation to the grant of share options by the Company. Pursuant to the Option Deeds, the Company agreed to grant share options for up to 730,000,000 shares of the Company.

(x) the 2011 Sale and Purchase Agreement.

(xi) On 19 June 2012, the Company entered into a placing agreement with Freeman Securities Limited in relation to the placing of 57,084,736 new shares at the placing price of HK$0.24 per placing share. The net proceeds were approximately HK$12.7 million.

(xii) On 4 July 2012, the Company entered into a loan facility agreement with Chung Nam Finance Limited in relation to a loan facility up to HK$100,000,000 for a term of 6 months at the interest rate of 1% per month.

(xiii) On 8 November 2012, the Company entered into a placing agreement with Freeman Securities Limited in relation to the placing of 68,501,684 new shares at the placing price of HK$0.17 per placing share. The net proceeds were approximately HK$11.1 million.

(xiv) The Conditional Agreement.

6. LITIGATION AND POSSIBLE LEGAL ACTION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

7. COMPETING BUSINESS INTEREST

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interest in any business which competes or likely to compete, either directly or indirectly, with the business of the Group.

8. EXPERTS AND CONSENT

The following is the qualification of each of the experts who has given opinions or advices which are contained or referred to in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Chung, Chan & Associates	Chartered Surveyors

As at the Latest Practicable Date, none of the above experts had beneficial interest in the share capital of any member of the Group nor any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor any interest, either directly or indirectly, in any assets which have been, since 31 March 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the above experts has given and has not withdrawn its respective written letter of consent to the issue of this circular with the inclusion herein of the letter or report or references to its name in the form and context in which they appear.

9. MISCELLANEOUS

(a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

(b) The head office and principal places of business of the Company in Hong Kong are at 1st Floor, Po Chai Industrial building, 28 Wong Chuk Hang Road, Aberdeen, Hong Kong and 2511, 25th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

(c) The secretary of the Company is Mr. Suen Yick Lun Philip, who is a fellow member of the Hong Kong Institute of Certified Public Accountants.

(d) The Company's branch registrar and transfer office in Hong Kong is Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) The principal share registrar of the Company is Butterfield Fulcrum Group (Bermuda) Limited at 26 Burnaby Street, Hamilton HM 11, Bermuda.

(f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong is at 1st Floor, Po Chai Industrial Building, 28 Wong Chuk Hang Road, Aberdeen, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

(i) the memorandum and Bye-laws;

(ii) each of the material contracts as set out under the paragraph headed "Material contracts" in this appendix;

(iii) the annual reports of the Company for the two years ended 31 March 2011 and 31 March 2012;

(iv) the review report of Smart Style Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this circular;

(v) the accountants report from Deloitte Touche Tohmatsu regarding the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(vi) the property valuation report prepared by the valuer, the texts of which are set out in Appendix IV to this circular;

(vii) the written consents as referred to in the paragraph headed "Experts and Consent" in this appendix; and

(viii) a copy of this circular and each circular issued.

MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 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 on 8 January 2013 at 4:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

(a) the Conditional Agreement (defined in the circular of the Company dated 18 December 2012) (a copy of which marked "A" has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification), and all transactions contemplated thereunder and in connection therewith and any other ancillary documents and all transactions contemplated thereunder, be and are hereby approved, confirmed and/or ratified; and

(b) the directors of the Company be and are hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such documents, deeds, agreements and instruments and do all such acts, matters and things and take all such steps as they may in their discretion consider necessary, expedient or desirable to implement and/or to give effect to the Conditional Agreement (and the transactions contemplated thereunder) as they may in their discretion consider to be desirable and in the interests of the Company.

By order of the Board of
Mascotte Holdings Limited
Lo Yuen Wa Peter
Managing Director

Hong Kong, 18 December 2012

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

2. Any member of the Company 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. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend on the same occasion.

3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or the adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

As at the date of this circular, the Board comprises the following Directors:

Executive Directors:
Mr. Peter Temple Whitelam *(Chairman)*
Mr. Lo Yuen Wa Peter *(Managing Director)*
Mr. Eddie Woo
Mr. Suen Yick Lun Philip
Mr. Lau King Hang
Dr. Wu Yi-Shuen

Independent non-executive Directors:
Mr. Frank H. Miu
Dr. Agustin V. Que
Mr. Robert James Iaia II