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## IMPORTANT

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

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

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

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## MASCOTTE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

### DISCLOSEABLE TRANSACTION

### DISPOSAL OF PROPERTY

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## DEFINITIONS

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

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Mascotte Holdings Limited, a company incorporated under the laws of Bermuda, the issued shares of which are listed on the Stock Exchange and the holding company of the Vendor
“Completion”	the completion of the Disposal
“Completion Date”	the date of Completion
“connected person”	has the meaning attributed to it in the Listing Rules
“Consideration”	the total amount of HK\$29,000,000, being the consideration for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property
“Group”	the Company and its subsidiaries
“Independent Third Party (Parties)”	third parties independent of the Company and connected persons of the Company
“Latest Practicable Date”	26 June 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Property”	Flat B, 15th Floor, Tower 5 and car parking spaces Nos. B33 and A108, The Leighton Hill, No. 2B, Broadwood Road, Hong Kong

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## DEFINITIONS

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“Provisional Agreement”	the provisional agreement dated 8 June 2007 entered into between the Vendor and the Purchaser relating to the Disposal
“Purchaser”	Century Hero Limited, a company incorporated under the laws of Hong Kong, an Independent Third Party
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy”	the existing tenancy agreement in respect of the Property entered into between the Vendor and Mascotte Industrial Associates (Hong Kong) Limited, a wholly-owned subsidiary of the Company on 7 June 2007
“Vendor”	Mascotte Investments Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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### MASCOTTE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

*Executive directors:*

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

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

Mr. Au Yeung Kai Chor

Ms. Wong, Dickie

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent non-executive directors:*

Mr. Wong Yui Leung, Larry

Mr. Lui Wai Shan, Wilson

Mr. Cheung Ngai Lam

Mr. Chan Sze Hung

*Head office and principal place  
of business in Hong Kong:*

1st Floor

Po Chai Industrial Building

28 Wong Chuk Hang Road

Aberdeen

Hong Kong

28 June 2007

*To the Shareholders*

Dear Sir or Madam,

## **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF PROPERTY**

#### **INTRODUCTION**

It was announced on 12 June 2007 that on 8 June 2007, the Vendor (a wholly owned subsidiary of the Company) entered into the Provisional Agreement with the Purchaser, pursuant to which the Vendor agreed to dispose of the Property subject to the Tenancy to the Purchaser at a consideration of HK\$29,000,000.

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

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## LETTER FROM THE BOARD

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### THE PROVISIONAL AGREEMENT

**Date** : 8 June 2007

**Parties** : (1) Mascotte Investments Limited as the Vendor, a wholly-owned subsidiary of the Company; and  
(2) Century Hero Limited as the Purchaser

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

**Property:**

**Address** : Flat B, 15th Floor, Tower 5 and car parking spaces Nos. B33 and A108, The Leighton Hill, No. 2B, Broadwood Road, Hong Kong

**Gross floor area** : approximately 2,238 sq. ft. (excluding the car parking spaces)

**Consideration:**

HK\$29,000,000. The Consideration shall be satisfied by the Purchaser in the following manner:

- (a) upon signing of the Provisional Agreement, a sum of HK\$1,000,000 has been paid by the Purchaser to the Vendor;
- (b) upon signing of the formal agreement on 15 June 2007, a sum of HK\$7,700,000 has been paid by the Purchaser to the Vendor; and
- (c) the balance of HK\$20,300,000 shall be payable on Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser, taking into account a valuation of an independent valuer in respect of the market value of the Property at HK\$29,100,000 as at 31 March 2007 and current market value of similar properties.

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## LETTER FROM THE BOARD

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### Principal terms:

The Purchaser agreed to acquire the Property subject to the Tenancy:

**Tenant** : Mascotte Industrial Associates (Hong Kong) Limited, a wholly-owned subsidiary of the Company

**Term** : 36 months commencing from 8 June 2007

**Rent** : HK\$80,000 per month (exclusive of rates, government rent and miscellaneous charges)

**Deposit** : HK\$160,000

### Completion:

Completion shall take place on or before 29 June 2007.

### Formal Agreement:

Based on the terms and conditions of the Provisional Agreement, the Vendor and the Purchaser entered into the formal agreement in respect of the Disposal on 15 June 2007 and the Purchaser paid the further sum of HK\$7,700,000 to the Vendor on the signing of the formal agreement.

Pursuant to the formal agreement, the Vendor shall give a good title to the Property to the Purchaser and the completion of the formal agreement is conditional upon all necessary waivers, consents, approvals and requirements (if required) from or of the Stock Exchange and/or under the Listing Rules which are required for the transactions contemplated therein with respect to the Company being obtained, fulfilled and complied with.

As at the Latest Practicable Date, the above conditions have been satisfied.

### REASONS FOR THE DISPOSAL

The Group is principally engaged in the (i) manufacture and sale of accessories for photographic, electrical and multimedia products and (ii) property investment and development.

The Property is currently occupied by a Director under the terms of a service contract with the Company on rent free basis and the reason for the Group to enter into the Tenancy is to continue to provide accommodation to such Director after Completion. Having regard to the recent property market in Hong Kong, the Directors (including the independent non-executive Directors) consider that the Disposal represents a good opportunity to realize a gain and will contribute to the cashflow of the Group. The Directors (including the independent non-executive Directors) further consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### USE OF PROCEEDS FROM THE DISPOSAL

The estimated net proceeds from the Disposal of approximately HK\$28.6 million are intended for working capital purposes.

### FINANCIAL EFFECTS OF THE DISPOSAL

The Property was acquired by the Group at a cost of approximately HK\$21 million (including the expenses of approximately HK\$0.7 million incurred for the acquisition) in about October 2002. As at 31 March 2007, the carrying cost of the Property is approximately HK\$18.7 million. Thus, the Disposal is expected to realize a total net gain of approximately HK\$9.9 million for the Group. Since its acquisition by the Group, the Property had been occupied by a Director under the terms of a service contract with the Company on a rent free basis. Upon completion of the Disposal, the Group's assets are expected to increase by approximately HK\$9.9 million and based on the Tenancy in respect of the Property, the expenditure of the Group as rental payment are expected to increase by approximately HK\$0.8 million for the financial year ending 31 March 2008.

### GENERAL

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

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



**1. RESPONSIBILITY STATEMENT**

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

**2. SHARE CAPITAL OF THE COMPANY**

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

<i>Authorised:</i>	<b>Nominal value</b>
<u>1,000,000,000</u> Shares	<u>HK\$100,000,000.00</u>
 <i>Issued (fully paid or credited as fully paid):</i>	
<u>524,800,100</u> Shares	<u>HK\$52,480,010.00</u>

### 3. DIRECTORS' INTERESTS IN SECURITIES

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

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

*Notes:*

- (1) These Shares are held by Honeyard Corporation, the entire issued share capital of which is held by The Honeyard Trust, a discretionary trust of which the family members of Ms. Chan Oi Ling, Maria Olimpia, Chairperson of the Company and an executive Director, are discretionary beneficiaries.
  - (2) Ms. Wong Dickie is the daughter of Ms. Chan Oi Ling, Maria Olimpia.
- (L) denotes the long position held in shares

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

#### 4. SUBSTANTIAL SHAREHOLDERS

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

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

Notes:

- (1) These Shares are held by Honeyard Corporation, the entire issued share capital of which is held by The Honeyard Trust, a discretionary trust of which the family members of Ms. Chan Oi Ling, Maria Olimpia, Chairperson of the Company and an executive Director, are discretionary beneficiaries.
  - (2) Golden Mount Limited is a corporation controlled by Mr. Chim Pui Chung.
- (L) denotes the long position held in shares

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

#### 5. COMPETING INTERESTS

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

**6. SERVICE CONTRACT**

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

**7. LITIGATION**

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

**8. MISCELLANEOUS**

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