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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however 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: 0136)**

### PLACING OF CONVERTIBLE NOTES AND NOTICE OF THE SPECIAL GENERAL MEETING

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A notice convening the SGM to be held on Thursday, 16 August 2007 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. is set out on pages 18 to 19 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, **Secretaries Limited**, at **26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong** as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

31 July 2007

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## DEFINITIONS

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

“Board”	board of Directors
“Business Day(s)”	any day (other than a Saturday and Sunday) on which licensed banks are open for business in Hong Kong
“CN Placing”	placing of up to HK\$500,000,000 Convertible Notes pursuant to the terms of the CN Placing Agreement
“CN Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agent dated 17 July 2007 in relation to the CN Placing
“Company”	Mascotte Holdings Limited, a company incorporated in the laws of Bermuda with limited liability whose Shares are listed on the Stock Exchange
“Conversion Shares”	new Shares which would fall to be issued by the Company upon the exercise of the conversion rights attached to the Convertible Notes, at the then effective conversion price
“Convertible Notes”	zero coupon convertible notes due on 15 December 2010 in an aggregate principal amount up to HK\$500,000,000 proposed to be issued by the Company pursuant to the CN Placing Agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Third Party(ies)”	person who himself is, and (in case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules)
“Initial Conversion Price”	the initial conversion price of HK\$0.40 per Share (subject to adjustment)
“Issue Mandate”	the issue mandate granted by the Shareholders of the Company at its special general meeting held on 11 July 2007 to issue or deal with up to 104,960,020 new Shares
“Last Trading Day”	16 July 2007, being the last trading day for the Shares prior to the suspension of trading in Shares and the issue of this announcement
“Latest Practicable Date”	30 July 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	15 December 2010
“Placee(s)”	any individual, institutional or other professional investor(s) procured by the Placing Agent to subscribe for the Placing Shares and Convertible Notes pursuant to the Placing Agent’s obligation under the Placing Agreement and the CN Placing Agreement. Each placee is independent to each other
“Placing”	the placement of 104,960,000 new Shares at HK\$0.45 per Placing Share by the Placing Agent to the Placees at the Placing Price under the Placing Agreement

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## DEFINITIONS

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“Placing Agent”	Chung Nam Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 regulated activity (dealing in securities)
“Placing Agreement”	the placing agreement dated 17 July 2007 with the long stop date on or before 8 August 2007
“Placing Share(s)”	104,960,000 new Shares to be placed under the Placing
“PRC”	The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 16 August 2007 at 9:00 a.m., a notice of which is set out on pages 18 to 19 of this circular
“Share(s)”	share(s) of a nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)/Member(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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: 0136)**

*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

31 July 2007

*To the Shareholders*

Dear Sir or Madam,

**PLACING OF CONVERTIBLE NOTES  
AND  
NOTICE OF THE SPECIAL GENERAL MEETING**

**INTRODUCTION**

On 17 July 2007, the Company announced that the Company entered into the Placing Agreement and the CN Placing Agreement with the Placing Agent.

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to place of 104,960,000 Placing Shares on fully underwritten basis to the Placees at a price of HK\$0.45 per Placing Share. The Placing Shares are issued under the Issue Mandate. The placing was completed on 30 July 2007.

Pursuant to the CN Placing Agreement, the Placing Agent has conditionally agreed to place, on a best effort basis, up to an aggregate principal amount of HK\$500,000,000 Convertible Notes into 1,250,000,000 Conversion Shares at the Initial Conversion Price of HK\$0.40 per Conversion Share.

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## LETTER FROM THE BOARD

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The Placing Agreement and the CN Placing Agreement are not inter-conditional to each other. The CN Placing is subject to the Shareholders' approval. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders have material interest in the CN Placing and therefore required to be abstained from the SGM. The main purpose of this circular is to provide you with further particulars of the CN Placing and the notice of the SGM.

### **THE PLACING AGREEMENT OF CONVERTIBLE NOTES**

Date: 17 July 2007

Parties: The Company as the issuer and the Placing Agent

#### **Placing Agent:**

The Placing Agent has conditionally agreed with the Company to place, on a best effort basis, the Convertible Notes which are proposed to be issued in a maximum aggregate principal amount of HK\$500,000,000. The Placing Agent will receive a placing commission of 2.5% of the amount equal to the aggregate principal amount of the Convertible Notes subscribed or procured to be subscribed by the Placing Agent, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent is the Independent Third Party.

#### **Placees:**

It is expected that the Placing Agents will procure no less than six Placees to subscribe by cash for each tranche of the Convertible Notes.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, all the Placees and their respective ultimate beneficial owners will be the Independent Third Parties and will not become the substantial Shareholders.

#### **Conditions of the CN Placing:**

Completion of the CN Placing is conditional upon:

- the Listing Committee having granted approval for the listing of and permission to deal in the Conversion Shares;
- the passing by Shareholders in the SGM of a resolution to approve the CN Placing Agreement and the issue of the Convertible Notes and the Conversion Shares thereunder in accordance with the Listing Rules; and
- the accuracy of the representations and warranties of the Company contained in the CN Placing Agreement, the accuracy of the statements of the Company made in the CN Placing Agreement, and customary force majeure termination rights.

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## LETTER FROM THE BOARD

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If any of the above conditions have not been fulfilled on or before three months after the SGM (or such later date as the Company and the Placing Agent may agree), the CN Placing Agreement shall lapse and become null and void and the parties will automatically be released from all obligations thereunder, save for any liability arising out of antecedent breaches.

### **Completion:**

Completion of Convertible Notes shall take place within three Business Days upon the fulfillment of the conditions of the CN Placing (or such other date as the Company and the Placing Agent may agree). The CN Placing can be completed partially. Given that the CN Placing will be conducted on a best effort basis by the Placing Agent, it is uncertain as to whether the full aggregate principal amount of the Convertible Notes in the sum of HK\$500,000,000 will be placed to the Placees. Accordingly, the issue of the Convertible Notes by tranches will provide flexibility to receive the maximum placing of the Convertible Notes by the Placing Agent. The aggregate principal amount of the Convertible Notes to be issued by the Company for each partial completion shall not less than HK\$125,000,000. In the light of the proposed issue of the Convertible Notes in a maximum aggregate principal amount of HK\$500,000,000, the CN Placing can be completed partially by a maximum of four tranches.

The Company will make a maximum four listing applications to the Listing Committee for the listing of and permission to deal in the relevant Conversion Shares. No listing approval will be granted by the Stock Exchange to the Company if the public float cannot be maintained.

The Placing Agents will procure no less than six Placees to subscribe by cash for each tranche of the Convertible Notes. To the best knowledge of the Directors, they do not expect any Placee will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Placing and the CN Placing and full conversion of Convertible Notes to Conversion Shares by the Placees. The Company will promptly notify the Stock Exchange for any dealings in Convertible Notes by connected person (as defined in the Listing Rules).

### **Termination of the CN Placing Agreement**

Notwithstanding anything contained in the CN Placing Agreement, if, at any time prior to 9:00 a.m. on the date of the completion of the CN Placing Agreement, in the reasonable opinion of the Placing Agent the success of the CN Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties set out in the CN Placing Agreement; or
- (ii) any of the following events:
  - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or



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## LETTER FROM THE BOARD

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- (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not eiusdem generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally or the Company's securities on the Stock Exchange for a period of more than 40 consecutive Business Days, save for any suspension for clearance of this announcement or circular in relation to the Convertibles Notes; or
- (d) a change or development involving a prospective change in taxation in Hong Kong or the PRC or the implementation of exchange controls which shall or might materially and adversely affect the Company or its present or prospective Shareholders in their capacity as such; or
- (e) any change or deterioration in the conditions of local, national or international securities market occurs,

then and in any such case, the Placing Agent may terminate the CN Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 9:00 p.m. on the date of the completion of CN Placing.

In the event that the Placing Agent terminates the CN Placing Agreement pursuant to the abovementioned clause, all obligations of each of the parties under the CN Placing Agreement shall cease and determine and neither party to the CN Placing Agreement shall have any claim against the other party in respect of any matter arising out of or in connection with the CN Placing Agreement except for any breach arising prior to such termination.

**The CN Placing Agreement may be terminated under certain circumstances. As the CN Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

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## LETTER FROM THE BOARD

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### The Convertible Notes

The principal terms of the Convertible Notes are arrived after arm's length negotiation between the Company and the Placing Agent and are summarized as follows:

#### Principal Terms:

Principal amount:	Up to HK\$500,000,000
Initial Conversion Price:	HK\$0.40 per Share, subject to adjustments in certain events including share consolidation, share subdivision, capitalization issue, capital distribution and rights issue. The adjustment to the Initial Conversion Price will be verified by the auditors.
Interest rate:	0% per annum
Maturity:	15 December 2010
Redemption:	Unless previously converted in accordance with the terms and conditions of the Convertible Notes, the Company will redeem the Convertible Notes on the Maturity Date at the redemption amount equal to the principal amount of Convertible Notes outstanding.
Transferability:	The Convertible Notes are not transferable without the prior written consent of the Company, except by a transfer to subsidiaries or the holding company of the holders of the Convertible Notes. The Convertible Notes may not be transferred by the holder of the Convertible Notes, without the prior written consent of the Company, to any connected person (as defined under the Listing Rules) of the Company.
Conversion period:	The holders of the Convertible Notes shall have the right to convert on any business day at any time following the date of issue of the Convertible Notes until the date seven days before (and excluding) the Maturing Date, the whole or any part (in an amount or integral multiple of HK\$1,000,000) of the outstanding principal amount of the Convertible Notes into Shares at the then prevailing conversion price. Under the terms of the Convertible Notes, the Company will not issue the Conversion Shares to the holders of the Convertible Notes if upon issue of the Conversion Shares, the Company does not comply with the minimum public float requirements.

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## LETTER FROM THE BOARD

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**Voting:** The holders of the Convertible Notes will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being the holders of the Convertible Notes.

**Listing:** No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes.

**Ranking:** The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes will rank pari passu in all respects with all other existing Shares outstanding at the date of conversion of the Convertible Notes

### **Conversion Shares:**

Upon the full conversion of the HK\$500,000,000 Convertible Notes at the Initial Conversion Price, a total of 1,250,000,000 Conversion Shares will be issued, representing (i) approximately 198.49% of the existing issued share capital of the Company, and (ii) approximately 66.50% of the issued share capital of the Company as enlarged by the CN Placing.

### **Conversion Price:**

The Initial Conversion Price of HK\$0.40 per Share was arrived at after arm's length negotiation between the Placing Agent and the Company and:

- represents a discount of approximately 20.00% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- represents a discount of approximately 23.66% to the average closing price of HK\$0.524 per Share as quoted on the Stock Exchange for the last five trading days including the Last Trading Day.

Based on the comparison of the Initial Conversion Price with the recent closing price per Share as illustrated above, the discount rate is slightly more than 20%. The Directors are taking into account of the size of the CN Placing, the Initial Conversion Price offers an attractive price to the Placees. Also the CN Placing is subject to the Shareholders' approval and the terms of Convertible Notes are arrived after arm's length negotiation between the Company and the Placing Agent.

## LETTER FROM THE BOARD

The CN Placing is the most popular means of fund-raising and are very cost effective in terms of both cost and time when compared to other kinds of fund-raising mechanism such as open offer and rights issue. In addition, the Convertible Notes may not result in an immediate dilution effect to the existing Shareholders but provide financial resources to the Company at no cost of funding since the Convertible Notes are non-interest bearing. Thus the Directors consider the terms of the Convertible Notes, including the Initial Conversion Price, are fair and reasonable and are in the interests of the Shareholders and the Company as a whole.

### EFFECT ON SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE CN PLACING

Set out below is the table of the shareholding in the Company before and after completion of the Placing and the CN Placing assuming that there are no other changes in the issued share capital of the Company:

Shareholders	As at the Latest Practicable Date		Upon completion of the CN Placing	
	No. of Shares	%	No. of Shares	%
Honeyard Corporation ( <i>note 1</i> )	193,340,000	30.70	193,340,000	10.29
Bestco Worldwide Investment Limited	80,000,000	12.70	80,000,000	4.26
Wong, Dickie ( <i>note 2</i> )	3,500,000	0.56	3,500,000	0.19
<b>Public Shareholders:</b>				
The Placees of the CN Placing	–	–	1,250,000,000	66.50
Other public Shareholders	<u>352,920,100</u>	<u>56.04</u>	<u>352,920,100</u>	<u>18.76</u>
<b>Total</b>	<u><u>629,760,100</u></u>	<u><u>100</u></u>	<u><u>1,879,760,100</u></u>	<u><u>100</u></u>

*Notes:*

1. These Shares are held by Honeyard Corporation, the entire issued share capital of which is held by the Honeyard Trust, a discretionary trust of which the family members of Ms. Chan Oi Ling, Maria Olimpia, the chairperson of the Company, are discretionary beneficiaries.
2. She is the Director and the daughter of Ms. Chan Oi Ling, Maria Olimpia, the chairperson of the Company.

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## LETTER FROM THE BOARD

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### DILUTION EFFECT ON SHAREHOLDERS

As the Company foresees that there will be future dilution effect on the Shareholders resulting from the exercise of the conversion rights attaching to the Convertible Notes, the Company will keep the Shareholders informed of the level of dilution effect and all relevant details of any conversion of the Convertible Notes in the following manner:

- (a) the Company will make a monthly announcement (the “Monthly Announcement”) on the website of the Stock Exchange. Such announcement will be made on or before the fifth Business Day following the end of each calendar month and will include the following details in a tabular form:
  - (i) whether there is any conversion of the Convertible Notes during the relevant month. If yes, details of the conversion(s), including the conversion date, number of new Shares issued, and conversion price of each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
  - (ii) the principal amount of outstanding Convertible Notes after the conversion, if any;
  - (iii) the total number of Shares issued pursuant to other transactions, including Shares issued pursuant to exercise of options under any share option scheme(s) of the Company; and
  - (iv) the total issued share capital of the Company as at the commencement and the last day of the relevant month; and
- (b) in addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the Convertible Notes reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange and the Company including details as stated in (a) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be) up to date on which the total amount of Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be).

The Board is of the view that the massive dilution to the existing Shareholders are fair and reasonable to the Shareholders after taking into account of (i) CN Placing is very cost effective in terms of both cost and time when compared to other kinds of fund-raising mechanism such as open offer and rights issue; (ii) the Convertible Notes may not result in an

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## LETTER FROM THE BOARD

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immediate dilution effect to the existing Shareholders and (iii) the CN Placing provides financial resources to the Company at no cost of funding since the Convertible Notes are non-interest bearing. Moreover, the CN Placing is subject to the Shareholders' approval.

### CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Transaction	Net proceeds raised (approximately)	Completed	Intended use of proceeds	Actual use of proceeds
11 June 2007	Placing of 64,800,000 new Shares	HK\$28.2 million	Yes	As for general working capital of the Company and/or investments	HK\$28.2 million – general working capital
17 July 2007	Placing of 104,960,000 new Shares	HK\$46 million	Yes	As for general working capital of the Company and/or investments	Not yet utilized as at the Latest Practicable Date

Save as mentioned above, the Company has not raised any funds in the past 12 months.

### REASONS FOR THE PLACING AND THE CN PLACING, AND USE OF PROCEEDS

The Company keeps looking for strategic investments that would bring in attractive capital gain to it in long term. As at the date of this announcement, no such investment or negotiations for any proposed investment has been identified or entered into by the Company. The Directors consider that the Placing and the CN Placing represent a good opportunity to raise capital for the Company and broaden its Shareholder base. Also the Placing and the CN Placing will put the Group in a better position to meet the challenges of the market and take advantage of investment opportunities to broaden its earnings base so as to enhance Shareholders' value. Also, the Directors consider that the CN Placing provides a less costly way of financing for the Group comparing with other methods of financing due to its non-interest bearing feature. Although at the present moment, the Company has no definite investment targets that may require equity funding, the Director believe that funding requirement or appropriate investment opportunities may arise at any time and such funding or investment decisions have to be required or made within a short period of time.

Subject to completion of the Placing and the CN Placing, the estimated net proceeds expected to be raised is approximately up to HK\$533 million. The Company intends that the net proceeds of Placing and the CN Placing to be used by the Company for the general working capital and/or the investments in the future. The Company has not earmarked how much of the net proceeds will be used for working capital and for investment purposes.

### GENERAL

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

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## LETTER FROM THE BOARD

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### SGM

The notice of the SGM is set on pages 18 to 19 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in an event not less than 48 hours before the time appointed for holding the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjourned meeting) should you so wish.

### PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

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

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

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Board considers that the Placing of Convertible Notes is in the interests of the Company and the Shareholders as a whole, and accordingly, recommends all Shareholders to vote in favour of the resolution set out in the notice of the SGM.

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



**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.

**SHARE CAPITAL**

As at the Latest Practicable Date, the authorized and issued share capital of the Company were as follows:

<i>Authorized:</i>	<i>HK\$</i>
<u>10,000,000,000</u> ordinary Shares of HK\$0.10 each	<u>1,000,000,000</u>
<i>Issued and fully paid:</i>	
<u>629,760,100</u> ordinary Shares of HK\$0.10 each	<u>62,976,010</u>

**DISCLOSURE OF INTERESTS****(a) Interests of Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) which are required: (a) 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 he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer, to be notified to the Company and the Stock Exchange were as follows:

<b>Name</b>	<b>Nature of interests</b>	<b>Number of Shares (Long position)</b>	<b>Percentage of shareholding (approximate)</b>
Chan Oi Ling, Maria Olimpia (note 1)	Interests of controlled corporation	193,340,000	30.70%
Wong, Dickie (note 2)	Beneficial interests	3,500,000	0.56%

*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, the chairperson of the Company, are discretionary beneficiaries.
2. She is the Director and the daughter of Ms. Chan Oi Ling, Maria Olimpia, the chairperson of the Company.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) which are required: (a) 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 he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer.

**(b) Interests of Shareholders**

As at the Latest Practicable Date, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and to the best knowledge of the Directors or chief executive of the Company, the following parties (other than a Director or chief executive of the Company), had an interest or short position in the Shares or underlying Shares 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 and the amount of each of such persons' interest in such securities, together with any options in respect of such capital, were as follows:

<b>Name</b>	<b>Nature of interest</b>	<b>Number of Shares (Long position)</b>	<b>Percentage of shareholding (approximate)</b>
Honeyard Corporation (note)	Beneficial interests	193,340,000	30.70%
Bestco Worldwide Investment Limited	Beneficial interests	80,000,000	12.70%

*Note:* 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, the chairperson of the Company, are discretionary beneficiaries.

Save as disclosed above, as at the Latest Practicable Date, the Directors or the chief executive of the Company were not aware of any persons or corporations (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or

underlying Shares 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 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 in any options in respect of such capital.

### **DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, there is no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

### **DIRECTORS' INTEREST IN COMPETING INTEREST**

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

### **LITIGATION**

So far as the Directors are aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

### **CORPORATE INFORMATION**

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal office of business of the Company in Hong Kong is 1st Floor, Po Chai Industrial Building, 28 Wong Chuk Hang Road, Aberdeen, Hong Kong.
- (c) The branch share registrar of the Company is Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) 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.
- (e) The English text of the Prospectus Documents shall prevail over the Chinese text in the case of any inconsistency

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## NOTICE OF THE SPECIAL GENERAL MEETING

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### MASCOTTE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 0136)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of Mascotte Holdings Limited (the “Company”) will be held on Thursday, 16 August 2007 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. for the purpose of considering and, if thought fit, pass the following resolution:

#### **ORDINARY RESOLUTION**

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the shares of HK\$0.10 each in the Company (“Shares”) to be issued upon the exercise of the conversion rights attaching to the Convertible Notes (defined below):

- (A) the entering into of a placing agreement dated 17 July 2007 between the Company and Chung Nam Securities Limited (“Chung Nam”) to which Chung Nam acting as a placing agent agrees to procure placees, on a best effort basis, for zero coupon convertible notes at an aggregate principal amount up to HK\$500,000,000 (“Convertible Notes”) (a copy of which has been produced to this meeting marked “A” and initialed by the chairman of the meeting for identification purpose) be and is hereby approved, ratified and confirmed;
- (B) the terms and conditions of the Convertible Notes (a copy of which has been produced to this meeting marked “B” and initialed by the chairman of the meeting for identification purpose) be and are hereby approved;
- (C) the directors of the Company be and are hereby authorized to (i) issue and allot the Convertible Notes; (ii) issue and allot to the holders of the Convertible Notes upon the due exercise of the conversion rights attaching to the Convertible Notes the appropriate number of new Shares; and (iii) do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution”.

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

Hong Kong, 31 July 2007

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## NOTICE OF THE SPECIAL GENERAL MEETING

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*As at the date of this notice, the board comprises Ms. Chan Oi Ling, Maria Olimpia (Chairperson), Mr. Lam Yu Ho, Daniel (Managing Director), Mr. Au Yeung Kai Chor and Ms. Wong, Dickie as executive directors, Mr. Wong Yui Leung, Larry, Mr. Lui Wai Shan, Wilson, Mr. Cheung Ngai Lam and Mr. Chan Sze Hung as independent non-executive directors.*

*Notes:*

- (1) A form of proxy to be used for the meeting is enclosed.
- (2) Any member of the Company entitled to attend and vote at the meeting is 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 more than one proxy to attend on the same occasion.
- (3) To be valid, the instrument appointing a proxy must be in writing under the hand of the appointer or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
- (4) 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 must be deposited at office of the Company's branch share registrar in Hong Kong, **Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong** not less than 48 hours before the time for holding the meeting, and in default the instrument of proxy shall not be treated as valid.
- (5) 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 were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.