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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 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 and the accompanying form of proxy to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## **MASCOTTE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

**PROPOSED CHANGE OF AUDITORS  
RE-ELECTION OF RETIRING DIRECTORS  
REFRESHMENT OF ISSUE MANDATE TO ISSUE AND ALLOT SHARES  
REFRESHMENT OF SCHEME MANDATE LIMIT  
UNDER THE SHARE OPTION SCHEME  
AND  
NOTICE OF SGM**

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

**VINCO**  **城高**  
**Grand Vinco Capital Limited**

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A letter from the Independent Board Committee is set out on page 11 of this circular and a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 18 of this circular.

A notice convening a special general meeting of Mascotte Holdings Limited to be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Tuesday, 6 May 2008 at 9:00 a.m. or any adjournment thereof is enclosed. A form of proxy is also enclosed. Whether or not you are able to attend the special general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not prevent you from subsequently attending and voting at the meeting or any adjournment thereof should you so wish.

21 April 2008

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## DEFINITIONS

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

“Announcements”	the announcements of the Company dated 10 and 11 April 2008;
“Associates”	has the same meaning as ascribed to it 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;
“Controlling Shareholders”	has the same meaning as ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	the legal currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board appointed by the Directors to advise the Independent Shareholders in respect of the Issue Mandate;
“Independent Shareholders”	any Shareholders other than Controlling Shareholders of the Company and their Associates or, where there are no Controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective Associates;
“Issue Mandate”	a mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with new Shares up to 20% of the Shares in issue as at the date of the SGM;

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## DEFINITIONS

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“Latest Practicable Date”	17 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Scheme Mandate Limit”	the meaning ascribed thereto in the section headed “Refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme” in the Letter from the Board in this circular;
“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 Tuesday, 6 May 2008 at 9:00 a.m., to consider and, if thought fit, approving the ordinary resolution to be proposed and passed at the SGM as set out in the SGM Notice or any adjournment thereof;
“SGM Notice”	the notice of the SGM to be despatched to the Shareholders together with this circular;
“Shareholders”	shareholders of the Company;
“Share(s)”	share(s) of HK\$0.1 each in the issued share capital of the Company;
“Share Option Scheme”	the share option scheme adopted by the Company on 21 August 2003;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vinco”	Grand Vinco Capital Limited, an independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the Issue Mandate. Vinco is a licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under SFO.

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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:*

Mr. Peter Temple Whitelam (*Chairman*)

Mr. Chung, Wilson

*(Deputy Chairman and Managing Director)*

Mr. Au Yeung Kai Chor

Mr. Lam Suk Ping

*Independent non-executive Directors:*

Mr. Chan Sze Hung

Ms. Kristi L Swartz

Ms. Hui Wai Man, Shirley

*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

21 April 2008

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED CHANGE OF AUDITORS  
RE-ELECTION OF RETIRING DIRECTORS  
REFRESHMENT OF ISSUE MANDATE TO ISSUE AND ALLOT SHARES  
REFRESHMENT OF SCHEME MANDATE LIMIT  
UNDER THE SHARE OPTION SCHEME  
AND  
NOTICE OF SGM**

#### **I. INTRODUCTION**

Reference is made to the Announcements in relation to the change of auditors of the Company.

The purpose of this circular is to provide you with further information regarding (i) the change of auditors of the Company; (ii) the re-election of retiring Directors; (iii) the refreshment of the Issue Mandate; (iv) the refreshment of Scheme Mandate Limit; (v) a letter of recommendation from the Independent Board Committee; (vi) a letter of advice from the independent financial adviser, Vinco, to the Independent Board Committee and the Independent Shareholders; and (vii) the SGM Notice.

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## LETTER FROM THE BOARD

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### II. PROPOSED CHANGE OF AUDITORS

In the announcements dated 10 and 11 April 2008, the Board announced that Deloitte Touche Tohmatsu (“Deloitte”) resigned as auditors of the Group with effect from 2 April 2008, as the Company and Deloitte could not reach an agreement on the audit fees for the financial year ended 31 March 2008. In the notice of resignation, Deloitte confirmed that there were no circumstances connected with their resignation that they considered ought to be brought to the attention of the Shareholders or creditors of the Company. No audit work had been undertaken by Deloitte for the financial year ended 31 March 2008.

In view of the resignation of Deloitte, the Board proposes that, subject to the approval of the Shareholders at the SGM, Mazars CPA Limited (“Mazars Hong Kong”) be appointed as the new auditors of the Group to fill the casual vacancy following the resignation of Deloitte.

According to the information provided by Mazars Hong Kong, Mazars is an international integrated and independent organization specializing in audit, accounting, tax and advisory services. It currently has 400 partners and 7,000 staff and operates directly in 40 countries. Mazars has formed an alliance named Praxity, which among the top 10 of international accounting firms, with the larger firms of the former Moores Rowland International members. Mazars Hong Kong has about 200 staff and is supported by Mazars China which has about 200 staff in their offices at Beijing, Shanghai and Guangzhou.

Following the resignation of Deloitte, the Board considered a few audit firms with the aim of selecting a suitable candidate to fill the casual vacancy. Having regard to the reputation, expertise, organization, firm size, client portfolio and track records of Mazars Hong Kong, the Board is of the view that Mazars Hong Kong meets the standard expected of the proposed appointment and its offer to the Company is highly competitive.

The Board (including members of the audit committee of the Board) confirms that:

- (i) other than the reasons stated above, there are no circumstances connected with the change of auditors (including the resignation of Deloitte) which they consider should be brought to the attention of the Shareholders; and
- (ii) the Board is of the view that the proposed change of auditors will not affect the audit and the release of the annual results of the Group for the financial year ended 31 March 2008 as required under the Listing Rules. Deloitte had not commenced any audit work for the above financial year and such audit work would be solely undertaken by Mazars Hong Kong.

In view of the above, the Board (including members of the audit committee of the Board) recommends Mazars Hong Kong to the Shareholders for appointment as auditors of the Company and its subsidiaries to fill the vacancy arising from the resignation of Deloitte at the SGM.

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## LETTER FROM THE BOARD

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### III. RE-ELECTION OF RETIRING DIRECTORS

#### **Re-election of Mr. Chung, Wilson as an executive Director, managing Director and the deputy chairman of the Board**

Mr. Chung, Wilson (“Mr. Chung”) has been appointed as (i) an executive Director and managing Director with effect from 28 January 2008 and (ii) the deputy chairman of the Board with effect from 7 April 2008. At the SGM, Mr. Chung will retire pursuant to the Code on Corporate Governance Practices as contained in the Listing Rules and the bye-laws of the Company, and, being eligible, offer himself for re-election as executive Director, managing Director and deputy chairman of the Board. A resolution will be proposed at the SGM to re-elect Mr. Chung as executive Director, managing Director and deputy chairman of the Board. Unless a poll is demanded in accordance with the procedures set out in the section headed “Procedures for demanding a Poll” below, the voting on such resolution will be taken by way of show of hands.

Mr. Chung, aged 54, holds a master’s degree in science and a master’s degree in business administration (with Honors) from Cornell Graduate School of Business Administration, the United States of America. He has over 23 years’ experience in corporate finance and banking.

Mr. Chung will be entitled to receive a monthly emolument of HK\$25,000 without any bonus payment with reference to his duties and responsibilities with the Company. He will hold office until the forthcoming general meeting of the Company and his directorship is subject to retirement and re-election in accordance with the bye-laws of the Company.

Mr. Chung did not hold any directorships in other listed public company in the last three years, save and except for, he was (i) the chairman and an executive director of Unity Investments Holdings Limited from 12 June 2006 to 16 January 2008; (ii) an executive director of Goldwiz Holdings Limited from 15 May 2006 to 15 June 2006; (iii) an executive director of Radford Capital Investment Limited from 11 January 2006 to 5 June 2006; (iv) a managing director of Willie International Holdings Limited (“Willie”) from August 2002 to September 2005 and became a non-executive director of Willie from September 2005 to December 2005. All of these companies are listed on Stock Exchange.

Mr. Chung does not have any relationship with any Directors, senior management, substantial or Controlling Shareholders of the Company. He does not have any interests in Shares of the Company within the meaning of Part XV of the SFO. The Board is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules relating to the appointment of Mr. Chung.

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## LETTER FROM THE BOARD

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### **Re-election of Ms. Hui Wai Man, Shirley as an independent non-executive Director**

Ms. Hui Wai Man, Shirley (“Ms. Hui”) has been appointed as an independent non-executive Director with effect from 31 March 2008. Currently, she is also the chairman of the audit committee and remuneration committee of the Company. At the SGM, Ms. Hui will retire pursuant to the Code on Corporate Governance Practices as contained in the Listing Rules and the bye-laws of the Company, and, being eligible, offer herself for re-election as an independent non-executive Director. A resolution will be proposed at the SGM to re-elect Ms. Hui as an independent non-executive Director. Unless a poll is demanded in accordance with the procedures set out in the section headed “Procedures for demanding a Poll” below, the voting on such resolution will be taken by way of show of hands.

Ms. Hui, aged 40, is a practicing accountant in Hong Kong. She has over 20 years of professional experience in public accounting and corporate finance. She is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

Ms. Hui will be entitled to receive an annual director’s fee of HK\$120,000 without any bonus payment with reference to her duties and responsibilities of the Company. She will hold office until the forthcoming general meeting of the Company and her directorship is subject to retirement and re-election in accordance with the bye-laws of the Company.

Ms. Hui did not hold any directorships in other listed public company in the last three years, save and except for, Ms. Hui is currently a non-executive director and chairman of Eco-Tek Holdings Limited and an independent non-executive director of (i) Fortuna International Holdings Limited; (ii) Freeman Corporation Limited and (iii) New Media Group Holdings Limited, which are listed on Stock Exchange.

Ms. Hui does not have any relationship with any Directors, senior management, substantial or Controlling Shareholders of the Company. She does not have any interests in Shares of the Company within the meaning of Part XV of the SFO. The Board is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules relating to the appointment of Ms. Hui.

#### **IV. REFRESHMENT OF ISSUE MANDATE**

At the annual general meeting of the Company held on 28 August 2007, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the existing general mandate to allot up to 188,452,020 Shares which was equivalent to 20% of the 942,260,100 issued shares of the Company as at 28 August 2007. Such mandate has not been used as at the Latest Practicable Date. After the refreshment of the Issue Mandate, 188,452,020 Shares under the existing general mandate will be lapsed.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the issued share capital of the Company, was increased from 942,260,100 to 1,906,160,100 Shares due to the (i) exercise of 26,400,000 share options as at 7 November 2007; and (ii) issuance and allotment of 937,500,000 Shares as referred to the announcements of the Company dated 2 November 2007, 5 November 2007 and 13 November 2007 in relation to the conversion of convertible notes with terms and conditions set out in a placing agreement dated 17 July 2007. To reflect the impact from the increase in the issued share capital of the Company and to provide flexible means for the Company to raise further funds for its future business development and/or through the issue of new Shares whenever mergers and acquisitions opportunities arise, the Board proposes to refresh the Issue Mandate for the Directors to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of SGM. The Board considers that the Issue Mandate will allow the Company to have ready to use Issue Mandate for any immediately issuance of Shares as and when any opportunities arised in the future and will enhance the flexibility for the Company to manage its business, therefore, the Issue Mandate is fair and reasonable and the granting of the Issue Mandate is in the interests of the Company and the Shareholders as a whole. Assuming there are no further changes in the issued share capital until the date of the SGM, the Issue Mandate will allow the Directors to allot and issue up to 381,232,020 new Shares.

### **V. REFRESHMENT OF THE 10% SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME**

In order to provide the Company with greater flexibility in granting share options to eligible persons (including but not limited to employees and Directors) of the Company under the Share Option Scheme as incentives or rewards for their contribution to the Company, the Board decided to seek the approval from the Shareholders at the SGM to refresh the scheme mandate limit of the Share Option Scheme.

The Share Option Scheme was adopted on 21 August 2003. Pursuant to the terms of the Share Option Scheme, among other things:

- (1) the maximum number of Shares which may be issued upon exercise of all outstanding share options granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time (the “Overall Limit”); and
- (2) the number of Shares in respect of which share options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of Shares in issue on the day of adoption of the Share Option Scheme (“Scheme Mandate Limit”).

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders’ approval in general meeting and the Stock Exchange granting listing of and permission to deal in the Shares to be issued upon exercise of options pursuant to the

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## LETTER FROM THE BOARD

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refreshment of the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all Options granted under the Share Option Scheme and any other share option schemes of the Company under the Scheme Mandate Limit as “refreshed” must not exceed 10% of the Shares in issue as at the date of the approval of the Scheme Mandate Limit. Share options previously granted under the Share Option Scheme and any other share option schemes of the Company (including share options outstanding, cancelled, lapsed or exercised) will not be counted for purpose of calculating the Scheme Mandate Limit as “refreshed”.

The existing Scheme Mandate Limit of the Share Option Scheme is 42,400,100 Shares, being 10% of the Shares of the Company in issue on the day the Scheme Mandate Limit was approved on 21 August 2003. As at the Latest Practicable Date, share options carrying rights to subscribe for up to a total of 42,400,000 Shares have been granted and exercised under the Share Option Scheme. Under the existing Scheme Mandate Limit, there are 100 share options have not yet been granted and these share options will be lapsed upon refreshment. Save for the Share Option Scheme, the Company has no other share option schemes as at the Latest Practicable Date.

If the Scheme Mandate Limit is “refreshed” at the SGM, on the basis of 1,906,160,100 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or purchased by the Company prior to the SGM, the Scheme Mandate Limit will be “refreshed” to 190,616,010 Shares and allow the Company to grant further share options under the Share Option Scheme carrying the rights to subscribe for a maximum of 190,616,010 Shares (the “Refreshed Limit”).

No outstanding share options of the Company will be lapsed as a result of the refreshment of the Scheme Mandate Limit. On the basis of 1,906,160,100 Shares in issue as at the Latest Practicable Date, the 30% Overall Limit represents a total of 571,848,030 Shares. Accordingly, the Refreshed Limit arising from the “refreshing” of the Scheme Mandate Limit of 190,616,010 Shares does not exceed the 30% Overall Limit.

The refreshment of the Scheme Mandate Limit is subject to (i) the Shareholders’ approval at the SGM and (ii) the Listing Committee granting approval for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any share options granted under the refreshed limit of the Share Option Scheme.

Application will be made to the Stock Exchange for listing of and permission to deal in the Shares to be issued upon exercise of share options pursuant to the refreshment of the Scheme Mandate Limit.

## VI. SGM

Pursuant to the Bye-laws of the Company, the appointment of Mazars Hong Kong as the new auditors of the Group to fill the casual vacancy will be subject to the approval of the Shareholders.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, the Issue Mandate should be approved by the Independent Shareholders at the SGM at which the Controlling Shareholders and their

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## LETTER FROM THE BOARD

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Associates or if there are no Controlling Shareholders, the Directors (excluding the independent non-executive directors) and their Associates shall abstain from voting in favour of the resolution to be proposed in respect of the Issue Mandate. As at the Latest Practicable Date, the Company did not have any Controlling Shareholder and Mr. Lam Suk Ping (“Mr. Lam”), being the Director, holds 2,000,000 Shares which represents 0.1% of the total issued share capital of the Company as at the Latest Practicable Date. The Associates of Mr. Lam do not hold any Shares as at the Latest Practicable Date. Save and except for Mr. Lam, no Directors hold any Shares as at the Latest Practicable Date. Accordingly, Mr. Lam and his Associates shall abstain from voting in favour of the Issue Mandate at the SGM.

Pursuant to Rule 13.39(4)(b) of the Listing Rules, the vote of the Independent Shareholders in respect of the Issue Mandate at the SGM will be taken by poll. The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Issue Mandate. Vinco has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in this regard.

A notice convening the SGM at which resolutions will be proposed to the Shareholders to consider and, if thought fit, approving (i) the appointment of Mazars Hong Kong as the new auditors; (ii) the re-election of retiring Directors; (iii) the refreshment of Issue Mandate; and (iv) the refreshment of Scheme Mandate Limit is set out in SGM Notice on pages 19 to 21 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not prevent you from subsequently attending and voting at the meeting or any adjournment thereof should you so wish.

An announcement will be made by the Company on the business day immediately following the conclusion of the SGM to inform the Shareholders and the public of the results of the SGM.

### **VII. PROCEDURES FOR DEMANDING A POLL**

It is stated in bye-law 66 of the Bye-laws of the Company 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

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## LETTER FROM THE BOARD

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- (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.

### VIII. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning the Issue Mandate and the letter from Vinco set out on pages 12 to 18 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Board is of the opinion that (i) the appointment of Mazars Hong Kong as the new auditors; (ii) the re-election of retiring Directors; (iii) the refreshment of the Issue Mandate and (iv) the refreshment of the Scheme Mandate Limit are in the best interests of the Company and Shareholders as a whole and recommends Shareholders to vote in favour of such resolutions at the SGM.

Yours faithfully,  
For and on behalf of the Board of  
**Mascotte Holdings Limited**  
**Mr. Peter Temple Whitelam**  
*Chairman*



**MASCOTTE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

21 April 2008

*To the Shareholders,*

Dear Sir or Madam,

**REFRESHMENT OF ISSUE MANDATE**

We have been appointed the Independent Board Committee to advise you in connection with the Issue Mandate, details of which are set out in the Letter from the Board in a circular dated 21 April 2008 issued by the Company to the Shareholders (the “Circular”), of which this letter forms a part. The terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Your attention is drawn to the letter from Vinco concerning its advice to us regarding the Issue Mandate as set out on pages 12 to 18 of the Circular. Having considered the advice given by Vinco and the principal factors and reasons taken into consideration by them in arriving at its advice, we are of the opinion that the Issue Mandate is in the best interests of the Company and the Shareholders as a whole, and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to refresh the Issue Mandate.

Yours faithfully,

By order of the board of

**Independent Board Committee**

**Chan Sze Hung, Kristi L Swartz and Hui Wai Man, Shirley**

*Independent non-executive Directors*

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## LETTER FROM VINCO

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*The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Issue Mandate to issue and allot Shares, which has been prepared for the purpose of incorporation in this circular:*



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

21 April 2008

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

Dear Sirs,

### **REFRESHMENT OF ISSUE MANDATE TO ISSUE AND ALLOT SHARES**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Issue Mandate, details of which are set out in the "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 21 April 2008 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

In accordance with Rule 13.36 (4) of the Listing Rules, the refreshment of the Issue Mandate requires the approval of the Independent Shareholders. Since there is no Controlling Shareholder as at the Latest Practicable Date, the Directors and their respective associates who have the Shares are required to abstain from voting in favour of the resolution in relation to the Issue Mandate at the SGM.

The Independent Board Committee, comprising Mr. Chan Sze Hung, Ms. Kristi L Swartz and Ms. Hui Wai Man, Shirley, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the refreshment of the Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and whether the refreshment of the Issue Mandate is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM VINCO

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### **BASIS OF OUR OPINION AND RECOMMENDATION**

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

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

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

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the refreshment of the Issue Mandate, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

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

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## LETTER FROM VINCO

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

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

#### *Background of and reasons for the refreshment of the Issue Mandate*

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

The existing general mandate was granted to the Directors to allot and issue up to a maximum of 188,452,020 Shares (equivalent to 20% of the 942,260,100 then issued share capital of the Company) at the annual general meeting held on 28 August 2007 pursuant to Rule 13.36 (2) of the Listing Rules. As at the Latest Practicable Date, the existing general mandate has not been utilized and no Share has been issued under the existing general mandate.

As at the Latest Practicable Date, the issued share capital of the Company was increased from 942,260,100 to 1,906,160,100 Shares attributable to the (i) exercise of 26,400,000 Shares options as at 7 November 2007; and (ii) issuance and allotment of 937,500,000 Shares as referred to the announcements of the Company dated 2 November 2007, 5 November 2007 and 13 November 2007 in relation to the convertible notes with terms and conditions set out in a conditional placing agreement dated 17 July 2007. As such, the limit under the existing general mandate should be refreshed to reflect the impact from the increase in the issued share capital of the Company.

In this regard, the Board proposed to pass an ordinary resolution at the SGM to approve the refreshment of the Issue Mandate in accordance with Rule 13.36 (4) of the Listing Rules to allow flexibility to issue any additional new Shares so that the Directors would be granted to allot and issue not exceeding 20% of the normal value of the entire issued share capital of the Company as at the date of the SGM. Assuming there are no further changes in the issued share capital until the date of the SGM, the Issue Mandate will allow the Directors to allot and issue up to 381,232,020 new Shares. The Issue Mandate will be in force when it is approved by the Independent Shareholders at the SGM.



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## LETTER FROM VINCO

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### Fund raising activities in the past 12 months

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

Date of Announcement	Transaction	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
11 June 2007	Placing of 64,800,000 new Shares at a price of HK\$0.45 per Share	HK\$28.2 million	As the general working capital of the Company and/or investments	The net proceeds has been utilized as intended
17 July 2007	Placing of 104,960,000 new Shares at a price of HK\$0.45 per Share	HK\$46 million	As general working capital of the Company and/or investments	The net proceeds has been utilized as intended
17 July 2007	Placing of convertible notes at a price of HK\$0.40 per Share	HK\$487.6 million	As general working capital of the Company and/or investments	The net proceeds has been utilized as intended

As illustrated in the above table, the Company has a successful track record of completing three fund raising exercises in the past 12 months. As far as the use of proceeds from the three fund raising exercises as illustrated in the above table is concerned, we noted that the actual use of proceeds was in line with the intended use of proceeds. We also noted that the abovementioned fund raising activities have strengthened the capital base of the Company.

As at the Latest Practicable Date, the Directors confirmed that the bank balances and cash of the Group were HK\$5,000,592 and that the existing cash resources of the Group are sufficient for it to conduct its daily operations and the Group has sufficient working capital to meet its present requirements in short term. However, in the event the Company identifies a suitable investment opportunity but does not have sufficient financial resources on hand, or is unable to obtain loan financing on acceptable terms, or cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Company may lose its bid in an otherwise favourable investment and also a favorable opportunity to expand its business portfolio. The Directors confirmed that there is no definite plan for any other investment or acquisition of the Group nor is there any immediate funding need for the operation of the Group as at the Latest Practicable Date. However, the Directors cannot

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## LETTER FROM VINCO

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preclude the possibilities that additional funding may still be needed for investment development as well as other opportunities arise in the future. In light of the above, we consider the refreshment of the Issue Mandate is fair and reasonable to the Company and is in the interests of the Company and the Independent Shareholders as a whole.

### **Financial flexibility**

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

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

### **Other financing alternatives**

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

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## LETTER FROM VINCO

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### Potential dilution to shareholding of the Independent Shareholders

	As at the Latest Practicable Date		Shareholding after full utilization of the Issue Mandate	
	No. of Shares	%	No. of Shares	%
Unity Investments Holdings Limited ( <i>note 1</i> )	106,126,000	5.57%	106,126,000	4.64%
Honeyard Corporation ( <i>note 2</i> )	100,000,000	5.25%	100,000,000	4.37%
Willie International Holdings Limited ( <i>note 3</i> )	97,000,000	5.09%	97,000,000	4.24%
Hennabun Capital Group Limited ( <i>note 4</i> )	175,224,000	9.19%	175,224,000	7.66%
Mr. Lam Suk Ping ( <i>note 5</i> )	2,000,000	0.10%	2,000,000	0.09%
 New Shares issued under the Issue Mandate			381,232,020	16.67%
Other public Shareholders	<u>1,425,810,100</u>	<u>74.80%</u>	<u>1,425,810,100</u>	<u>62.33%</u>
 Total	<u><u>1,906,160,100</u></u>	<u><u>100.00%</u></u>	<u><u>2,287,392,120</u></u>	<u><u>100.00%</u></u>

*Notes:*

1. Unity Investments Holdings Limited (stock code: 913), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Gufalore Investments Limited, and its indirect wholly-owned subsidiary, Great Panorama International Limited, a direct wholly-owned subsidiary of Gufalore Investments Limited.
2. These Shares are held by Honeyard Corporation, the entire issued share capital of which is held by the Honeyard Trust, a discretionary trust of which the family members of Ms. Chan Oi Ling, Maria Olimpia are discretionary beneficiaries.
3. Willie International Holdings Limited (stock code: 273), a company listed on the Stock Exchange is interested in the share capital of the Company indirectly through its direct wholly-owned subsidiary, Pearl Decade Limited.
4. Hennabun Capital Group Limited, a company incorporated in the British Virgin Islands whose controlling shareholder is Mr. Chuang Eugene Yue-Chien.
5. Mr. Lam Suk Ping is the executive Director.

For illustrative purpose, (i) assuming that the refreshment of the Issue Mandate is approved by the Independent Shareholders at the SGM; and (ii) the Issue Mandate is fully utilized, 381,232,020 Shares will be issued, representing 20% of the entire issued share capital of the Company and approximately 16.67% of the entire issued share capital of the Company as enlarged by the Shares issued under the Issue Mandate respectively.

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## LETTER FROM VINCO

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The aggregate shareholding of the Independent Shareholders will decrease from approximately 74.80% to approximately 62.33% upon full utilization of the Issue Mandate, a potential maximum dilution of approximately 12.47%. Taken into account that the Issue Mandate (i) will provide an alternative to increase the amount of capital which may be raised under the Issue Mandate; (ii) provides more options of financing to the Group for further development of its business as well as in other potential future investment and/or acquisitions as and when such opportunities arise; and (iii) the fact that the shareholding of all the Shareholders will be diluted proportionally to their respective shareholdings upon any utilization of the Issue Mandate, we consider such potential maximum dilution to shareholdings of the Independent Shareholders to be justifiable.

### CONCLUSION

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

- (i) the existing general mandate granted on 28 August 2007 may no longer truly reflect the status of the Company due to the substantial increase in the number of issued Shares;
- (ii) the Issue Mandate provides the Company with additional financial flexibility;
- (iii) the Directors will consider other financing methods with reference to the then financial position of the Group; and
- (iv) the shareholding of all the Shareholders will be diluted proportionally to their respective shareholdings upon any utilization of the Issue Mandate,

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

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

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## NOTICE OF SGM

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### MASCOTTE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of Mascotte Holdings Limited (the “Company”) will be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Tuesday, 6 May 2008 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

#### **ORDINARY RESOLUTIONS**

- (1) **“THAT** Mazars CPA Limited be hereby appointed as the auditors of the Company upon such terms and conditions as the board of directors of the Company may deem fit, in order to fill the casual vacancy caused by the resignation of the former auditors of the Company, to hold office until the conclusion of the next annual general meeting of the Company and that the board of directors of the Company be authorised to fix the auditors’ remuneration.”
- (2) To re-elect (i) Mr. Chung, Wilson as executive director, managing director of the Company and the chairman of the board of directors of the Company; and (ii) Ms. Hui Wai Man, Shirley as independent non-executive director of the Company; and the board of directors of the Company be and is hereby authorized to fix their remuneration.
- (3) **“THAT:**
  - (A) subject to paragraph (C) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (B) the Directors be and are authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;

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- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs 3(A) and (B), otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (D) for the purposes of this resolution:

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

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

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

- (4) “**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the shares of the Company to be issued upon the exercise of options under the share option scheme adopted by the Company on 21 August 2003 (the “Share Option Scheme”), the existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Share Option Scheme be refreshed and renewed provided that the total number of shares which may be allotted and issued pursuant to the grant or exercise of the share options under the Share Option Scheme (excluding share options outstanding, cancelled, lapsed or exercised under the Share Option Scheme), shall not exceed 10% of the shares of the Company in issue as at the date of passing this resolution (the “Refreshed Limit”) and that the Directors of the Company be and are hereby authorized, subject to

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## NOTICE OF SGM

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compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”

By order of the Board of  
**Mascotte Holdings Limited**  
**Mr. Peter Temple Whitelam**  
*Chairman*

Hong Kong, 21 April 2008

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

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

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*As at the date of this notice, the board comprises Mr. Peter Temple Whitelam (Chairman), Mr. Chung, Wilson (Deputy Chairman and Managing Director), Mr. Au Yeung Kai Chor and Mr. Lam Suk Ping as executive Directors, Mr. Chan Sze Hung, Ms. Kristi L Swartz and Ms. Hui Wai Man, Shirley as independent non-executive Directors.*

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## NOTICE OF SGM

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*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 appointor 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, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 48 hours before the time for holding the meeting or any adjournment thereof, 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.