
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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MASCOTTE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 136)

DISCLOSEABLE TRANSACTION

22 August 2008

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Definitions | 1 |
| Letter from the Board | 6 |
| Appendix – General Information | 17 |

DEFINITIONS

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

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| “Acquisition” | proposed acquisition by the Borrower of the entire issued share capital of a BVI company which held 65% equity interests in a mining company in northwest of the PRC as at the date of the Company’s announcement dated 22 November 2007 |
| “Actions” | any actions, suits, claims demands or proceedings against the Borrower and/or the Guarantor under the New Amended Facility Letter or the New Amended Facility Letter (as the case may be) and the Guarantee |
| “Agreement” | the agreement dated 16 July 2008 entered into between Hennabun PT as grantor and the Company as grantee pursuant to which Hennabun PT granted and the Company accepted the Option |
| “Amended Facility Letter” | the Facility Letter as amended and supplemented by the 1st supplemental facility letter dated 20 November 2007, the 2nd supplemental facility letter dated as of 19 May 2008, a letter agreement dated 30 May 2008, an oral agreement made between the Borrower and the Company on 10 June 2008 and the 4th letter agreement dated as of 26 June 2008 and the details of which have been disclosed in the Company’s announcements dated 22 November 2007, 19 May 2008, 30 May 2008, 10 June 2008 and 26 June 2008, respectively and the Company’s circular dated 30 November 2007 |
| “Announcements” | the announcements of the Company dated 7 August 2008 and 14 August 2008 relating to the latest development on the repayment of the Total Outstanding Loan and the extension of the Exercise Date of the Option, respectively |
| “Board” | the board of Directors |
| “Borrower” | Leadup Resources Investments Ltd., a company incorporated in the BVI with limited liability |
| “BVI” | British Virgin Islands |

DEFINITIONS

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| “Company” | Mascotte Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consent” | any consents that may be required from the Borrower and the Guarantor under the Facility Letter and the Guarantee |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Debt” | a total amount of HK\$167,266,666.67 which comprises of (i) HK\$160,000,000, being the total principal amount of the Loan which remained outstanding as at the date of the Agreement; and (ii) HK\$7,266,666.67, being the interest accrued or to be accrued thereon calculated up to the Final Repayment Date |
| “Deposit” | a deposit of not less than HK\$59,780,000 |
| “Directors” | the directors of the Company, including the independent non-executive directors of the Company |
| “Exercise Date” | being 11 August 2008 (or such other date as agreed between the Company and Hennabun PT) pursuant to the Agreement |
| “Extended Exercise Date” | being 10 October 2008 (or such other date to be agreed between the Company and Hennabun PT) pursuant to the Agreement (as amended by the Supplemental Agreement) |
| “Extension Fee” | the consideration of HK\$5,000,000 paid by the Borrower to the Company for entering into a letter agreement dated 30 May 2008, which formed part of the Amended Facility Letter |
| “Facility Letter” | the facility letter entered into between the Borrower and the Company on 19 November 2007 pursuant to which the Company granted a term loan facility in an amount of HK\$200,000,000 to the Borrower and the Borrower granted to the Company the First Refusal Rights and the details of which have been disclosed in the Company’s announcement dated 22 November 2007 and the Company’s circular dated 3 December 2007 |

DEFINITIONS

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| “Final Repayment Date” | 1 August 2008, being the last date that the Borrower shall repay the Debt to the Company according to the terms and conditions of the Amended Facility Letter |
| “First Refusal Rights” | the right of first refusal to purchase after the Acquisition any equity interests in a BVI company holding a titanium ore in the PRC or any of the investments of such BVI company granted by the Borrower to the Company as a consideration of the Company to enter into the Facility Letter, details of which are more particularly set out in the Company’s announcement dated 22 November 2007 |
| “Group” | the Company and its subsidiaries |
| “Guarantee” | a deed of guarantee executed by the Guarantor on 19 November 2007 in favour of the Company in support of the liabilities of the Borrower to the Company under the Facility Letter |
| “Guarantor” | Mr. Zeng Jian, the ultimate beneficial owner of and holds the controlling interest in the Borrower |
| “Hennabun Capital Group” | Hennabun Capital Group Limited, a company incorporated in the BVI with limited liability and is owned as to 80.12% by Mr. Chuang Eugene Yue-Chien |
| “Hennabun PT” | Hennabun PT Limited, a company incorporated in the BVI with limited liability and is wholly owned by Hennabun Capital Group which is in turn owned as to 80.12% by Mr. Chuang Eugene Yue-Chien |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party” | third party independent of the Company and its connected persons |
| “Latest Practicable Date” | 20 August 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

DEFINITIONS

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| “Loan” | a term loan facility in an amount of HK\$200,000,000 granted by the Company to the Borrower pursuant to the Facility Letter |
| “Model Code” | Model Code for Securities Transactions by Directors of Listed Companies as set out in the Listing Rules |
| “New Amended Facility Letter” | the Amended Facility Letter as amended and supplemented by conditional agreement made between the Company, the Borrower and the Guarantor on 7 August 2008 and the details of which have been disclosed in the Company’s announcements dated 7 August 2008 and 14 August 2008, respectively |
| “Option” | an irrevocable option requiring Hennabun PT to acquire all or part of the Debt at its face value together with all other rights, including the First Refusal Rights of the Company under the Amended Facility Letter and the Guarantee pursuant to the Agreement (the scope of the irrevocable option has been amended by the Supplemental Agreement and the details of which have been set out in the “Letter from the Board” under the section “Latest Development on the Repayment of the Outstanding Loan and the Extension of the Exercise Date of the Option” below) |
| “Option Fee” | an amount of HK\$2,400,000 payable by the Company to Hennabun PT for granting the Option by Hennabun PT to the Company |
| “PRC” | People’s Republic of China |
| “Relevant Date” | the Final Repayment Date or the Exercise Date, whichever is earlier pursuant to the Agreement (or the date on which the Borrower makes a full payment of the New Debt which remains outstanding or the Extended Exercise Date, whichever is earlier pursuant to the Agreement (amended by the Supplemental Agreement)) |

DEFINITIONS

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| “Relevant Sum” | the Debt which remains outstanding as at the Exercise Date pursuant to the Agreement (such term has been amended by the Supplemental Agreement and the details of which have been set out in the “Letter from the Board” under the section “Latest Development on the Repayment of the Outstanding Loan and the Extension of the Exercise Date of the Option” below.) |
| “SFO” | the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) |
| “Share(s)” | share(s) of HK\$0.10 each in the capital of the Company |
| “Shareholders” | holders of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplemental Agreement” | the supplemental agreement dated 14 August 2008 entered into between the Company and Hennabun PT to amend and supplement the Agreement |
| “Total Outstanding Loan” | HK\$160,000,000, being the total principal amount of the Loan which remains outstanding as at the Latest Practicable Date |
| “%” | per cent |

LETTER FROM THE BOARD

MASCOTTE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 136)

Executive directors:

Mr. Peter Temple Whitelam (*Chairman*)

Mr. Lo Yuen Wa Peter

(acting Chief Executive Officer)

Mr. Au Yeung Kai Chor

Mr. Lam Suk Ping

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive directors:

Mr. Chan Sze Hung

Ms. Kristi L Swartz

Ms. Hui Wai Man, Shirley

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

1st Floor

Po Chai Industrial Building

28 Wong Chuk Hang Road

Aberdeen

Hong Kong

22 August 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

On 16 July 2008, in consideration of the Option Fee payable by the Company as grantee to Hennabun PT as grantor, both parties entered into the Agreement pursuant to which Hennabun PT granted and the Company accepted an irrevocable option to the Company requiring Hennabun PT to acquire all or part of the Debt at its face value together with all other rights, including the First Refusal Rights of the Company under the Amended Facility Letter and the Guarantee, respectively, subject to any consents that may be required from the Borrower and the Guarantor under the Facility Letter and the Guarantee, respectively.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

On 14 August 2008, in light of the conditional amendments made to the Amended Facility Letter as disclosed in the Company's announcement dated 7 August 2008, Hennabun PT and the Company entered into the Supplemental Agreement to, among others, extend the Exercise Date and amend the scope of the Option in order to reflect the amendments to the Amended Facility Letter. Details of the conditional amendments to the Amended Facility Letter are set out in the section "Latest Development on the Repayment of the Outstanding Loan and the Extension of the Exercise Date of the Option" below.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things, details of the transactions under the Agreement the Supplemental Agreement and other information as required under the Listing Rules. Principal terms of the Agreement are set out below in this circular.

THE AGREEMENT

The terms and conditions of the Agreement are described below:

- Date** : 16 July 2008
- Parties** : Grantor: Hennabun PT, which, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, so far as the Directors are aware, each of Hennabun PT and its ultimate beneficial owners including Mr. Chuang Eugene Yue-Chien is an Independent Third Party. As far as the Directors are aware, Hennabun PT and its associates have no relationship with the Borrower and the Guarantor as well as their respective associates. As far as the Directors are aware, having made all reasonable enquiry, Hennabun PT is a securities investment holding company. As at the Latest Practicable Date, the Company was owned as to 3.53% by Hennabun PT, a wholly-owned subsidiary of Hennabun Capital Group. Mr. Chuang Eugene Yue-Chien is the controlling shareholder of Hennabun Capital Group.
- Grantee: the Company, which is principally engaged in the (i) manufacturing and sale of accessories for photographic, electrical and multimedia products; (ii) property investment and (iii) securities investment.

LETTER FROM THE BOARD

Grant of the Option : Subject to the terms of this Agreement and the Consent, Hennabun PT shall grant and the Company shall accept the Option. The Company shall have the right but not the obligation to exercise the Option.

Option fee, the Deposit and the Relevant Sum : In consideration of Hennabun PT granting the Option to the Company, the Company shall pay to Hennabun PT the Option Fee in cash within seven (7) business days after the Final Repayment Date or such other date as may be agreed between Hennabun PT and the Company.

Hennabun PT shall make available the Deposit in a bank account opened in the name of Hennabun PT upon signing of the Agreement and maintain such Deposit until (i) the full payment of the Debt by the Borrower on or before the Final Repayment Date or (ii) the full payment of the Relevant Sum by Hennabun PT to the Company in the event that the Company exercises the Option on the Exercise Date. Hennabun PT shall designate such amount of the Deposit specifically for the purpose of the Agreement and Hennabun PT shall not withdraw such amount of the Deposit before the Relevant Date without the prior written consent from the Company.

LETTER FROM THE BOARD

In the event that the Company determines at its sole and absolute discretion to exercise the Option, the Company may give not less than one (1) business day's notice prior to the Exercise Date to the Grantor and require the Grantor to acquire the Relevant Sum at its face value. Within one (1) business day after the Exercise Date, Hennabun PT shall withdraw the amount of the Deposit together with any interest accrued thereon from the bank account and pay the same to the Company. In the event that the Relevant Sum exceeds the amount of the Deposit and the interest accrued thereon, Hennabun PT shall, after deducting the Option Fee, pay the difference between the amount of the Relevant Sum and the Deposit and the interest accrued thereon to the Company within one (1) business day after the Exercise Date.

Exercise of the Option : In the event that the Borrower fails to repay all or part of the Debt on the Final Repayment Date, the Company shall have the right to exercise the Option at the Exercise Date, by giving not less than one (1) business day's notice to Hennabun PT in writing prior to the Exercise Date and require Hennabun PT to acquire the Relevant Sum at its face value together with all other rights of the Guarantee under the Amended Facility Letter and the Guarantee, including but not limited to, institute, make or bring any Actions as Hennabun PT may in its absolute discretion determine to enforce repayment of the Relevant Sum and all the monies due under the Amended Facility Letter and the Guarantee. Hennabun PT undertakes to enter into all such necessary documents (including but not limited to deed of assignment or other similar documents) with the Company in order to facilitate the exercise of the Option by the Company. The Company will comply with the disclosure requirements under Chapter 14 of the Listing Rules upon exercise of the Option.

LETTER FROM THE BOARD

In the event that the Company determines in its sole and absolute discretion to exercise the Option but fails to obtain the Consent on or before the Exercise Date, the Company shall also execute a power of attorney authorising and appointing any director of Hennabun PT to be the Company's attorney to act for and on behalf of the Company to enforce all the rights that the Company is entitled under the Amended Facility Letter and the Guarantee, including but not limited to, institute, make or bring any Actions as Hennabun PT may in its absolute discretion determine to enforce repayment of the Relevant Sum and all the monies due under the Amended Facility Letter and the Guarantee, and Hennabun PT shall be entitled to all monies recovered under the Actions. Within one (1) business day after the Exercise Date, Hennabun PT shall withdraw the amount of the Deposit together with any interest accrued thereon from the bank account and pay the same to the Company. In the event that the Relevant Sum exceeds the amount of the Deposit and the interest accrued thereon, Hennabun PT shall, after deducting the Option Fee, pay the difference between the amount of the Relevant Sum and the Deposit and the interest accrued thereon to the Company within one (1) business day after the Exercise Date. Hennabun PT is obliged to pay the Relevant Sum to the Company even if it fails to recover any monies under the Actions.

THE SUPPLEMENTAL AGREEMENT

Principal amendments to the Agreement are set out in the section "Latest Development on the Repayment of the Outstanding Loan and the Extension of the Exercise Date of the Option" below.

REASONS FOR THE TRANSACTION

As far as the Directors are aware, it is a commercial decision for Hennabun PT to enter into the Agreement (as amended by the Supplemental Agreement) taking into account the followings: (i) the likelihood of recovery of the Debt or the New Debt (as the case may be) with reference to the Borrower's record of repayment of interests accrued on the outstanding Loan to the Company on each extended repayment date; and (ii) the Option Fee payable by the Company.

LETTER FROM THE BOARD

The Board considers that by entering into the Agreement (as amended by the Supplemental Agreement), the Company will be able to reduce its risk exposure in the event that it fails to recover the full amount of the Debt or the New Debt (as the case may be) from the Borrower on the due date and ensure certainty as to the recoverability of the Debt or the New Debt (as the case may be).

Although no legal charge or pledge has been created over the Deposit, the Agreement (as amended by the Supplemental Agreement) is a legally binding agreements between the Company and Hennabun PT and the Company is entitled to sue Hennabun PT in the event that Hennabun PT is in breach of its obligations under the Agreement (as amended by the Supplemental Agreement) including but not limited to: (i) the withdraw of the amount of the Deposit together with any interest accrued thereon from the bank account and pay the same to the Company; and (ii) in the event that the Relevant Sum exceeds the amount of the Deposit and the interest accrued thereon, the payment of the difference between the amount of the Relevant Sum and the Deposit and the interest accrued thereon to the Company.

The Board also considers that Hennabun PT has shown its creditworthiness to enter into the Agreement (as amended by the Supplemental Agreement) taking into account of the Deposit made available by Hennabun PT in its bank account upon signing of the Agreement until the Relevant Date and the assets base of Hennabun PT Group.

Given that a total amount of HK\$18,739,360.73 representing the interest and the Extension Fee recovered from the Loan has been received by the Company from the Borrower as at the date of the Agreement, the previous extensions regarding the repayment of the outstanding Loan and the Option Fee payable by the Company representing 1.5% of the outstanding Loan as at the Latest Practicable Date which will enable the Company to secure the recovery of the New Debt, the Directors, including the independent non-executive Directors, consider that the terms and conditions of the Agreement (as amended by the Supplemental Agreement) are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

The Directors, including the independent non-executive Directors, consider that it is fair and reasonable to pay the Option Fee for the purpose of obtaining the Option under the terms of the Agreement requiring Hennabun PT to acquire its interest under the Amended Facility Letter and the Guarantee taken into account the circumstances then subsisting although the Loan has already been guaranteed by the Guarantor and there are security interests under the Loan as: (i) the undertaking given by the Borrower under the Facility Letter to submit to the Company share certificate representing all the issued capital of the BVI company acquired by the Borrower after the completion of the Acquisition is solely for the purpose of providing additional security to the Company to ensure that the Loan would be properly applied for the intended purposes, including but not limited to, the financing of the Acquisition. Such undertaking is not a perfect security for the Company from a legal perspective; (ii) the Directors were not aware of any further development on the Acquisition and the exercise of the First Refusal Rights as at the Latest Practicable Date; (iii) there was no convincing reason to further extend the repayment of the Loan based on the circumstances then subsisting; (iv) the

LETTER FROM THE BOARD

Company may incur a more substantial legal cost than the amount of the Option Fee if the Company chooses to institute legal proceedings against the Borrower and the Guarantor if the Borrower fails to repay the Debt on the Final Repayment Date; (v) the Debt may not be fully recovered from the Borrower and the Guarantor even if the Company succeed in the legal proceedings; (vi) it will be time consuming to recover the Debt by way of instituting legal proceedings against the Borrower and the Guarantor; and (vii) the Option granted by Hennabun PT provides certainty to the Company as to the recoverability of part of the Debt, if the Option is exercised, it will enable the Company to provide funding for its ongoing operations. If the Company is to obtain similar funding from any financial institutions, the interest to be incurred by the Company will have exceeded the Option Fee, which represents merely 1.5% of the outstanding Loan as at the Latest Practicable Date.

The Directors, including the independent non-executive Directors, also consider that the terms of the Agreement (as amended by the Supplemental Agreement) and the transaction contemplated thereunder including the Option Fee payable by the Company to Hennabun PT was entered into upon normal commercial terms following arm's length negotiations among the parties.

LISTING RULES IMPLICATION

As the applicable percentage ratios as set out in the Listing Rules are more than 5% but less than 25%, the transaction also constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

LATEST DEVELOPMENT ON THE REPAYMENT OF THE OUTSTANDING LOAN AND THE EXTENSION OF THE EXERCISE DATE OF THE OPTION AFTER THE DATE OF THE AGREEMENT

On 1 August 2008, the Borrower paid the sum of HK\$7,266,666.67 to the Company comprising: (i) HK\$3,600,000, being the interest accrued on a portion of the outstanding Loan of HK\$60,000,000 for the period from 27 June 2008 to 1 August 2008 (both days inclusive); and (ii) HK\$3,666,666.67, being the interest accrued on the remaining portion of the outstanding Loan of HK\$100,000,000 for the period from 11 July 2008 to 1 August 2008 (both days inclusive) (collectively the **"Interests"**). Accordingly, a total amount of HK\$160,000,000 representing the Total Outstanding Loan remained outstanding as at the Latest Practicable Date.

On 7 August 2008, the Company, the Borrower and the Guarantor conditionally agreed, subject to the conditions as described below (the **"Conditions"**), to amend and supplement the Amended Facility Letter to further extend the repayment date of the Total Outstanding Loan from 1 August 2008 to 4 December 2008, subject to early repayment. As disclosed in the Company's announcement dated 7 August 2008, the Borrower shall pay to the Company a total amount of HK\$192,000,000 on or before 4 December 2008 comprising: (i) HK\$160,000,000, being the Total Outstanding Loan; (ii) HK\$30,000,000, being the interest accrued or to be accrued on the outstanding amount of the Loan during the period from 2 August 2008 to 4

LETTER FROM THE BOARD

December 2008 (both days inclusive) at a monthly interest rate of approximately 4.5%, subject to early repayment; and (iii) HK\$2,000,000, being an extension fee (collectively, the “**New Debt**”).

As disclosed in the Announcements, the Guarantor has undertaken to the Company that he will procure a third party (the “**3rd Party**”) who is in the process of negotiation with a company listed in Hong Kong (the “**Listco 1**”) for the sale of his interest which represents 60% interest in a coal mine in the PRC (the “**Coal Mine**”) with a value of approximately US\$500 million to the Listco 1 (the “**3rd Party Acquisition**”) to use the sale proceeds of the 3rd Party Acquisition to repay the Total Outstanding Loan on behalf of the Guarantor and if the 3rd Party Acquisition fails to proceed, the Guarantor will procure the 3rd Party to sell his entire interest in the Coal Mine to the Company at a consideration equivalent to the New Debt on the assumption that the valuation amount of the Coal Mine is equal to or greater than the New Debt.

The further extension of the repayment of the Total Outstanding Loan as described hereto are subject to the due diligence review of the following items to the satisfaction of the Company:

- i. interviews with the representatives of the 3rd Party and the relevant professional advisors involved in the 3rd Party Acquisition;
- ii. the existence and the conditions of the Coal Mine; and
- iii. the valuation report of the Coal Mine prepared by an independent valuer in such form and substance to the satisfaction of the Company.

As disclosed in the Company’s announcement dated 7 August 2008, the Directors have considered the following factors for conditionally granting the extension of the repayment date of the Total Outstanding Loan to the Borrower:

- i. the Borrower has repaid the Interests of HK\$7,266,666.67 on 1 August 2008;
- ii. by granting a further extension of the repayment of the Total Outstanding Loan, the Company will be able to earn an interest of HK\$30,000,000 in aggregate and an extension fee of HK\$2,000,000;
- iii. the Company desires to continue the negotiation with the Borrower and the Guarantor in relation to any possible cooperation opportunities with the Borrower and/or the Guarantor in connection with their investments in the PRC; and
- iv. a company of which the Guarantor is the controlling shareholder has recently entered into a letter of intent with a company listed in Hong Kong (the “**Listco 2**”) in relation to an acquisition of a coal mine in the PRC by Listco 2. Given that the Guarantor has entered into such letter of intent, the Company considered that it is

LETTER FROM THE BOARD

possible for the Guarantor to make available of other acquisition targets to the Company in future.

Moreover, the Directors have also considered the following factors for conditionally granting the extension of the repayment date of the Total Outstanding Loan:

- i. the Guarantor has undertaken to the Company to procure the 3rd Party to use the sale proceeds of the 3rd Party Acquisition to repay the Total Outstanding Loan on behalf of the Guarantor;
- ii. the Company and Hennabun PT agreed to, among others, extend the Exercise Date of the Option from 11 August 2008 to 10 October 2008 (or such other date to be agreed between the Company and Hennabun PT) pursuant to the terms and conditions of the Supplemental Agreement. By entering into the Supplemental Agreement, the Company will be able to retain the protection offered by the Option and the Company will have additional time to conduct due diligence review in order to satisfy itself as to whether the Conditions can be fulfilled or can reasonably be expected to be fulfilled in due course; and
- iii. the Company may not be able to explore possible cooperation opportunities with the Borrower and/or the Guarantor in connection with their investments in the PRC if the Company exercises the Option in the manner as provided in the Company's announcement dated 17 July 2008.

In light of the further extension of the repayment date of the Total Outstanding Loan, on 14 August 2008, Hennabun PT and the Company agreed to amend and supplement the Agreement by entering into the Supplemental Agreement to, among others, extend the Exercise Date from 11 August 2008 to 10 October 2008 (or such other date to be agreed between the Company and Hennabun PT) and amend the scope of the Option in order to reflect that the Amended Facility Letter has been amended by the New Amended Facility Letter as disclosed in the Announcements, the payment of the Option Fee and the total outstanding amount under the Amended Facility Letter has been adjusted as a result of the repayment of the Interests, and the payment of the extension fee and additional interests in connection with the conditional extension of the repayment date. Details of the amendments are as follows:

- i. the definition of "Option" in the Agreement, i.e. "an irrevocable option to the Company requiring Hennabun PT to acquire all or part of the Debt at its face value together with all other rights of the Company under the Amended Facility letter and the Guarantee" is amended and replaced with "an irrevocable option to the Company requiring Hennabun PT to acquire all of the New Debt which remains outstanding at its face value together with all other rights of the Company under the New Amended Facility Letter and the Guarantee" in the Supplemental Agreement so that if the Borrower repays part of the New Debt before the extended repayment date, Hennabun PT will be required to acquire the entire New Debt which remains outstanding if the Option is exercised by the Company (subject to Consent);

LETTER FROM THE BOARD

- ii. the definition of “Relevant Sum” in the Agreement, i.e. “the Debt which remains outstanding as at the Exercise Date” is amended and replaced with “the New Debt which remains outstanding as at the Exercise Date and (if any) other amount which remains outstanding under the New Amended Facility Letter (as supplemented and amended from time to time) as at the Exercise Date” in the Supplemental Agreement; and

- iii. in the event that the Company being unable to conclude that the Conditions have been or can reasonably be expected to be fulfilled in due course before the Extended Exercise Date and the Borrower fails to repay all or part of the Relevant Sum on the Extended Exercise Date, the Company shall have the right but is not obliged to exercise the Option, subject to Consent.

Save as disclosed above, terms of the Agreement remain substantially unchanged.

The Board considered that by entering into the Supplemental Agreement, the Company will have additional time to conduct due diligence review in order to satisfy itself as to whether the Conditions can be fulfilled and the Company expects that it will be in a position to conclude whether the Conditions have been or can reasonably be expected to be fulfilled in due course before the Extended Exercise Date.

In addition, the Company is desirous to continue the exploration of any possible cooperation opportunities with the Borrower and/or the Guarantor in connection with their investments in the PRC. In light of the above, the Directors are of the view that it is in the interest of the Company to enter into the Supplemental Agreement which enables the Company to continue the aforesaid exploration while retaining the protection of the Option at the same time.

FINANCIAL EFFECT OF THE AGREEMENT (AS AMENDED BY THE SUPPLEMENTAL AGREEMENT)

Pursuant to the Agreement (as amended by the Supplemental Agreement), the Company paid the Option Fee to Hennabun PT on 11 August 2008. The Company is not liable to pay Hennabun PT any additional fees, costs or charges of whatever nature for entering into the Supplemental Agreement. Save as the payment of the Option Fee, the Directors consider that the Agreement (as amended by the Supplemental Agreement) did not have any immediate effect in the earnings, assets and liabilities of the Company. In the event that the Company being unable to conclude that the Conditions have been or can reasonably be expected to be fulfilled in due course before the Extended Exercise Date and the Borrower fails to repay all or part of the Relevant Sum on the Extended Exercise Date and the Company exercises the Option at the Extended Exercise Date or authorises Hennabun PT as its attorney and act on its behalf to recover the New Debt under the New Amended Facility Letter and the Guarantee, the Company will be able to recover the Relevant Sum as at the Extended Exercise Date.

LETTER FROM THE BOARD

FURTHER INFORMATION

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

Yours faithfully,
By Order of the Board
Mascotte Holdings Limited
Lo Yuen Wa Peter
Acting Chief Executive Officer

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company 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 they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

| Name | Capacity | Number of Shares (Long position) | % of shareholding (approximate) |
|------------------|------------------|-------------------------------------|------------------------------------|
| Mr. Lam Suk Ping | Beneficial owner | 3,000,000 | 0.1% |

Note:

Mr. Lam Suk Ping is an executive director of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (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 they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(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:

| Name of Shareholder | Capacity | Number of Shares (Long position) | Approximate % of shareholding |
|---|------------------------------------|---|--------------------------------------|
| Unity Investments Holdings Limited (note 1) | Interest of Controlled Corporation | 159,189,000 | 5.57% |
| Willie International Holdings Limited (note 2) | Interest of Controlled Corporation | 145,500,000 | 5.09% |
| Freeman Corporation Limited (note 3) | Interest of Controlled Corporation | 143,076,000 | 5.00% |

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. 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.
3. Freeman Corporation Limited (stock code: 279), a company listed on the Stock Exchange, is interested in the share capital of the Company indirectly through its wholly-owned subsidiary, Asia Hunter Global Limited, and its indirect wholly-owned subsidiary, Smart Jump Corporation, a direct wholly-owned subsidiary of Asia Hunter Global Limited.

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

3. 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).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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.

5. 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.

6. GENERAL

- (a) The company secretary and the qualified accountant of the Company is Mr. Lo Yuen Wa Peter, who is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England And Wales.
- (b) The branch share registrars and transfer office of the Company in Hong Kong is Tricor Secretaries Limited, the address of which is at 26/F., Tresbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

7. MISCELLANEOUS

The English text of this document shall prevail over the Chinese text.