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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 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  
DISPOSAL OF THE SALE SHARES AND  
THE SHAREHOLDER'S LOAN**

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## DEFINITIONS

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

“Agreement”	the agreement dated 8 September 2008 entered into between the Vendor, the Purchaser, the Purchaser Guarantor in relation to the sale and purchase of the Share Shares and Shareholder’s Loan
“Board”	the board of Directors
“BVI”	British Virgin Islands
“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
“Completion”	completion of the Agreement
“Completion Date”	a day within five Business Days following the day on which all Conditions shall have been satisfied or waived in accordance with the Agreement or such other date shall be agreed in writing by the Purchaser and the Vendor
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$112 million, being the purchase price of the Sale Shares and Shareholder’s Loan under the Agreement
“Consideration Share(s)”	800,000,000 shares of HK\$0.1 each in the capital of the Purchaser Guarantor to be allotted and issued to the Vendor (or its nominees), credited as fully paid
“Directors”	the directors of the Company, including the independent non-executive directors of the Company
“Disposal”	the disposal of the Sale Shares and Shareholder’s Loan by the Vendor to the Purchaser pursuant to terms and conditions of the Agreement

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## DEFINITIONS

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“Encumbrances”	a mortgage, charge, pledge, lien, option, restriction, claim, equities, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid;
“Group”	the Company and its subsidiaries
“Guarantor Group”	the Purchaser Guarantor and its subsidiaries
“Guarantor Shares”	Shares of HK\$0.1 each in the capital of the Purchaser Guarantor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jet Star”	Jet Star Industries Limited, a property investment holding company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Latest Practicable Date”	18 September 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
“Long Stop Date”	17 November 2008 or such later date as the Parties may otherwise agree in writing
“Party(ies)”	the Vendor, the Purchase or the Purchaser Guarantor or the Company each or collectively
“PRC”	People’s Republic of China

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## DEFINITIONS

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“Property”	a 20-storey composite development known as Jifu Plaza with a gross floor area of 10,521.32 square meters situated at No. 103 Shibapu Road, Liwan District, Guangzhou City, Guangdong Province, the PRC
“Purchaser”	Perfect Time Investments Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Purchaser Guarantor
“Purchaser Guarantor”	Willie International Holdings Limited (stock code: 273), a company listed on the Stock Exchange, has a 5.11% equity interest in the share capital of the Company indirectly through its direct wholly-owned subsidiary, Pearl Decade Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	998 ordinary shares of HK\$1 each and 2 non-voting deferred share of HK\$1 each in the capital of Jet Star, representing the entire issued share capital of Jet Star and all of which are owned by the Vendor as at the date of the Agreement
“Shareholder’s Loan”	the unsecured interest free loan owing by Jet Star to the Vendor (which is repayable on demand) as at Completion, which amounted to HK\$35,096,142 as at 31 July 2008
“Shareholders”	holders of the Shares
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the sale and purchase of the Sale Shares and the Shareholder’s Loan contemplated under the Agreement
“Vendor”	Mascotte Group Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company, being the vendor of the Sale Shares and the Shareholder’s Loan
“%”	per cent

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## LETTER FROM THE BOARD

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# MASCOTTE HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

**(Stock code: 136)**

*Executive Directors:*

Mr. Peter Temple Whitlam (*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

26 September 2008

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION DISPOSAL OF THE SALE SHARES AND THE SHAREHOLDER'S LOAN**

#### **1. INTRODUCTION**

The Board announces that, on 8 September 2008, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser in relation to the sale of the Sale Shares and the assignment of the Shareholder's Loan for an aggregate consideration of HK\$112 million.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, where the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceeds 5% but less than 25%.

The purpose of this circular is to provide the Shareholders with, among other things, details of the Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules.

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## LETTER FROM THE BOARD

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### 2. THE AGREEMENT

**Date:** 8 September 2008

**Parties:** Vendor: Mascotte Group Limited, a direct wholly-owned subsidiary of the Company, being the legal and beneficial owner of the Sale Shares and the Shareholder's Loan. The principal business of the Vendor is investment holding.

Vendor Guarantor: The Company

Purchaser: Perfect Time Investments Limited, an indirect wholly-owned subsidiary of the Purchaser Guarantor. The principal business of the Purchaser is investment holding.

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

Purchaser Guarantor: Willie International Holdings Limited, a company incorporated in Hong Kong and its shares are listed on the Main Board of the Stock Exchange

#### **Assets to be disposed of:**

Sale Shares and the Shareholder's Loan free from all Encumbrances and together with all rights attaching or accruing to the Sale Shares and all dividends and distributions declared, made or paid on the Sale Shares or in respect of them on or after the Completion Date.

Sale Shares represent the entire issued share capital of Jet Star, whose principal activity is property investment having a sole property located in Guangdong Province, the PRC. Immediately after the Completion, Jet Star will cease to be accounted for as subsidiary of the Company and the results of Jet Star will cease to be consolidated with those of the Group.

Shareholder's Loan represents the unsecured interest free loan owing by Jet Star to the Vendor as at Completion, which amounted to HK\$35,096,142 as at 31 July 2008. It was originally used to finance the reconstruction and renovation of the property several years ago. Upon Completion, the Vendor and the Purchaser will enter into a deed of assignment to assign the Shareholder's Loan from Vendor to the Purchaser.

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## LETTER FROM THE BOARD

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Set out below is the audited financial information of Jet Star prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 March 2007 and 2008:

	<b>For the year ended</b>	
	<b>31 March</b>	
	<b>2008</b>	<b>2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4,465	2,829
Loss before taxation	19,885	3,387
Loss after taxation	20,402	545

  

	<b>As at 31 March</b>	
	<b>2008</b>	<b>2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	71,381	83,764

The reported loss of Jet Star for the two years ended 31 March 2007 and 2008 was mainly caused by the decrease in fair value of investment property. The fair value of the Property recorded in net assets of Jet Star shown above as at 31 March 2008 was approximately HK\$115 million.

### **Consideration**

The consideration for the Sale Shares and the Shareholder's Loan is HK\$112 million, of which:

- (i) the portion of the Consideration attributable to the Shareholder's Loan shall be equal to the carrying value of the Shareholder's Loan as at Completion; and
- (ii) the balance of the Consideration shall be attributable to the Sale Shares.

The Consideration of HK\$112 million, upon Completion, shall be fully satisfied by the allotment and issue by the Purchaser Guarantor to the Vendor (or its nominees) the Consideration Shares, credited as fully paid, at an issue price of HK\$0.14 per Consideration Share, free from all Encumbrances and with all rights attached to them on the Completion Date. The Consideration Shares shall rank *pari passu* in all respects with the Guarantor Shares in issue on the date of allotment and issue including the right to all dividends, distributions and other payments made or to be made for which the record date falls on or after the date of such allotment and issue.



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## LETTER FROM THE BOARD

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The issue price of the Consideration Shares of HK\$0.14 each represents:

- (i) a premium of approximately 6.9% to the closing price of HK\$0.1310 per Guarantor Share on 5 September 2008, being the last trading day of the Guarantor Shares before the signing of the Agreement;
- (ii) a discount of approximately 0.4% to the average closing price of HK\$0.1406 per Guarantor Share for the 5 trading days of the Guarantor Shares up to and including 5 September 2008;
- (iii) a discount of approximately 7.5% to the average closing price of HK\$0.1513 per Guarantor Share for the 10 trading days of the Guarantor Shares up to and including 5 September 2008;
- (iv) a premium of approximately 33.3% to the closing price of HK\$0.105 per Guarantor Share on the Latest Practicable Date; and
- (v) a discount of approximately 85.7% to the audited net asset value per Guarantor Share of HK\$0.9790 as at 31 December 2007 (based on the audited consolidated net assets of Guarantor Group of approximately HK\$1,486 million and 1,517,931,298 Guarantor Shares in issue as at 31 December 2007 as disclosed in the 2007 annual report of Purchaser Guarantor)

Based on the issued share capital of Purchaser Guarantor as disclosed in the prospectus of Purchaser Guarantor dated 5 August 2008, the Consideration Shares represent approximately 32.66% of the existing issued share capital of Purchaser Guarantor and approximately 24.62% of the issued share capital of Purchaser Guarantor as enlarged by the issue of the Consideration Shares. As at the date of this circular, the Company holds 34,529,000 issued ordinary shares of the Purchaser Guarantor, assuming no purchase and sales of Guarantor Shares by the Company before Completion, the Company will hold 834,529,000 Guarantor Shares, representing 25.68% of the issued share capital of Purchaser Guarantor as enlarged by the issue of the Consideration Shares.

The Consideration was determined after arm's length negotiations and with reference to the carrying value of the Shareholder's Loan as at 31 July 2008, the unaudited net assets value of Jet Star as at 31 July 2008, the property market in the PRC and the valuation of the Property carried out by an independent professional valuer, RHL International Group, as at 31 July 2008 of RMB104 million which valued the same as those stood as at 31 March 2008. The property valuation was arrived at using the direct comparison approach and the income capitalisation approach. The issue price of the Consideration Shares is determined with reference to the recent market performance of the Guarantor Shares.

Upon Completion, the Consideration Shares will be accounted for as financial assets grouped under current assets of the Group, which are stated at fair value.

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## LETTER FROM THE BOARD

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### Conditions precedent

The Disposal is conditional upon the following conditions being fulfilled in all respects, or waived by either Party:

- (i) if required pursuant to the Listing Rules, the passing at a duly convened and held general meeting of Company of resolutions by its shareholders to approve this Agreement and the transactions contemplated thereunder;
- (ii) if required pursuant to the Listing Rules, the passing at a duly convened and held general meeting of the Purchaser Guarantor of resolutions by its shareholders to approve this Agreement and the transactions contemplated thereunder;
- (iii) the warranties, representations and undertakings given by the Vendor and the Company remaining true and accurate in all material respects;
- (iv) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares to be issued pursuant to the terms hereof; and
- (v) all relevant consents and approvals for the Transactions including any third parties and the Stock Exchange or other relevant regulatory bodies and government approvals having been obtained.
- (vi) completion of a due diligence review on Jet Star and the Property to the sole satisfaction of the Purchaser in its absolute discretion.

The Vendor and the Purchaser shall use its best endeavours to procure the fulfillment of conditions on or before the Long Stop Date. The Purchaser may waive conditions (iii) and (vi) in writing at any time on or before 5 p.m. on the Completion Date (or such later date as may be agreed between the Parties). None of the conditions can be waived by the Vendor. If any of the conditions has not been fulfilled (or waived) on or before 5 p.m. on the Long Stop Date (or 5 p.m. on the Completion Date) or such later dates as may be agreed between the Parties, the Agreement shall be terminated.

### Completion

Completion shall take place on the Completion Date or at such other time and place as may be agreed between the Parties.

### 3. INFORMATION ON PURCHASER GUARANTOR

The Purchaser Guarantor is a company listed on the Stock Exchange and is principally engaged in property investments, investment in trading securities, money lending and acquiring, exploring and developing natural resources. For each of two years ended 31 December 2006 and 2007, the Guarantor Group recorded audited consolidated loss before and after taxation both of approximately HK\$115 million and HK\$198 million. The audited consolidated net assets of the Guarantor Group as at 31 December 2007 were approximately HK\$1,486 million.

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## LETTER FROM THE BOARD

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### 4. REASONS FOR THE DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in the (i) manufacturing and sale of accessories for photographic, electrical and multimedia products; (ii) property investment and (iii) investment in securities.

Jet Star is a property investment company holding a 20-storey commercial property located in Guangzhou, the PRC which was acquired in July 2006. Having regard to the recent property market in the PRC, the Directors consider that substantial appreciation in value of the Property will be limited in the near term. The Group has been looking for strategic investments that would bring in attractive capital gain in the medium and long run, therefore, the Disposal put it in line with the said strategy to enhance the liquidity and financial flexibility of the Company by changing the holding of the property investment into liquid securities. With reference to the latest unaudited management accounts of Jet Star as at 31 July 2008 which recorded the net assets of approximately HK\$76 million and the Shareholders' Loan of approximately HK\$35 million, there will be no material financial impact on earnings and assets and liabilities of the Disposal to the Group as compared with the Consideration of HK\$112 million.

On the other hand, upon Completion, the Group will become interested in 800,000,000 Consideration Shares, representing approximately 24.62% of the issued share capital of the Purchaser Guarantor as enlarged by the issue of the Consideration Shares and hold as an investment for trading. As at the date of this circular, the Company holds 34,529,000 issued ordinary shares of the Purchaser Guarantor, assuming no purchase and sales of Guarantor Shares by the Company before Completion, the Company will subsequently hold 834,529,000 Guarantor Shares, representing 25.68% of the issued share capital of Purchaser Guarantor as enlarged by the issue of the Consideration Shares. As reflected in the latest audited consolidated accounts of the Purchase Guarantor as at 31 December 2007, the gearing ratio as computed on the basis of net borrowings to total equity was only 2.5% whereas its net assets value was approximately HK\$1,486 million. With reference to the number of ordinary shares in issue as at 31 December 2007 of 1,517,931,298, the net asset per share of the Purchase Guarantor was at approximately HK\$0.98. As compared to the closing price of the Guarantor Shares on 5 September 2008 of HK\$0.131, being the last trading day of the Guarantor Shares before the signing of the Agreement, the Guarantor Shares are trading at a discount of 86% as to its net asset per share at 31 December 2007. The Directors determine that the past net asset value of the Guarantor Share is the major and appropriate factor for consideration, and further consider that there is a great potential market price appreciation on the Guarantor Shares for medium to long run in which the Company can realise any such shares when the return is satisfactory. After Disposal, the Group will cease to account for a steady property letting income from Jet Star but concentrate on exploring other potential investment opportunities earning greater return.

Based on above, the Board considers the entering into the Agreement is in the interest of the Company and the Shareholders as a whole and the terms of the Agreement are fair and reasonable.

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## LETTER FROM THE BOARD

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### 5. LISTING RULES IMPLICATION

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

### 6. 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%

*Notes:* 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 or the nominal

value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such persons' interest in such securities, together with any options in respect of such capital, were as follows:

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of Shares (Long position)</b>	<b>Approximate % of shareholding</b>
Unity Investments Holdings Limited (note 1)	Interest of Controlled Corporation	174,273,000	6.10%
Willie International Holdings Limited (note 2)	Interest of Controlled Corporation	146,336,000	5.11%
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.