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

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

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MASCOTTE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 136)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF CONVERTIBLE NOTE

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DEFINITIONS

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

“associates”	the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Business Day(s)”	any day (other than a Saturday and Sunday) on which licensed banks are open for business in Hong Kong
“Company”	Mascotte Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Connected Persons”	the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.132 per Conversion Share (subject to adjustment)
“Conversion Shares”	new shares in Unity which would fall to be issued by the Unity upon the exercise of the conversion rights under the Convertible Note
“Convertible Note”	a zero coupon convertible note due 2011 in the principal amount of HK\$18,000,000 proposed to be issued by Unity to Union Glory pursuant to the Settlement Deed
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and its associated companies
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Date”	6 October, 2008, the last trading date prior to the date of the Settlement Deed
“Latest Practicable Date”	27 October, 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein

DEFINITIONS

“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the sums outstanding under the revolving loan facility in the principal amount of HK\$18 million advanced by Union Glory to Unity pursuant to the loan agreement between Union Glory and Unity dated 13 August, 2008
“Settlement Deed”	the conditional settlement deed dated 8 October, 2008 entered into between Union Glory and Unity in relation to the settlement of the Loan by the issue of the Convertible Note, subject to the terms and conditions contained therein
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Shares”	shares of a par value of HK\$0.10 each in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Union Glory”	Union Glory Finance Inc., a company incorporated in British Virgin Islands, a wholly-owned subsidiary of the Company
“Unity”	Unity Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“%”	per cent.
“2007 Unity Annual Report”	Unity’s annual report for the financial year ended 31 December, 2007

LETTER FROM THE BOARD

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

30 October, 2008

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF CONVERTIBLE NOTE

INTRODUCTION

It was stated in the announcement dated 10 October, 2008 that on 8 October, 2008, Union Glory, a subsidiary of the Company entered into the Settlement Deed with Unity, pursuant to which Unity agreed to issue and Union Glory has agreed to accept the issue of the Convertible Note in full and final settlement of the Loan.

The subscription of the Convertible Note by Union Glory constitutes a discloseable transaction for the Company.

This circular contains particulars of the Settlement Deed and the Convertible Note in accordance with the requirements of the Listing Rules.

On 8 October, 2008, Union Glory, a wholly-owned subsidiary of the Company entered into the Settlement Deed with Unity, pursuant to which Unity agreed to issue and Union Glory has agreed to accept the issue of the Convertible Note in full and final settlement of the Loan.

The Loan is unsecured, bears interest at the prime rate minus one per cent per annum and is repayable on 13 October, 2008. The Loan did not constitute a notifiable transaction at the time when the relevant loan agreement was entered into.

LETTER FROM THE BOARD

As at the Latest Practicable Date the principal amount of Loan outstanding was HK\$18 million with interest accrued at HK\$159,288.

THE SETTLEMENT DEED

Date : 8 October, 2008

Parties : 1. Union Glory
2. Unity

The shares of Unity are listed on the main board of the Stock Exchange (Stock Code: 913). Unity is primarily engaged in investments in listed securities in Hong Kong and the other major stock markets around the world and also in unlisted companies. At the Latest Practicable Date, the Company held 16,086,200 Shares in Unity representing approximately 4.28% of the issued share capital of Unity and Unity held 174,273,000 Shares in the Company representing approximately 6.10% of the existing issued share capital of the Company. Ms. Kristi Swartz is an independent non-executive director of the Company and of Unity. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, Unity is otherwise an independent third party not connected with the Company or Connected Persons of the Company.

Pursuant to the Settlement Deed, Unity has agreed to issue and Union Glory has agreed to accept the issue of the Convertible Note in full and final settlement of the Loan. The accrued interest will be paid by Unity to Union Glory in cash on completion of the Settlement Deed.

Assuming that Union Glory exercises the conversion rights under the Convertible Note in full at the initial Conversion Price of HK\$0.132 per share of Unity, a total of 136,363,636 Conversion Shares will be issued. The Conversion Shares will represent (i) approximately 36.29% of the existing issued share capital of Unity and (ii) approximately 26.63% of the issued share capital of Unity as enlarged only by the issue of the Conversion Shares to the Company. Together with the existing 16,086,200 Shares in Unity held by the Company, on the basis of 136,363,636 Conversion Shares to be issued, the Company will hold an aggregate of 152,449,836 Shares in Unity, representing approximately 29.77% of the issued share capital of Unity as enlarged by the issue of the Conversion Shares to the Company.

The Conversion Price of HK\$0.132 per Conversion Share was arrived at after arm's length negotiation between the Company and Unity having taken into the current market price and the announced monthly net asset value of the shares in Unity. The Conversion Price represents a discount of approximately 5.71% to the closing price of HK\$0.14 per share in Unity as quoted on the Stock Exchange on the Last Trading Day, a premium of approximately 2.33% to the closing price of HK\$0.129 per share in Unity on 8 October, 2008, the date of the Settlement Deed; and a discount of approximately 10.93% to the average closing price of HK\$0.148 per share in Unity as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date.

LETTER FROM THE BOARD

CONDITIONS

Completion of the Settlement Deed is conditional upon:

- (i) the Listing Committee granting the listing of and permission to deal in the Conversion Shares; and
- (ii) shareholders of Unity approving the issue of the Convertible Note and the Conversion Shares to be issued upon exercise of the conversion rights thereunder.

If either of the conditions above has not been fulfilled by 31 December, 2008 (or such other date as the parties may agree), the Settlement Deed will lapse and become null and void and Unity will remain liable for the repayment of the Loan together with interest forthwith.

The Settlement Deed does not state that the subscription of the Convertible Note by the Company is inter-conditional upon the subscription of other convertible notes to be issued by Unity at the same time.

COMPLETION

Completion of the Settlement Deed will take place on the third Business Day after the fulfillment of the conditions set out above (or such other date as the parties may agree).

TERMS OF THE CONVERTIBLE NOTE

The principal terms of the Convertible Note are summarised as follows:

Principal terms:

Aggregate principal amount	:	HK\$18,000,000
Conversion price	:	HK\$0.132 per Conversion Share, subject to adjustments in certain events including, among other things, share consolidation, share subdivision, capitalization issue, capital distribution and rights issue.
Interest rate	:	zero coupon
Maturity date	:	the third anniversary of the date of issue
Amount payable on maturity	:	100% of the principal amount outstanding

LETTER FROM THE BOARD

- Transferability : the Convertible Note is not transferable without the prior written consent of Unity, except by a transfer to subsidiaries or the holding company of the holder of the Convertible Notes. The Convertible Note may not be transferred by the holder of the Convertible Note, without the prior written consent of Unity, to any connected person (as defined under the Listing Rules) of Unity.
- Authorised denomination : HK\$1,000,000
- Conversion period : The holders of the Convertible Note shall have the right to convert the outstanding principal amount of the Convertible Notes into Conversion Shares at any time from the date of issue of the Convertible Note until the date 7 days before (and excluding) the maturity date (as described above) at the Conversion Price.

The Noteholder shall be deemed to have delivered a conversion notice and exercised in full its conversion rights for the outstanding principal amount of the Convertible Notes, unless previously converted into shares in Unity, at the Conversion Price, subject to adjustments, if the closing price of the shares in Unity as published on the Stock Exchange daily quotation sheet for each dealing day during a consecutive 30 dealing days period is equal to or in excess of 150% of the initial Conversion Price of HK\$0.132, subject to adjustments.

Notwithstanding the conversion rights attaching to the Convertible Note, a holder of the Convertible Note shall not exercise the conversion rights and Unity shall not issue any shares if, upon such issue, (i) the holder of the Convertible Note and the parties acting in concert with it, will be interested in 30% (or such amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of Unity on the relevant conversion date, or (ii) the shareholding in Unity held by the public will be less than 25% or the minimum prescribed percentage as set out in the Listing Rules from time to time.

LETTER FROM THE BOARD

- Voting : The holders of the Convertible Note will not be entitled to receive notice of, attend or vote at any meeting of Unity by reason only of being holders of the Convertible Note.
- Listing : No application will be made for the listing of the Convertible Note on the Stock Exchange or any other securities exchange. An application will be made by Unity for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Note.
- Ranking : The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Note will rank pari passu in all respects with all other existing Shares outstanding at the date of conversion of the Convertible Note.

The Company will comply with the Listing Rules, to the extent applicable, on exercise of conversion rights under the Convertible Note.

FINANCIAL INFORMATION ON UNITY

Set out below is the audited consolidated financial information of Unity for each of the two financial years ended 31 December, 2006 and 31 December, 2007 as extracted from the 2007 Unity Annual Report:

	Year ended 31 December,	
	2007	2006
	HK\$	HK\$
(Loss)/Profit before and after tax and extraordinary items	(98,995,641)	12,204,259
Net Assets	416,800,936	212,261,266

According to the 2007 Unity Annual Report, the increase in net loss principally reflected the realised loss on disposal from both investments held for trading and available-for-sale investments.

LETTER FROM THE BOARD

REASONS FOR THE SUBSCRIPTION

The Company was approached by Mr. Osman Kitchell, an executive director of Unity in relation to the grant of the Loan and the Company was of the view that it gave the Company a better return on its funds compared with placing the same on fixed deposit.

Prior to entering into the Settlement Deed, the Company had reviewed and analysed the publicly available information of Unity in particular the 2007 Unity Annual Report and is of the view that the Company had a strong balance sheet as at 31 December, 2007 with a significant positive net worth.

The reason the Company has entered into the Settlement Deed is to take advantage of the recent trading price of the Shares in Unity, which at the time of the Settlement Deed was close to the lowest point for the year before then. The Company is of the view the Convertible Note will give the Company the flexibility and opportunity, should it consider appropriate at any time in during the term of the Convertible Note, to exercise its rights to convert into Shares in Unity and to take the upside benefit of any increase in the share price of Unity.

Given that (i) the Conversion Price is at a significant discount of approximately 74.62% to the net asset value per share of Unity as at 30 September, 2008 of HK\$0.52 as set out in the announcement of Unity dated 6 October, 2008, (ii) any upside benefit as a result of the increase in share price of Unity could outweigh the low deposit rates if the Company accepted cash repayment of the Loan on maturity and placed it in financial institutions, (iii) the net assets of Unity had close to doubled from HK\$212 million as at 31 December, 2006 to HK\$417 million as at 31 December, 2007, (iv) the current depressed market conditions and (v) the Loan was unsecured under its original terms, the Directors consider that the terms of the Settlement Deed (including the Conversion Price) are fair and reasonable and in the best interest of Shareholders and the Company as a whole, notwithstanding that the Convertible Note is unsecured and non interest bearing and that Unity had suffered a loss for the financial year ended 31 December, 2007.

FINANCIAL EFFECT

The Directors are of the view that the subscription of Convertible Note is not expected to have any immediate material impact on the earnings, assets and liabilities of the Group given that in essence it is a change in the form of the loan instrument for the existing Loan from the Loan Agreement into a Convertible Note (with different terms). However, under current accounting standards, the Convertible Note is subject to annual revaluation, which valuation will depend on factors including the share price of Unity as at the valuation date and which may result in a potential gain or loss on the investment.

GENERAL

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.

LETTER FROM THE BOARD

The subscription of the Convertible Note under the Settlement Deed constitutes a discloseable transaction for the Company under the Listing Rules. The Company has not entered into any transactions with Unity and its subsidiaries and associates in the past 12 months which would require aggregation with the present transaction.

Your attention is drawn to Appendix I of this circular.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained herein the omission of which would make any statement contained in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

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

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding
Mr. Lam Suk Ping	Beneficial owner	3,000,000	0.1%

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

(b) Interests of Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

(i) *Interest in the Shares and underlying Shares:*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of shareholding
Unity Investments Holdings Limited (note 1)	Interest Controlled Corporation	174,273,000	6.10%
Willie International Holdings Limited (note 2)	Interest Controlled Corporation	146,336,000	5.11%
Freeman Corporation Limited (note3)	Interest 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. Peter Temple Whitelam and Hui Wai Man Shirley are both independent non-executive directors of Freeman Corporation Limited and the Company.

(ii) *Interest in members of Group:*

Name of Shareholder	Name of group company	Percentage of registered capital
惠州市益發光學機電有限公司	馬斯葛志豪照相有限公司 Mascotte Zhi Hao Photographic Equipment (Hui Zhou) Co., Ltd	10%
東莞市橋光實業集團公司 (Dongguan City Qiao Guang Industrial Group Company)	東莞德雅皮具製品廠有限公司 Dongguan Tak Ya Leather Goods Manufactory Limited	30%

Save as disclosed above, the Directors and the chief executives of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company 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 is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service agreement with any member of the Group. The Directors are subject to rotation and re-election arrangements as set out in the articles of association of the Company.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors and his/her respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or the Group.

6. GENERAL

- (i) The company secretary and 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.
- (ii) The branch share registrar and transfer office of the Company is Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (iii) The English version of this circular shall prevail over the Chinese text.