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## **MASCOTTE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE PROPOSED RENEWAL OF GENERAL MANDATES TO ISSUE SHARES AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND RESUMPTION OF TRADING**

On 8th June, 2007, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on an underwritten basis, 64,800,000 Placing Shares to independent investors at a price of HK\$0.45 per Placing Share.

The Placing Shares represent (i) 14.09% of the existing issued share capital of the Company, of 460,000,100 Shares; and (ii) approximately 12.35% of the Company's issued share capital as enlarged by the Placing Shares. The estimated net proceeds from the Placing are approximately HK\$28.2 million and will be used for general working capital of the Group or other investments in future.

The placing price of HK\$0.45 per Share represents (i) a discount of approximately 18.2% to the closing price of HK\$0.55 per Share quoted on the Stock Exchange on the Last Dealing Date (ie. 8th June, 2007, being the last day of trading in the Shares on the Stock Exchange prior to the release of this announcement); (ii) a discount of approximately 18.2% to the average closing price of HK\$0.55 per Share as quoted on the Stock Exchange from 4th June, 2007 to 8th June, 2007, both days inclusive, being the last five trading days of the Shares on the Stock Exchange prior to the release of this announcement; and (iii) a discount of approximately 19.6% to the average closing price of HK\$0.56 per Share as quoted on the Stock Exchange from 28th May, 2007 to 8th June, 2007, both days inclusive, being the last ten trading days on the Stock Exchange prior to the release of this announcement.

The Placing is conditional upon Stock Exchange granting listing of and permission to deal in the Placing Shares. The Placing is subject to termination on the occurrence of certain events occurring at any time before the completion of Placing. Further information on such events are set out below.

The Company also proposes to seek a refreshment of the General Mandates and increase in authorised share capital at the EGM.

A circular containing further details of (i) the refreshment of General Mandates and increase in authorised share capital; (ii) the letter of recommendation from the Independent Board Committee on the refreshment of the Issue Mandate; (iii) the letter of recommendation from the independent financial adviser to the Independent Board Committee and Independent Shareholders on the refreshment of the Issue Mandate; and (iv) the notice of the EGM will be despatched to Shareholders as soon as practicable.

**Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 11th June, 2007 pending release of this announcement. The Company has applied to the Stock Exchange for a resumption of trading in its shares with effect from 9:30 a.m. on 12 June, 2007.**

## **THE PLACING**

The Company has conditionally agreed to place, through the Placing Agent on an underwritten basis, 64,800,000 Placing Shares in the share capital of the Company to independent investors at a price of HK\$0.45 per Placing Share.

## **PLACING AGREEMENT**

**Date:** 8th June, 2007

### **Placing agent:**

Chung Nam Securities Limited, the Placing Agent, and each of its ultimate beneficial owners are third parties independent of and not connected with the Company and the Connected Persons of the Company. The Placing Agent is entitled to receive a commission equal to 2.5% of the aggregate placing price of the Placing Shares.

### **Placees:**

The Placing Shares are to offered by the Placing Agent and placed to more than six placees who are independent individual and institutional investors. These placees and their ultimate beneficial owners are to be third parties independent of and not connected with the Company and the Connected Persons of the Company.

Save as set out in the table under the section headed “Effect on Shareholding Structure” in this announcement, it is expected that there will not be any substantial shareholders (as such term is defined in the Listing Rules) of the Company as a result of the Placing.

### **Placing price:**

The placing price of HK\$0.45 per Share represents (i) a discount of approximately 18.2% to the closing price of HK\$0.55 per Share quoted on the Stock Exchange on the Last Dealing Date (ie. 8th June, 2007, being the last day of trading in the Shares on the Stock Exchange prior to the release of this announcement); (ii) a discount of approximately 18.2% to the average closing price of HK\$0.55 per Share as quoted on the Stock Exchange from 4th June, 2007 to 8th June, 2007, both days inclusive, being the last five trading days of the Shares on the Stock Exchange prior to the release of this announcement; and (iii) a discount of approximately 19.6% to the average closing price of HK\$0.55 per Share as quoted on the Stock Exchange from 28th May, 2007 to 8th June, 2007, both days inclusive, being the last ten trading days of the Shares on the Stock Exchange prior to the release of this announcement.

**Ranking of the Placing Shares:**

The Placing Shares will on issue rank equally in all respects with the existing issued Shares.

**Number of Shares to be placed:**

The 64,800,000 new Placing Shares (with an aggregate nominal value of HK\$6,480,000) to be placed represents (i) 14.09% of the existing issued share capital of the Company of 460,000,100 Shares; and (ii) approximately 12.35% of the Company's issued share capital as enlarged by the Placing Shares.

**Use of Proceeds:**

The gross proceeds from the Placing referred to herein are estimated to be approximately HK\$29.2 million and the net proceeds from the Placing are estimated to be approximately HK\$28.2 million, which will be used for general working capital of the Group and/or investments. The net price raised per Share will be about HK\$0.44 per Share. All the expenses of the Placing, including professional fees, printing expenses and commission payable to the Placing Agent, will be borne by the Company.

**Placing Condition:**

The Placing is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Placing Shares.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Placing Shares.

**Completion:**

The Placing is to be completed on the third business day after satisfaction of the Placing Condition or such other date as parties may agree. The Placing Agreement will lapse if the Placing Condition is not satisfied by 29th June, 2007, unless the parties agree otherwise.

**Termination:**

The Placing is subject to termination on the occurrence of certain events at any time prior to 9:00 a.m. on the date of completion of the Placing Agreement, including, amongst others:

- (a) any material breach of the representations and warranties given by the Company under the Placing Agreement; or
- (b) any of the following events:
  - (i) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
  - (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Placing Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not ejusdem generis with any of the foregoing, resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in, political, economic or stock market conditions; or

- (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (iv) a change or development involving a prospective change in taxation in Hong Kong or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (v) any change or deterioration in the conditions of local, national or international securities markets occurs.

The directors of the Company are not aware of the occurrence of any of such events as at the date of this announcement.

**Reason for the Placing:**

In view of the positive conditions of the stock market, the Directors (including the independent non-executive Directors) consider that the Placing represents an opportunity to raise capital for the Company while broadening the shareholder base of the Company. Although the Placing Price represents a deep discount to the recent closing price of the Shares, the Directors are of the view that given the positive outlook of the stock market and given that the Placing Agent has agreed to fully underwrite the Placing, it nonetheless represents a good opportunity for the Company to raise funds. Hence, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing, including the commission payable to the Placing Agent, are fair and reasonable and the Placing is in the interest of the Company and its Shareholders as a whole.

**General Mandate:**

The Placing Shares will be issued under the general mandate to issue Shares granted to the Directors at the annual general meeting of the Company held on 23rd August, 2006. The Directors were granted powers to allot and issue up to 84,800,020 Shares pursuant to this general mandate granted on 23rd August, 2006. As at the date of this announcement, 20,000,000 Shares have been issued and allotted pursuant to this general mandate as consideration for the acquisition of Hop Shing Trading Limited, details of which were referred in the announcement of the Company dated 3rd November, 2006. 64,800,020 Shares remain unused under this general mandate. After the Placing, there will only be 20 Shares unissued under this general mandate.

## Effect on Shareholding Structure:

The existing and enlarged shareholding structure of the Company immediately before and after the issue of the Placing Shares are set out below:

Name of Shareholders	No. of Shares held at the date of this announcement	Percentage of entire issued share capital at the date of this announcement	No. of Shares held immediately after the Placing	Percentage of entire issued share capital of the Company immediately after the Placing
Honeyard Corporation (Note 1)	193,340,000	42.03%	193,340,000	36.84%
Golden Mount Limited (Note 2)	31,380,000	6.82%	31,380,000	5.98%
Bestco Worldwide Investment Limited	80,000,000	17.39%	80,000,000	15.24%
Wong, Dickie (Note 3)	3,500,000	0.76%	3,500,000	0.67%
PUBLIC SHAREHOLDERS	151,780,100	33.00%	216,580,100	41.27%
	<u>460,000,100</u>	<u>100%</u>	<u>524,800,100</u>	<u>100%</u>

*Note 1:* These Shares are held by Honeyard Corporation, the entire issued share capital of which is held by the Honeyard Trust, a discretionary trust of which the family members of Ms. Chan Oi Ling, Maria Olimpia are discretionary beneficiaries.

*Note 2:* A company controlled Mr. Chim Pui Chun.

*Note 3:* A director of the Company, and she is the daughter of Ms. Chan Oi Ling, Maria Olimpia.

## Fund Raising Activities in the last 12 months:

The Group was not involved in any fund raising activities in the 12 months immediately before the date of this announcement.

Save for options granted or to be granted under the Share Option Scheme of the Company adopted on 21st August 2003, there are no convertible securities issued by the Company.

## REFRESHMENT OF GENERAL MANDATE

The mandate granted to Directors to issue shares at the Company's annual general meeting held on 23rd August, 2006 will be fully utilized as a result of the completion of the Placing and issue and allotment of the Placing Shares.

The Company wishes to seek approval of Shareholders at the EGM to refresh the General Mandates in order to allow the flexibility future fund raising. Based on the issued share capital of the Company as at the date hereof of 460,000,100 Shares and assuming there is no change in the issued share capital until the date of the EGM and assuming that the issue and allotment of 64,800,000 new Shares pursuant to completion of the Placing takes place before the EGM, the Issue Mandate will allow the Directors to issue and allot up to 104,960,020 new Shares. The Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to Rule 13.36(4) of the Listing Rules, the Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM. Honeyard Corporation, being the controlling shareholder of the Company will abstain from voting on the resolution to approve the refreshment of the Issue Mandate at the EGM in accordance with the Listing Rules.

The Company will form an Independent Board Committee comprising the independent non-executive Directors and appoint an independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the Issue Mandate pursuant to Rule 13.36(4) of the Listing Rules.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The existing authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares of which 460,000,100 Shares are in issue. In order to accommodate future expansion and growth of the Group, the Company proposes to increase its authorised share capital from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 Shares by the creation of additional 900,000,000 unissued Shares of HK\$0.1 each.

The proposed increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

### **GENERAL**

A circular containing further details of (i) the refreshment of General Mandates and increase in authorised share capital; (ii) the letter of recommendation from the Independent Board Committee on the refreshment of the Issue Mandate; (iii) the letter of recommendation from the independent financial adviser to the Independent Board Committee and Independent Shareholders on the refreshment of the Issue Mandate; and (iv) the notice of the EGM will be despatched to Shareholders as soon as practicable in compliance with the Listing Rules.

### **RESUMPTION OF TRADING**

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 11th June, 2007 pending release of this announcement. The Company has applied to the Stock Exchange for a resumption of trading in its shares with effect from 9:30 a.m. on 12 June, 2007.

### **DEFINITIONS**

The following terms are used in this announcement with the meanings set out below:

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| “Associates” | the meaning ascribed to it in the Listing Rules;  |
| “Company”    | Mascotte Holdings Limited, a company incorporated under the laws of Bermuda, whose shares are listed on the Stock Exchange; |

“Connected Persons”	the meaning ascribed thereto in the Listing Rules;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened to approve refreshment of the General Mandates and increase in authorised share capital;
“General Mandates”	the Issue Mandate and Repurchase Mandate;
“Group”	the Company and its subsidiaries;
“Independent Board Committee”	the independent committee of the Board established by the independent non-executive Directors of the Company to advise the Independent Shareholders in respect of the Issue Mandate;
“Independent Shareholders”	any Shareholders other than controlling Shareholders of the Company and their Associates or, where there are no controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective Associates;
“Issue Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued capital of the Company on the date of the EGM and to extend the issue mandate to include the Shares repurchased under the Repurchase Mandate;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placing”	the placing of the Placing Shares by the Placing Agent under the terms of the Placing Agreement;
“Placing Agent”	Chung Nam Securities Limited;
“Placing Agreement”	an agreement dated 8th June, 2007 between the Placing Agent and the Company in relation to the Placing of the Placing Shares;
“Placing Condition”	the condition for the Placing as described in the section headed “Placing Condition” above;
“Placing Shares”	up to 64,800,000 new Shares in the Company to be placed under the Placing Agreement;
“Repurchase Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to repurchase Shares on the Stock Exchange up to 10% of the issued share capital of the Company on the date of the EGM;
“Shareholders”	shareholders of the Company;

“Shares” ordinary shares of a par value of HK\$0.10 each in the Company;

“Stock Exchange” The Stock Exchange of Hong Kong Limited.

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

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

Hong Kong, 11 June, 2007