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## **MASCOTTE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY**

On 8 June 2007, the Vendor (a wholly owned subsidiary of the Company) entered into the Provisional Agreement with the Purchaser, pursuant to which the Vendor agreed to dispose of the Property subject to the Tenancy to the Purchaser at a consideration of HK\$29,000,000.

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, among others, further details of the Disposal and information required under the Listing Rules will be despatched to the Shareholders in accordance with the relevant requirements of the Listing Rules.

#### **THE PROVISIONAL AGREEMENT**

**Date:** 8 June 2007

**Parties:** (1) Mascotte Investments Limited as the Vendor, a wholly-owned subsidiary of the Company;  
and  
(2) Century Hero Limited as the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser is an investment holding company and the Purchaser (and its ultimate beneficial owner(s)) are Independent Third Parties.

**Property:**

**Address:** Flat B, 15th Floor, Tower 5 and car parking spaces Nos. B33 and A108, The Leighton Hill, No. 2B, Broadwood Road, Hong Kong

**Gross floor area:** approximately 2,238 sq. ft. (excluding the car parking spaces)

**Consideration:**

HK\$29,000,000. The Consideration shall be satisfied by the Purchaser in the following manner:

- (a) upon signing of the Provisional Agreement, a sum of HK\$1,000,000 has been paid by the Purchaser to the Vendor;
- (b) Upon signing of the formal agreement on or before 15 June 2007, a sum of HK\$7,700,000 shall be payable by the Purchaser to the Vendor; and
- (c) the balance of HK\$20,300,000 shall be payable on Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser, taking into account a valuation of an independent valuer in respect of the market value of the Property at HK\$29,100,000 as at 31 March 2007 and current market value of similar properties.

**Principal terms:**

The Purchaser agreed to acquire the Property subject to the Tenancy:

**Tenant:** Mascotte Industrial Associates (Hong Kong) Limited, a wholly-owned subsidiary of the Company

**Term :** 36 months commencing from 8 June 2007

**Rent:** HK\$80,000 per month (exclusive of rates, government rent and miscellaneous charges)

It is expected that the Vendor and the Purchaser will enter into the formal agreement in respect of the Disposal on or before 15 June 2007. In the event the Disposal requires the approval of the Stock Exchange or Shareholders, the Completion Date may be extended with the consent of the Purchaser.

**Completion:**

Completion shall take place on or before 29 June 2007.

**REASONS FOR THE DISPOSAL**

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

The Property is currently occupied by a Director under the terms of a service contract with the Company on rent free basis and the reason for the Group to enter into the Tenancy is to continue to provide accommodation to such Director after Completion. Having regard to the recent property market in Hong Kong, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**USE OF PROCEEDS FROM THE DISPOSAL**

The estimated net proceeds from the Disposal of approximately HK\$28.6 million are intended for working capital purposes.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

The Property was acquired by the Group at a cost of approximately HK\$21 million (including the expenses of approximately HK\$0.5 million incurred for the acquisition). Thus, the Disposal is expected to realize a total net gain of approximately HK\$9.9 million for the Group. Upon completion of the Disposal, the Group's assets are expected to increase by approximately HK\$9.9 million and based on the Tenancy in respect of the Property, the expenditure of the Group as rental payment are expected to increase by approximately HK\$0.8 million for the financial year ending 31 March 2008.

## **GENERAL**

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, among others, further details of the Disposal and information required under the Listing Rules will be despatched to the Shareholders in accordance with the relevant requirements of the Listing Rules.

## **DEFINITIONS**

“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“Company”	Mascotte Holdings Limited, a company incorporated under the laws of Bermuda, the issued shares of which are listed on the Stock Exchange and the holding company of the Vendor;
“Completion”	the completion of the Disposal;
“Completion Date”	the date of Completion;
“connected person”	has the meaning attributed to it in the Listing Rules;
“Consideration”	the total amount of HK\$29,000,000, being the consideration for the Disposal;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Property;
“Group”	the Company and its subsidiaries;
“Independent Third Party (Parties)”	third parties independent of the Company and connected persons of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	People's Republic of China;
“Property”	Flat B, 15th Floor, Tower 5 and car parking spaces Nos. B33 and A108, The Leighton Hill, No. 2B, Broadwood Road, Hong Kong;

“Provisional Agreement”	the provisional agreement dated 8 June 2007 entered into between the Vendor and the Purchaser relating to the Disposal;
“Purchaser”	Century Hero Limited, a company incorporated under the laws of Hong Kong, an Independent Third Party;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy”	the existing tenancy agreement in respect of the Property entered into between the Vendor and Mascotte Industrial Associates (Hong Kong) Limited, a wholly-owned subsidiary of the Company on 7 June 2007;
“Vendor”	Mascotte Investments Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of the Company; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

By order of the Board  
**Mr. Lam Yu Ho, Daniel**  
*Executive Director*

Hong Kong, 12 June 2007

*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.*