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MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

(1) PLACING OF NEW SHARES; (2) PLACING OF CONVERTIBLE NOTES; AND (3) RESUMPTION OF TRADING

PLACING OF NEW SHARES

On 17 July 2007, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place on fully underwritten basis, 104,960,000 Placing Shares at the price of HK\$ 0.45 per Placing Share to no less than six Placees who are Independent Third Parties procured by the Placing Agent. The 104,960,000 Placing Shares under the Placing Agreement are to be issued by the Company under the Issue Mandate.

The 104,960,000 Placing Shares represent (i) approximately 20% of the Company's existing issued share capital and (ii) approximately 16.67% of the Company's issued share capital as enlarged by the Placing.

The Placing is conditional upon the Listing Committee granting approval for the listing of and permission to deal in the Placing Shares.

PLACING OF CONVERTIBLE NOTES

On 17 July 2007, the Company has entered into the CN Placing Agreement with the Placing Agent. Pursuant to the CN Placing Agreement, the Placing Agent agreed to procure the Placees for the Convertible Notes with principal amount up to HK\$500,000,000 which will be placed on a best effort basis. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, all the Placees and their respective ultimate beneficial owners will be the Independent Third Parties and will not become the substantial Shareholders.

Upon full conversion of the Convertible Notes under the CN Placing at the Initial Conversion Price, a total of 1,250,000,000 Conversion Shares will be issued, representing (i) approximately 238.19% of the existing issued share capital of the Company, (ii) approximately 70.43% of the issued share capital of the Company as enlarged by the CN Placing and (iii) approximately 66.50% of the issued share capital of the Company as enlarged by the CN Placing and the Placing.

The Placing Agreement and the CN Placing Agreement are not inter-conditional to each other. The Placing Agreement and the CN Placing Agreement may be terminated under certain circumstances. As the Placing Agreement and the CN Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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 17 July 2007 pending the 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 18 July 2007.

(1) PLACING AGREEMENT DATED 17 JULY 2007

Pursuant to the Placing Agreement, the Placing Agent agreed to place on fully underwritten basis, 104,960,000 Placing Shares at a price of HK\$ 0.45 per Placing Share. The terms of the Placing Agreement are set out below:

Placing Agent:

The Placing Agent, Chung Nam Securities Limited, is an Independent Third Party and is entitled to receive a placing commission equal to 2.50% of the product between the placing price of HK\$ 0.45 per Placing Share and the 104,960,000 Placing Shares underwritten by the Placing Agent. The Directors are of the view that the placing commission is fair and reasonable.

Number of Shares to be placed:

The 104,960,000 Placing Shares representing (i) approximately 20% of the Company's existing issued share capital and (ii) approximately 16.67% of the Company's issued share capital as enlarged by the Placing.

Placees:

Not less than six professional, institutional and/or individual investors will be procured by the Placing Agent under the Placing Agreement. Each of the Placees and their respective ultimate beneficial owners will be an Independent Third Party. The Directors do not expect any Placee will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Placing.

Placing Price:

The Placing Price is HK\$ 0.45 per Placing Share. The Placing Price represents:

- (i) a discount of approximately 10.00% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 14.12% to the average closing price of HK\$0.524 per Share as quoted on the Stock Exchange for the last 5 trading days including the Last Trading Day.

The net placing price is HK\$0.43875 per Placing Share. The market price of the Shares concerned on 16 July 2007, which the terms of the Placing were fixed, was HK\$0.50.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing Agreement:

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee granting approval of the listing of and permission to deal in the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of and permission to deal in the Placing Shares.

Termination and force majeure:

The Placing Agreement may be terminated by the Placing Agent if at any time at or before 9:30 a.m. on the date for completion of the Placing Agreement, there occurs:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

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

Completion of the Placing:

The conditions set out in the Placing Agreement is expected to be fulfilled on or before 8 August 2007, or such later date as may be agreed by the Company and the Placing Agent. The completion of the Placing is expected to take place no later than the third Business Day (or such other date as may be agreed by the parties) after fulfillment of the conditions of the Placing Agreement.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

AUTHORITY TO ISSUE THE PLACING SHARES

The 104,960,000 Placing Shares under the Placing Agreement are to be issued by the Company under the Issue Mandate, which as at the date of this announcement, allows the Company to issue or deal with up to maximum of 104,960,020 new Shares. As at the date of this announcement, the Company has not utilized the Issue Mandate.

RANKING OF PLACING SHARES

The Placing Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment and the issue of the Placing Shares including the right to any dividends or distributions.

(2) THE PLACING AGREEMENT OF CONVERTIBLE NOTES

Date: 17 July 2007

Parties: The Company as the issuer and the Placing Agent

Placing Agent:

The Placing Agent has conditionally agreed with the Company to place, on a best effort basis, the Convertible Notes which are proposed to be issued in a maximum aggregate principal amount of HK\$500,000,000. The Placing Agent will receive a placing commission of 2.5% of the amount equal to the aggregate principal amount of the Convertible Notes subscribed or procured to be subscribed by the Placing Agent, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent is the Independent Third Party.

Placees:

It is expected that the Placing Agents will procure no less than six Placees to subscribe by cash for each tranche of the Convertible Notes.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, all the Placees and their respective ultimate beneficial owners will be the Independent Third Parties and will not become the substantial Shareholders.

Conditions of the CN Placing:

Completion of the Placing is conditional upon:

- the Listing Committee having granted approval for the listing of and permission to deal in the Conversion Shares;
- the passing by Shareholders in the SGM of a resolution to approve the CN Placing Agreement and the issue of the Convertible Notes and the Conversion Shares thereunder in accordance with the Listing Rules; and
- the accuracy of the representations and warranties of the Company contained in the CN Placing Agreement, the accuracy of the statements of the Company made in the CN Placing Agreement, and customary force majeure termination rights.

If any of the above conditions have not been fulfilled on or before 3 months after the SGM (or such later date as the Company and the Placing Agent may agree), the CN Placing Agreement shall lapse and become null and void and the parties will automatically be released from all obligations thereunder, save for any liability arising out of antecedent breaches.

Completion:

Completion of Convertible Notes shall take place within three Business Days upon the fulfillment of the conditions of the CN Placing (or such other date as the Company and the Placing Agent may agree). The CN Placing can be completed partially. Given that the CN Placing will be conducted on a best effort basis by the Placing Agent, it is uncertain as to whether the full aggregate principal amount of the Convertible Notes in the sum of HK\$500,000,000 will be placed to the Placees. Accordingly, the issue of the Convertible Notes by tranches will provide flexibility to receive the maximum placing of the Convertible Notes by the Placing Agent. The aggregate principal amount of the Convertible Notes to be issued by the Company for each partial completion shall not less than HK\$125,000,000. In the light of the proposed issue of the Convertible Notes in a maximum aggregate principal amount of HK\$500,000,000, the CN Placing can be completed partially by a maximum of 4 tranches.

The Company will make a maximum 4 listing applications to the Listing Committee for the listing of and permission to deal in the relevant Conversion Shares. No listing approval will be granted by the Stock Exchange to the Company if the public float cannot be maintained.

The Placing Agents will procure no less than six Placees to subscribe by cash for each tranche of the convertible Notes. To the best knowledge of the Directors, they do not expect any Placee will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Placing and the CN Placing and full conversion of Convertible Notes to Conversion Shares by the Placees. The Company will promptly notify the Stock Exchange for any dealings in Convertible Notes by connected person (as defined in the Listing Rules).

Termination of the CN Placing Agreement:

Notwithstanding anything contained in the CN Placing Agreement, if, at any time prior to 9:00 a.m. on the date of the completion of the CN Placing Agreement, in the reasonable opinion of the Placing Agent the success of the CN Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties set out in the CN Placing Agreement; or
- (ii) any of the following events:
 - (a) 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
 - (b) 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 hereof 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 eiusdem generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally or the Company's securities on the Stock Exchange for a period of more than 40 consecutive Business Days, save for any suspension for clearance of this announcement or circular in relation to the Convertibles Notes; or
 - (d) a change or development involving a prospective change in taxation in Hong Kong or the PRC or the implementation of exchange controls which shall or might materially and adversely affect the Company or its present or prospective Shareholders in their capacity as such; or
 - (e) any change or deterioration in the conditions of local, national or international securities market occurs,

then and in any such case, the Placing Agent may terminate the CN Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 9:00 p.m. on the date of the completion of CN Placing.

In the event that the Placing Agent terminates the CN Placing Agreement pursuant to the abovementioned clause, all obligations of each of the parties under the CN Placing Agreement shall cease and determine and neither party to the CN Placing Agreement shall have any claim against the other party in respect of any matter arising out of or in connection with the CN Placing Agreement except for any breach arising prior to such termination.

The CN Placing Agreement may be terminated under certain circumstances. As the CN Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Convertible Notes:

The principal terms of the Convertible Notes are arrived after arm's length negotiation between the Company and the Placing Agent and are summarized as follows:

Principal Terms:

Principal amount:	Up to HK\$500,000,000
Initial Conversion Price:	HK\$ 0.40 per Share, subject to adjustments in certain events including share consolidation, share subdivision, capitalization issue, capital distribution and rights issue. The adjustments to Initial Conversion Price will be verified by the auditors.
Interest rate:	0% per annum
Maturity:	15 December 2010
Redemption:	Unless previously converted in accordance with the terms and conditions of the Convertible Notes, the Company will redeem the Convertible Notes on the Maturity Date at the redemption amount equal to the principal amount of Convertible Notes outstanding.
Transferability:	The Convertible Notes are not transferable without the prior written consent of the Company, except by a transfer to subsidiaries or the holding company of the holders of the Convertible Notes. The Convertible Notes may not be transferred by the holder of the Convertible Notes, without the prior written consent of the Company, to any connected person (as defined under the Listing Rules) of the Company.
Conversion period:	The holders of the Convertible Notes shall have the right to convert on any business day at any time following the date of issue of the Convertible Notes until the date 7 days before (and excluding) the Maturing Date, the whole or any part (in an amount or integral multiple of HK\$1,000,000) of the outstanding principal amount of the Convertible Notes into Shares at the then prevailing conversion price. Under the terms of Convertible Notes, the Company will not issue the Conversion Shares to the holders of the Convertible Notes if upon issue of the Conversion Shares, the Company does not comply with the minimum public float requirements.

Voting: The holders of the Convertible Notes will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being the holders of the Convertible Notes.

Listing: No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made by the Company 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 Notes.

Ranking The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes will rank pari passu in all respects with all other existing Shares outstanding at the date of conversion of the Convertible Notes.

Conversion Shares:

Upon the full conversion of the HK\$500,000,000 Convertible Notes at the Initial Conversion Price, a total of 1,250,000,000 Conversion Shares will be issued, representing (i) approximately 238.19% of the existing issued share capital of the Company, (ii) approximately 70.43% of the issued share capital of the Company as enlarged by the CN Placing, and (iii) approximately 66.50% of the issued share capital of the Company as enlarged by the CN Placing and the Placing.

Conversion Price:

The Initial Conversion Price of HK\$ 0.40 per Share was arrived at after arm's length negotiation between the Placing Agent and the Company and:

- represents a discount of approximately 20.00% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- represents a discount of approximately 23.66% to the average closing price of HK\$0.524 per Share as quoted on the Stock Exchange for the last 5 trading days including the Last Trading Day.

Based on the comparison of the Initial Conversion Price with the recent closing price per Share as illustrated above, the discount rate is slightly more than 20%. The Directors are taking into account of the size of the CN Placing, the Initial Conversion Price offers an attractive price to the Placees. Also the CN Placing is subject to the Shareholders' approval and the terms of Convertible Notes are arrived after arm's length negotiation between the Company and the Placing Agent.

The CN Placing is the most popular means of fund-raising and are very cost effective in terms of both cost and time when compared to other kinds of fund-raising mechanism such as open offer and rights issue. In addition, the Convertible Notes may not result in an immediate dilution effect to the existing Shareholders but provide financial resources to the Company at no cost of funding since the Convertible Notes are non-interest bearing. Thus the Directors consider the terms of the Convertible Notes, including the Initial Conversion Price, are fair and reasonable and are in the interests of the Shareholders and the Company as a whole.

EFFECT ON SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PLACING AND THE CN PLACING

Set out below is the table of the shareholding in the Company before and after completion of the Placing and the CN Placing assuming that there are no other changes in the issued share capital of the Company:

Shareholders	As at the date of announcement		Upon completion of the Placing		Upon completion of the Placing and CN Placing	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Honeyard Corporation (<i>note 1</i>)	193,340,000	36.84	193,340,000	30.70	193,340,000	10.29
Bestco Worldwide Investment Limited	80,000,000	15.24	80,000,000	12.70	80,000,000	4.26
Wong, Dickie (<i>note 2</i>)	3,500,000	0.67	3,500,000	0.56	3,500,000	0.19
Public Shareholders:						
Golden Mount Limited (<i>note 3</i>)	31,380,000	5.98	31,380,000	4.98	31,380,000	1.67
The Placees of the Placing	–	–	104,960,000	16.67	104,960,000	5.58
The Placees of the CN Placing	–	–	–	–	1,250,000,000	66.50
Other public Shareholders	216,580,100	41.27	216,580,100	34.39	216,580,100	11.51
Total	<u>524,800,100</u>	<u>100</u>	<u>629,760,100</u>	<u>100</u>	<u>1,879,760,100</u>	<u>100</u>

Notes :

- 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, the chairperson of the Company, are discretionary beneficiaries.
- She is the Director and the daughter of Ms. Chan Oi Ling, Maria Olimpia, the chairperson of the Company.
- A company is controlled by Mr. Chim Pui Chung who is the Independent Third Party.

DILUTION EFFECT ON SHAREHOLDERS

As the Company foresees that there will be future dilution effect on the Shareholders resulting from the exercise of the conversion rights attaching to the Convertible Notes, the Company will keep the Shareholders informed of the level of dilution effect and all relevant details of any conversion of the Convertible Notes in the following manner:

- the Company will make a monthly announcement (the “Monthly Announcement”) on the website of the Stock Exchange. Such announcement will be made on or before the fifth Business Day following the end of each calendar month and will include the following details in a tabular form:
 - whether there is any conversion of the Convertible Notes during the relevant month. If yes, details of the conversion(s), including the conversion date, number of new Shares issued, and conversion price of each conversion. If there is no conversion during the relevant month, a negative statement to that effect;

- (ii) the principal amount of outstanding Convertible Notes after the conversion, if any;
 - (iii) the total number of Shares issued pursuant to other transactions, including Shares issued pursuant to exercise of options under any share option scheme(s) of the Company; and
 - (iv) the total issued share capital of the Company as at the commencement and the last day of the relevant month; and
- (b) in addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the Convertible Notes reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange and the Company including details as stated in (a) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be) up to date on which the total amount of Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be).

CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Transaction	Net proceeds raised (approximately)	Completed	Intended use of proceeds	Actual use of proceeds
11 June 2007	Placing of 64,800,000 new Shares	HK\$28.2 million	Yes	As for general working capital of the Company and/or investments	HK\$28.2 million general working capital

Save as mentioned above, the Company has not raised any funds in the past 12 months.

REASONS FOR THE PLACING AND THE CN PLACING, AND USE OF PROCEEDS

The Company keeps looking for strategic investments that would bring in attractive capital gain to it in long term. As at the date of this announcement, no such investment or negotiations for any proposed investment has been identified or entered into by the Company. The Directors consider that the Placing and the CN Placing represent a good opportunity to raise capital for the Company and broaden its Shareholder base. Also the Placing and the CN Placing will put the Group in a better position to meet the challenges of the market and take advantage of investment opportunities to broaden its earnings base so as to enhance Shareholders' value. Also, the Directors consider that the CN Placing provides a less costly way of financing for the Group comparing with other methods of financing due to its non-interest bearing feature. Although at the present moment, the Company has no definite investment targets that may require equity funding, the Director believe that funding requirement or appropriate investment opportunities may arise at any time and such funding or investment decisions have to be required or made within a short period of time.

Subject to completion of the Placing and the CN Placing, the estimated net proceeds expected to be raised is approximately up to HK\$ 533 million. The Company intends that the net proceeds of Placing and the CN Placing to be used by the Company for the general working capital and/or the investments in the future. The Company has not earmarked how much of the net proceeds will be used for working capital and for investment purposes.

GENERAL

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

The Placing Agreement and the CN Placing Agreement are not inter-conditional to each other. A circular containing details regarding the CN Placing, a notice convening the SGM to approve the CN Placing Agreement and the allot and issue of Conversion Shares under the CN Placing Agreement will be dispatched to the Shareholders as soon as practicable. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders have material interest in the CN Placing and therefore required to be abstained from the SGM.

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 17 July 2007 pending the 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 18 July 2007.

DEFINITIONS

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

“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
“CN Placing”	placing of up to HK\$500,000,000 Convertible Notes pursuant to the terms of the CN Placing Agreement
“CN Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agent dated 17 July 2007 in relation to the CN Placing
“Company”	Mascotte Holdings Limited, a company incorporated in the laws of Bermuda with limited liability whose Shares are listed on the Stock Exchange
“Conversion Shares”	new Shares which would fall to be issued by the Company upon the exercise of the conversion rights attached to the Convertible Notes, at the then effective conversion price
“Convertible Notes”	zero coupon convertible notes due on 15 December 2010 in an aggregate principal amount up to HK\$500,000,000 proposed to be issued by the Company pursuant to the CN Placing Agreement

“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person who himself is, and (in case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules)
“Initial Conversion Price”	the initial conversion price of HK\$ 0.40 per Share (subject to adjustment)
“Issue Mandate”	the issue mandate granted by the Shareholders of the Company at its special general meeting held on 11 July 2007 to issue or deal with up to 104,960,020 new Shares
“Last Trading Day”	16 July 2007, being the last trading day for the Shares prior to the suspension of trading in Shares and the issue of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	15 December 2010
“Placee(s)”	any individual, institutional or other professional investor(s) procured by the Placing Agent to subscribe for the Placing Shares and Convertible Notes pursuant to the Placing Agent’s obligation under the Placing Agreement and the CN Placing Agreement. Each placee is independent to each other
“Placing”	the placement of 104,960,000 new Shares by the Placing Agent to the Placees at the Placing Price under the Placing Agreement
“Placing Agent”	Chung Nam Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 regulated activity (dealing in securities)
“Placing Agreement”	the placing agreement dated 17 July 2007
“Placing Price”	the placing price of HK\$ 0.45 per Placing Share under the Placing
“Placing Share(s)”	104,960,000 new Shares to be placed under the Placing

“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“SGM”	a special general meeting of the Company to be convened for the purpose of considering and, if though fit, approving the CN Placing
“Share(s)”	share(s) of a nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 17 July 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.