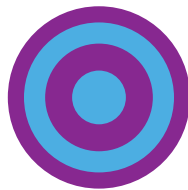


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*This announcement appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.*



## MASCOTTE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

### MAJOR TRANSACTION

AND

### RESUMPTION OF TRADING

On 12 May 2009, Marvel Century, a wholly-owned subsidiary of the Company, and Popovic Investments entered into the Agreement, pursuant to which Popovic Investments has conditionally agreed to sell the Sale Shares to Marvel Century at a consideration of HK\$130,000,000, which will be satisfied in full by the issue of the Convertible Bond to Popovic Investments (or its nominee).

Richful Zone, through its wholly-owned subsidiary, Allied Loyal, owns 50% of the Concession Rights and Interests in respect of the Forest Land, which is located in Simao District, Puer City, Yunnan Province, the PRC, with a total site area of approximately 36,735 Chinese Mu.

As the applicable percentage ratios (as defined in the Listing Rules) are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules. The Agreement and transactions contemplated thereunder are conditional upon, among other things, the approval by the Shareholders at the SGM by poll. As at the date of this announcement, an associate of Willie International, the ultimate beneficial owner of Popovic Investments, holds 11,171,800 Shares, representing approximately 3.91% of the existing issued share capital of the Company, and is therefore required to abstain from voting in the SGM.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial and other information on the Group; (iii) financial information on the Target Group; and (iv) the notice convening the SGM will be sent to the Shareholders as soon as practicable. The SGM will be held to consider and, if thought appropriate, to approve the Agreement and transactions contemplated thereunder.

**As Completion is subject to the fulfillment of a number of conditions precedent, the transactions contemplated under the Agreement may or may not proceed. The Shareholders and potential investors should exercise caution when dealing in the Shares.**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Wednesday, 13 May 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Monday, 18 May 2009.

## **AGREEMENT**

**Date of the Agreement:** 12 May 2009

### **Parties**

**Vendor:** Popovic Investments

**Purchaser:** Marvel Century

The principal activity of Popovic Investments is investment holding. Based on the information provided by Popovic Investments to the Company, the principal asset held by Popovic Investments is the holding of the shares of Richful Zone. Popovic Investments is an indirect wholly-owned subsidiary of Willie International. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Popovic Investments and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company. There is no common director between Willie International and the Company and as none of the Directors is interested in the Acquisition, no Director is therefore required to abstain from voting.

### **Assets to be Acquired**

Pursuant to the Agreement, Marvel Century has agreed to acquire, and Popovic Investments have agreed to sell the Sale Shares, representing the entire share capital of Richful Zone as at the date of this announcement. Richful Zone is an investment holding company.

### **Consideration**

The consideration for the acquisition of the Sale Shares shall be HK\$130,000,000, which will be satisfied in full by the issue of the Convertible Bond by the Company to Popovic Investments (or its nominees).

The Consideration was determined after arm's length negotiations between Marvel Century and Popovic Investments with reference to, among other things, the net asset value of the Target Group per its unaudited consolidated balance sheet as at 5 May 2009 of approximately HK\$130,936,963 after taking into account the total acquisition cost of the entire issued share capital of Allied Loyal and the shareholder's loan amounted to HK\$136,000,000 by Richful Zone minus the cumulative amortization of 50% of the Concession Rights and Interests from the date of completion of the original acquisition of 50% of the Concession Rights and Interests by Richful Zone up to 5 May 2009 in the total amount of HK\$5,037,037.

The Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Principal terms of the Convertible Bond***

Set out below are the principal terms of the Convertible Bond:

**Aggregate principal amount:** HK\$130,000,000

**Conversion price:** HK\$0.50 per Share, subject to customary anti-dilutive adjustments upon the occurrence of the following events:

- (i) any alteration to the nominal value of the Shares as a result of consolidation or subdivision of the Shares;
- (ii) any issue of Shares to the Shareholders by way of capitalisation of profits or reserves, other than Shares issued in lieu of the whole or any part of a cash dividend;
- (iii) any capital distribution to the Shareholders;
- (iv) any issue of Shares to all or substantially all Shareholders as a class by way of rights, or the issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 90 per cent. of the market price per Share on the last dealing day preceding the date of the announcement of the terms of the issue or grant;
- (v) any issue of securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights of any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares);
- (vi) any issue (otherwise than as mentioned in sub-paragraph (iv) above) wholly for cash any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or on the issue or grant of (otherwise than as mentioned in sub-paragraph (iv) above) options, warrants or other rights to subscribe for or purchase Shares in each case at a price per Share which is less than 90 per cent. of the market price on the dealing day last preceding the date of announcement of the terms of such issue;
- (vii) save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves, if and whenever the Company or any subsidiary or any other person shall issue wholly for cash any securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares (or grant any such rights in respect of any existing securities so issued) to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 90 per cent. of the market price per share on the last dealing day preceding the date of announcement of the terms of issue of such securities;

- (viii) any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in sub-paragraph (vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 90 per cent. of the market price per share on the last dealing day preceding the date of announcement of the proposals for such modification; or
- (ix) if and whenever the Company or any subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any subsidiary) any other person issues, sells or distributes any securities in connection with an offer by or on behalf of the Company or any subsidiary or such other person pursuant to which offer the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under subparagraphs (iv) to (vii) above)

provided that the conversion price shall not be less than the par value of a Share, which is presently HK\$0.10.

Interest rate:	4% per annum on the principal amount of the Convertible Bond outstanding from time to time payable on quarterly basis on the last day of each quarter.
Maturity date:	The third anniversary of the date of issue of the Convertible Bond
Redemption:	Unless previously converted, the Convertible Bond shall be redeemed by the Company at its principal amount outstanding on the maturity date.  At any time up to (and excluding) the commencement of the 7 (seven) calendar day period ending on the maturity date, the Company may by written notice to the bondholder, redeem all or part of the then outstanding principal amount of the Convertible Bond at a redemption price equal to 100% of the principal amount of the Convertible Bond.
Transferability:	The Convertible Bond or any part(s) thereof may be assigned or transferred to any third party. If the Convertible Bond or any part(s) thereof shall be transferred to any company or other person which is a connected person of the Company, the Company shall promptly notify the Stock Exchange.

Conversion rights and conversion period:	The holders of the Convertible Bond shall have the right to convert the whole or any part of the outstanding principal amount of the Convertible Bond into Shares at any time following the date of issue of the Convertible Bond until the date two days before (and excluding) the maturity date of the Convertible Bond into Shares at the initial conversion price of HK\$0.50 per Share, subject to adjustment provided always that if the issue of such Conversion Shares will result in an insufficiency of the public float of Shares, the Company will not issue such Conversion Shares and the Convertible Bond will continue until redeemed on the maturity date.
Conversion shares, restriction on conversion and moratorium to sell:	<p>Upon full conversion of the Convertible Bond at the initial conversion price of HK\$0.50 per Share (subject to adjustment), an aggregate of 260,000,000 Shares will be issued, representing approximately (i) 90.93% of the existing issued share capital of Company; and (ii) 47.63% of the issued share capital of Company as enlarged by the issue of the Conversion Shares.</p> <p>Notwithstanding the conversion right attaching to the Convertible Bond, the Company shall not issue any Shares if, upon such issue, the holder of the Convertible Bond and parties acting in concert with it (within the meaning under the Takeovers Code) will at the material time beneficially hold 30% (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company at the relevant date of conversion of the relevant Convertible Bond.</p>
Voting:	Holder(s) of the Convertible Bond shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the holders of the Convertible Bond.
Listing:	No application will be made for the listing of the Convertible Bond on the Stock Exchange or any other stock exchange. An application will be made 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 attaching to the Convertible Bond.
Ranking:	The Conversion Shares will rank pari passu in all respects with all the Shares in issue at the date on which the conversion rights attaching to the Convertible Bond are exercised.

### ***Conversion price of Conversion Shares***

The initial conversion price of the Convertible Bond of HK\$0.50 per Conversion Share represent:

- (i) a premium of approximately 2.0% to the closing price of the Shares of HK\$0.49 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.0% to the average of the closing prices of the Shares of HK\$0.51 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 2.0% to the average of the closing prices of the Shares of HK\$0.51 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 81.9% to the audited net asset value per Share of HK\$2.76 as at 31 March 2008.

### **Conditions Precedent**

Completion shall be conditional upon the fulfilment (or waiver, as the case may be) of the following conditions:

- (i) Marvel Century having notified Popovic Investments that it is reasonably satisfied with its due diligence review on the financial, legal, commercial and taxation aspects of the Target Group and its title to assets and its interests in the Concession Rights and Interests in respect of the Forest Land;
- (ii) the receipt to the satisfaction of Marvel Century of the legal opinions issued by a PRC law firm on issues including but not limited to the titles of the Forest Land, the ownership of the Concession Rights and Interest and the validity of the transactions contemplated under the Agreement;
- (iii) the approval by the Shareholders in general meeting of (a) the acquisition by Marvel Century of the Sale Shares and the transactions contemplated under the Agreement; and (b) the issue of the Convertible Bond and the Conversion Shares by the Company to Popovic Investments (or its nominee);
- (iv) the approval by the shareholders of Willie International in general meeting of the disposal by Popovic Investments of the Sale Shares and the transactions contemplated under this Agreement, if required by the Listing Rules;
- (v) if applicable, the obtaining of all consents by Popovic Investments from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Agreement and any of the transactions contemplated under the Agreement;
- (vi) there having been no breach by Popovic Investments of any obligations, undertakings, representations and warranties under the Agreement;
- (vii) there having been no breach by Marvel Century of any obligations, undertakings, representations and warranties under the Agreement;



- (viii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares; and
- (ix) (if required and applicable) the Bermuda Monetary Authority granting its permission in respect of the allotment and issue and the subsequent free transferability of the Convertible Bond and the Conversion Shares.

Marvel Century may waive the above conditions (i), (ii) and (vi). Popovic Investments may waive the above condition (vii). If the above conditions are not fulfilled or waived (as the case may be) on or before 30 June 2009 or such other date as Marvel Century and Popovic Investments may agree in writing, the Agreement will be terminated, and all obligations of Marvel Century and Popovic Investments under the Agreement shall cease, provided that rights and liabilities of the parties hereto which have accrued prior to termination shall subsist.

## Completion

Completion of the Agreement shall take place on the Completion Date, being the third Business Day after the day on which the last conditions precedent are fulfilled or waived or such other date as Marvel Century and Popovic Investments may agree, subject to the conditions precedent being fulfilled or waived in accordance with the Agreement.

Upon Completion, Richful Zone and Allied Loyal will become wholly-owned subsidiaries of the Company. The results and assets and liabilities of both companies will be consolidated in the accounts of the Group.

## EFFECT ON THE SHAREHOLDING STRUCTURE

The following table set out the effects of the issue of the Convertible Shares on the shareholding structure of the Company based on the issued share capital and shareholding structure of the Company as at the date of this announcement and assuming Completion having taking place and conversion in full of the Convertible Bond into Conversion Shares at the initial conversion price of HK\$0.50 per Share, without taking into account issue of new Shares, if any, after the date of this announcement and prior to Completion:

	As at the date of this announcement		Upon Completion		Upon full conversion of the Convertible Bond at the initial conversion price of HK\$0.50	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Director ( <i>Note 1</i> )	300,000	0.10	300,000	0.10	300,000	0.10
Popovic Investments and its associates ( <i>Note 2</i> )	11,171,800	3.91	11,171,800	3.91	271,171,800	49.70
Public Shareholders	274,452,215	95.99	274,452,215	95.99	274,452,215	50.20
Total	<u>285,924,015</u>	<u>100.00</u>	<u>285,924,015</u>	<u>100.00</u>	<u>545,924,015</u>	<u>100.00</u>

*Notes:*

- (1) Mr. Lam Suk Ping, being an executive Director.
- (2) Popovic Investments is an indirect wholly-owned subsidiary of Willie International (stock code: 273), a company listed on the Stock Exchange. As at the date of this announcement, Willie International, though its associate is interested in 11,171,800 Shares.

As at the date of this announcement, the Company has no outstanding share options, warrants or other securities which carry rights to subscribe for or be converted into Shares.

## **INFORMATION ON THE TARGET GROUP**

### **Richful Zone**

Richful Zone is wholly-owned by Popovic Investments. It was incorporated in the British Virgin Islands with limited liability on 8 January 2007. The principal business of Richful Zone is investment holding. The principal asset held by Richful Zone is its investment in Allied Loyal. Based on the representation of Popovic Investments to the Company, save for the holding of the entire issued share capital of Allied Loyal, Richful Zone has no other material assets, nor does it have any material liabilities. There is no statutory requirement in the jurisdiction of Richful Zone's place of incorporation for Richful Zone to prepare any financial statements and therefore no audited accounts have been prepared by Richful Zone since its incorporation.

### **Allied Loyal**

Allied Loyal is wholly-owned by Richful Zone. It was incorporated in the British Virgin Islands with limited liability on 2 January 2007. Allied Loyal is an investment holding company and its sole asset is its 50% interest in the Concession Rights and Interests in respect of the Forest Land, which is located in Simao District, Puer City, Yunnan Province, the PRC, with a total site area of approximately 36,735 Chinese Mu.

In January 2007, the People's Government granted the forest land use right (林地使用權) and forest tree ownership right (林木所有權) of the Forest Land to China Capital Strategy for a term of 50 years. On 13 June 2007, by way of a concession contract, China Capital Strategy sold 50% of the Concession Rights and Interests in respect of the Forest Land to Amerinvest International at a consideration of US\$1.00 and under such concession contract, China Capital Strategy pay 50% of the attributable profit in relation to the Concession Rights and Interests in respect of the Forest Land to Amerinvest International.

On 18 June 2007, pursuant to the Concession Contract, Allied Loyal acquired 50% of the Concession Rights and Interests in respect of the Forest Land from Amerinvest International. Pursuant to the Concession Contract, China Capital Strategy shall be responsible for the operation and management of the Forest Land under the Forestry Contracts, and Allied Loyal shall pay to China Capital Strategy an annual management fee at the lower of the attributable profits distributed to Allied Loyal or 8% of the annual turnover generated by the Forest Land under the Forestry Contracts. No management fee will be charged by China Capital Strategy in the event that the operation of the Forest Land under the Forestry Contracts recorded no distributable profits during the relevant year. Allied Loyal is not required to make any capital commitment for operation of the Forest Land. Upon Completion, the terms of the Concession Contract (including the payment term of management fee) will continue to subsist and China Capital Strategy will continue to be responsible for the operation and management of the Forest Land under the Forestry Contracts. Pursuant to the Concession Contract, Allied Loyal



is obliged to pay China Capital Strategy an annual management fee only if there is attributable profit distributed to Allied Loyal. No profit has ever been distributed since the original acquisition of 50% of the Concession Rights and Interests by Richful Zone. As such, no management fee has been charged by China Capital Strategy in the operation of the Forest Land under the Forestry Contracts as at the date of this announcement.

The Forest Land is currently planted with pine trees and mixed broad leave woods and such pine trees and mixed broad leave woods will be processed into furniture and various construction materials.

The market value of the Forest Land in its existing state as appraised by BMI Appraisals Limited, an independent professional valuer not connected with any of the directors, chief executive and substantial shareholders of the Company and its subsidiaries and associates is at approximately RMB280,000,000 as at 30 April 2009, to which Marvel Century will own 50% of the Concession Rights and Interests upon completion of the Acquisition. The valuation report of the Forest Land will be included in the forthcoming circular of the Company.

There is no statutory requirement in the jurisdiction of Allied Loyal's place of incorporation for Allied Loyal to prepare any financial statements and therefore no audited accounts have been prepared by Allied Loyal since its incorporation.

### **Financial information of the Target Group**

Based on the management accounts of the Target Group, the financial information of Richful Zone for the period from 8 January 2007 (being the date of incorporation of Richful Zone) to 31 December 2007 and the financial year ended 31 December 2008 are as follows:

	<b>Year ended 31 December 2008 (unaudited) HK\$'000</b>	<b>Period from 8 January 2007 to 31 December 2007 (unaudited) HK\$'000</b>
Loss before taxation	2,796,912.74	1,676,855.37
Loss after taxation	2,796,912.74	1,676,855.37
Net liabilities	4,473,760.31	1,676,845.50

An accountants' report on the Target Group containing, among others, the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity and consolidated cashflow statement will be included in the forthcoming circular of the Company.

### **REASONS FOR THE ACQUISITION**

The principal business of the Company is investment holding 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.

The Directors consider that investment in the Target Group will provide a good opportunity for the Company to participate in forest harvesting and timber processing, which is in line with the Company's strategy to participate in natural resources investments in the PRC. The Directors also consider that the investment in the Target Group will allow the Company to diversify its business and reduce the Group's reliance on the manufacturing and sale of accessories for photographic, electrical and multimedia products businesses, which are highly competitive, and thereby improving the Group's earnings base. By investing in the Target Group and taking into account that the Consideration is less than 50% of the market value of the Forest Land as at 30 April 2009, which is greater than the net book value of the Target Group of HK\$130,962,962.97 as recorded in the unaudited consolidated balance sheet of the Target Group as at 5 May 2009, the Directors believe that the Concession Rights and Interests in respect of the Forest Land will bring attractive return, both in terms of capital gain and future recurring income from timber harvesting and processing, to the Group in the medium to long term spectrum. It is proposed that the Consideration be paid by the issue of the Convertible Bond and not by payment of cash because this is the best financing method available to the Company.

China Capital Strategy is experienced in the operation and management of forestry business through its experienced management team. The Directors consider that it would be beneficial to the Group to cooperate with China Capital Strategy, who is experienced in the forestry industry, and for China Capital Strategy to be responsible for the operation and management of the Forest Land under the Forestry Contracts. Although the Company has never invested in forestry business, the Directors consider that the forestry industry is rapidly developing and investment in the Target Group is fair and reasonable since China Capital Strategy has a management team which is experienced in the operation and management of forestry industry.

The Forest Land is situated in Yunnan where the climate and soil are suitable for the planting of pine trees and mixed broad leave woods. The Forest Land has started logging in 2008. Although the current scale of logging is still small, given that pine trees can be logged at different growing stage for different purposes, it is anticipated that the logging scale will gradually increase and it is expected that the Forest Land will generate profit as early as in 2010. Taking into account the steady and growing demand for pine trees and mixed broad leave woods due to the growing economy in the PRC, which can be processed into furniture and various construction materials, the Directors believe that the Acquisition will provide good investment prospects and return to the Company in the long term, and thereby broaden the Company's earning base in the long run.

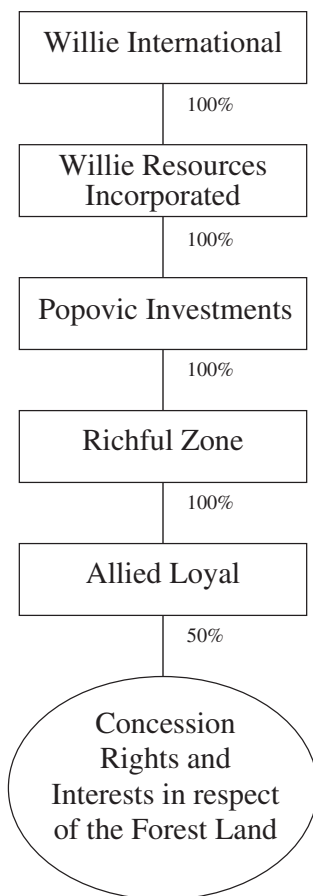
**As the Directors have no expertise or previous experience in the investment of forestry business, Shareholders and the public are reminded to exercise caution when dealing in the Shares.**

The Directors believe that the terms of the Agreement (including the Consideration) are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Directors consider the issue of Convertible Bond as Consideration is fair and reasonable and in the best interest of the Shareholders as a whole as it is the best financing method for the Company given that the Company would not need to use substantial amount of its existing cash resources to fund the Acquisition.

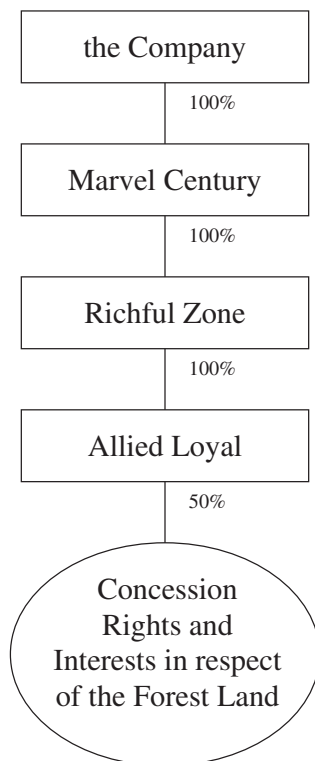
## CORPORATE STRUCTURE

Set out below is the corporate structure of the Company and Richful Zone before and after the Completion:

### Before Completion



## Immediately after Completion



## LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules. The Agreement and transactions contemplated thereunder are conditional upon, among other things, the approval by the Shareholders at the SGM by poll. As at the date of this announcement, an associate of Willie International, the ultimate beneficial owner of Popovic Investments, holds 11,171,800 Shares, representing approximately 3.91% of the existing issued share capital of the Company, and is therefore required to abstain from voting in the SGM.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial and other information on the Group; (iii) financial information on the Target Group; and (iv) the notice convening the SGM will be sent to the Shareholders as soon as practicable. The SGM will be held to consider and, if thought appropriate, to approve the Agreement and transactions contemplated thereunder.

**As Completion is subject to the fulfillment of a number of conditions precedent, the transactions contemplated under the Agreement may or may not proceed. The Shareholders and potential investors should exercise caution when dealing in the Shares.**

## GENERAL

Based on the information provided by China Capital Strategy, China Capital Strategy is principally engaged in the management and operation of forest land. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, China Capital Strategy and Amerinvest International and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

## SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Company's shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Wednesday, 13 May 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:30 a.m. on Monday, 18 May 2009.

## DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“Acquisition”	the proposed acquisition by the Company of the Sale Shares pursuant to the Agreement
“Agreement”	the share purchase agreement dated 12 May 2009 entered into between Marvel Century and Popovic Investments in respect of the Sale Shares
“Allied Loyal”	Allied Loyal International Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Popovic Investments prior to Completion
“Amerinvest International”	Amerinvest International Forestry Group Limited, a company incorporated in the British Virgin Islands and is a third party independent of the Company and the connected persons of the Company
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday or Sunday) on which banks are generally open for banking business in Hong Kong
“China Capital Strategy”	China Capital Strategy Limited, a company incorporated in Hong Kong and is a third party independent of the Company and the connected persons of the Company
“Company”	Mascotte Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares
“Completion Date”	the date on which Completion will take place, being the third Business Day after the day or which the last condition precedent is fulfilled or waived or such other date as Marvel Century and Popovic Investments may agree in writing

“Concession Contract”	the concession contract dated 18 June 2007 entered into among China Capital Strategy, Amerinvest International and Allied Loyal
“Concession Rights and Interests”	the economic gains including future capital gains and future cash flow profit accrued under the Forestry Contracts in respect of the Forest Land
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$130,000,000 for the Acquisition
“Conversion Shares”	the 260,000,000 to be issued by the Company upon conversion in full by the holders of the Convertible Bond of the conversion rights attaching to the Convertible Bond at the initial conversion price of HK\$0.50 per Share (subject to adjustment)
“Convertible Bond”	the convertible bond in the principal amount of HK\$130,000,000 to be issued on Completion
“Directors”	directors of the Company
“Forest Land”	three parcels of forest land located in (i) Forest No.92, Nan Xian He Ying Pan Mountain, Liu Shun Village, Simao District, Puer City, Yunnan Province (雲南省普洱市思茅區六順鄉南線河營盤山) with a site area of approximately 10,182 Chinese Mu; (ii) Forest No.104, Gan Niu Zhai Mountain, Yi Xiang Town, Simao District, Puer City, Yunnan Province (雲南省普洱市思茅區倚象鎮趕牛寨大山) with a site area of approximately 16,344 Chinese Mu; and (iii) Forest No.104, Gan Niu Zhai Mountain, Yi Xiang Town, Simao District, Puer City, Yunnan Province (雲南省普洱市思茅區倚象鎮趕牛寨大山) with a site area of approximately 10,209 Chinese Mu
“Forestry Contracts”	the contracts entered into between the People’s Government and China Capital Strategy in respect of the granting of the forest land use right (林地使用權) and forest tree ownership right (林木所有權) of the Forest Land by the People’s Government to China Capital Strategy
“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
“Last Trading Day”	12 May 2009, being the last trading day prior to the suspension of trading in Shares pending the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange



“People’s Government”	The People’s Government of Simao District, Puer City, Yunnan Province (雲南省普洱市思茅區人民政府)
“PRC”	the People’s Republic of China
“Popovic Investments”	Popovic Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Richful Zone”	Richful Zone International Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of Popovic Investments prior to Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the 17,478,973 ordinary shares of US\$1.00 each in the share capital of Richful Zone, representing the entire issued share capital of Richful Zone
“SGM”	the special general meeting of the Company to be held to approve, among other things, the Acquisition and the issue of the Convertible Bond
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Group”	Richful Zone and Allied Loyal
“US\$”	United States dollar, the lawful currency of the United States of America
“Willie International”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange
“%”	per cent.

By order of the Board of  
**Mascotte Holdings Limited**  
**Lo Yuen Wa Peter**  
*Acting chief executive officer*

Hong Kong, 15 May 2009

*As at the date of this announcement, the Executive Directors of the Company are Mr. Peter Temple Whitelam (Chairman), Mr. Lo Yuen Wa Peter (Acting Chief Executive Officer), Mr. Au Yeung Kai Chor and Mr. Lam Suk Ping; and the Independent Non-executive Directors of the Company are Mr. Chan Sze Hung, Ms. Kristi L Swartz and Ms. Hui Wai Man, Shirley.*