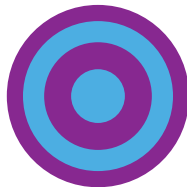


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MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

ANNOUNCEMENT

INTERNAL CONTROL REVIEW

Reference is made to the Press Release published by the Stock Exchange on 4 August 2010.

The Internal Control Review Report I was submitted to the Stock Exchange on 4 October 2010.

The professional adviser appointed by the Company, Mazars, conducted a detailed review of and made recommendations to improve the Company's internal controls. As agreed by the Directors and the Company, the key areas and the scope of the review were as follows:

- to review the entity level control environment of the Company;
- to inquire about the compliance procedures, policies and controls in place in relation to Rule 13.09 and Appendix 14 of the Listing Rules;
- to review the policies, procedures or controls in place for investment management process;
- to identify gaps on design and operating effectiveness of the internal controls;
- to provide recommendations for improvement; and
- to communicate with the management of the Company in respect of findings and recommendations.

Based on the results of the internal control review, Mazars identified a number of gaps within the scope of review and made recommendations to the Company. The Company agreed with the findings of Mazars as mentioned in the Internal Control Review Report I and adopted the majority of the recommendations made by Mazars.

Subsequently, Mazars has conducted a follow-up review based on the Internal Control Review Report I and the Internal Control Review Report II in this regard was issued on 6 December 2010.

Reference is made to (i) the press release (the “Press Release”) published by the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) dated 4 August 2010 in relation to censure of Mascotte Holdings Limited (the “Company”) for breaching Rule 13.09 of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “Listing Rules”) and censure and/or criticism of Ms. Chan Oi Ling Maria Olimpia, Mr. Au Yeung Kai Chor, Mr. Peter Temple Whitelam, Ms. Wong Dickie, Mr. Chung Wilson and Mr. Lam Suk Ping for breaching their obligations under the Declaration and Undertaking with regard to Directors given by them to the Stock Exchange in the form set out in Appendix 5b to the Listing Rules; and (ii) the announcement of the Company dated 25 August 2010 in relation to the appointment of Mazars CPA Limited (“Mazars”) to conduct a review of the internal control system of the Company and Asian Capital (Corporate Finance) Limited as compliance advisor of the Company in respect of the Listing Rules.

The Company confirms that each of Mr. Peter Temple Whitelam and Mr. Lam Suk Ping has completed the 24 hours training on compliance and corporate governance matters as directed by the Listing Committee of the Stock Exchange.

As stated in the announcement of the Company dated 25 August 2010, Asian Capital (Corporate Finance) Limited was appointed as the Company’s compliance advisor for a term of two years with effect from 18 August 2010 to 18 August 2012. Mazars was appointed by the Company as an independent professional adviser to conduct a review on the Company’s internal control systems, to make recommendations to improve the Company’s internal control and to issue a written report to the Stock Exchange within two months from the date of publication of the Press Release.

In this regard, a report (the “Internal Control Review Report I”) issued by Mazars was submitted to the Stock Exchange on 4 October 2010.

SCOPE OF REVIEW

Mazars conducted a detailed review of and made recommendations to improve the Company’s internal controls. As agreed by the directors of the Company (the “Directors”) and the Company, the key areas and the scope of the review were as follows:

- to review the entity level control environment of the Company;
- to inquire about the compliance procedures, policies and controls in place in relation to Rule 13.09 and Appendix 14 of the Listing Rules;
- to review the policies, procedures or controls in place for investment management process;
- to identify gaps on design and operating effectiveness of the internal controls;
- to provide recommendations for improvement; and
- to communicate with the management of the Company in respect of findings and recommendations.

FINDINGS, RECOMMENDATIONS AND FOLLOW-UP REVIEW

Based on the results of the internal control review, Mazars identified a number of gaps within the scope of review and made recommendations to the Company. The Company agreed with Mazars' findings mentioned in the Internal Control Review Report I and tried its best to adopt the majority of the recommendations made by Mazars.

Subsequently, Mazars has conducted a follow-up review based on the Internal Control Review Report I and a follow-up report in this regard (the "Internal Control Review Report II") was issued on 6 December 2010.

The objective of the follow-up review was to review the implementation of the recommendations set out in the Internal Control Review Report I. Mazars noted in the Internal Control Review Report II that the Company has adopted most of its recommendations and has made enhancement on its internal control and compliance system. It was also pointed out that the Company has yet to fully adopt certain recommendations:

- the entity-wide risk management process, including identifying risks, prioritizing risks and managing risks, has commenced but not yet been fully completed due to time constraints;
- the internal control review to fulfil the requirement of Appendix 14 has not yet been commenced by management for the year ending 31 March 2011;
- the legal review on investment related service contracts or transaction agreements has not been commenced;
- investment yield reports have not yet been prepared to monitor the fluctuation of investment yield regularly.

The Company will continue to implement the recommendations made by Mazars and expects to fully implement those which have yet to be adopted by 31 March 2011.

By order of the Board
Mascotte Holdings Limited
Lo Yuen Wa Peter
Acting Chief Executive Officer

Hong Kong, 24 December 2010

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. Lam Suk Ping, Ms. Song Jiajia and Mr. Eddie Woo; and the Independent Non-executive Directors of the Company are Mr. Frank H. Miu, Dr. Agustin V. Que and Mr. Robert James Iaia II.