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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Mayer Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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美亞控股有限公司*
MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1116)

**MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF SHARES IN FULLCHAMP
DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE ACQUISITION OF TWO AIRCRAFTS
AND
CONTINUING CONNECTED TRANSACTIONS**

Financial Adviser



South China Capital Limited

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders of Mayer Holdings Limited**



**WALLBANCK BROTHERS
Securities (Hong Kong) Limited**

A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee is set out on page 17 of this circular. A letter from Wallbanck Brothers containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 33 of this circular.

A notice convening the EGM to be held at Room 501, 5th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong on Thursday, 31 May 2007 at 12:00 noon is set out on pages 44 to 45 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the meeting in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context indicates otherwise:

“Acquisition”	the acquisition of Aircrafts from Sino Regal by the Company
“Aircrafts”	two Dornier 228-212 aircrafts, each in a 19 passengers configuration for passenger and cargo transportations
“Aircraft Lease Agreement”	an agreement dated 1 May 2005 entered into between Sino Regal, the lessor, and Daily Air Corporation, Inc., the lessee, in respect of the leasing of Aircrafts
“Aircraft Sale Agreement”	an agreement dated 13 April 2007 entered into between ROC Advance and Sino Regal in respect of the purchase of the Aircrafts
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Mayer Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Disposal”	the disposal of 11,960,000 shares in Fullchamp by the Company pursuant to the Share Disposal Agreement
“EGM”	extraordinary general meeting of the Company to be convened to approve the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps
“Fullchamp”	Fullchamp Technologies Co., Ltd (富成金屬科技股份有限公司), a company established under the laws of the Republic of China
“Group”	the Company and its subsidiaries
“Guangzhou Mayer”	Guangzhou Mayer Corp. Limited, a company incorporated in PRC and a non wholly-owned subsidiary of the Company
“Independent Board Committee”	the independent committee comprising the independent non-executive Directors to advise the Independent Shareholders in respect of the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps
“Independent Shareholders”	Shareholders other than Taiwan Mayer and its associates

DEFINITIONS

“Latest Practicable Date”	4 May 2007, being the latest practicable date for ascertaining certain information referred to this circular prior to the printing of this circular
“Lease Assignment Agreement”	a lease assignment agreement dated 13 April 2007 entered into between Sino Regal, the assignor, ROC Advance, the assignee, and Daily Air Corporation, Inc., the lessee, in respect of the assignment of the Aircrafts lease rights from the assignor to the assignee
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this circular, excludes Hong Kong, Macau and Taiwan
“Proposed Annual Caps”	the annual caps of USD3.9 million, USD4.29 million and USD4.719 million respectively for the Raw Material Purchase for each of the three years ending 31 March 2010
“Raw Material Purchase”	the transaction contemplated under the Raw Material Purchase Agreement in relation to the purchase of raw materials from Taiwan Mayer by Guangzhou Mayer
“Raw Material Purchase Agreement”	an agreement dated 13 April 2007 entered into between Guangzhou Mayer and Taiwan Mayer pursuant to which Guangzhou Mayer agreed to purchase and Taiwan Mayer agreed to sell raw materials for the period commencing from 1 April 2007 to 31 March 2010
“ROC Advance”	ROC Advance Limited, a limited company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share Disposal Agreement”	an agreement dated 13 April 2007 entered into between Sunbeam and Taiwan Mayer pursuant to which Sunbeam agreed to sell and Taiwan Mayer agreed to purchase 11,960,000 shares of Fullchamp
“Shareholder(s)”	shareholder(s) of the Company
“Sino Regal”	Sino Regal Assets Limited, a company incorporated in British Virgin Islands and a wholly-owned subsidiary of Taiwan Mayer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Sunbeam”	Sunbeam Group Limited, a company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company
“Taiwan Mayer”	Mayer Steel Pipe Corporation, the ultimate controlling shareholder of the Company, a company incorporated in Taiwan, whose shares are listed on the Taiwan Stock Exchange Corporation
“Wallbanck Brothers”	Wallbanck Brothers Securities (Hong Kong) Limited, a licensed corporation under the SFO to carry on Types 4, 6 and 9 regulated activities, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“NT\$”	New Taiwanese dollars, the lawful currency of the Republic of China
“RMB”	Renminbi, the lawful currency of PRC
“USD”	US dollars, the lawful currency of the United States of America
“%”	Percent

For the purpose of this circular, all amounts denominated in NT\$, RMB and USD have been translated (for information only) into HK\$ using the exchange rates of NT\$1.00:HK\$0.2356, RMB1.00:HK\$1.01 and USD1.00:HK\$7.80. Such translation shall not be construed as a representation that amounts of NT\$, RMB and USD were or may have been converted.

LETTER FROM THE BOARD



美亞控股有限公司*
MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1116)

Executive Directors

Mr. Lai Yueh-hsing
Mr. Lo Haw
Mr. Cheng Dar-terng
Mr. Chiang Jen-chin
Dr. Lin Meng-chang
Mr. Lu Wen-yi

Non-executive Directors

Mr. Hsiao Ming-chih
Mr. Huang Chun-fa

Independent non-executive Directors

Mr. Lin Sheng-bin
Mr. Huang Jui-hsiang
Mr. Alvin Chiu

Registered Office

P.O. Box 309GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Principal Office in Hong Kong

501, 5/F, Aon China Building
29 Queen's Road Central
Hong Kong

7 May 2007

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF SHARES IN FULLCHAMP**

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE ACQUISITION OF TWO AIRCRAFTS
AND
CONTINUING CONNECTED TRANSACTIONS**

I. INTRODUCTION

The Board announced on 13 April 2007 that Sunbeam, a wholly-owned subsidiary of the Company, entered into the Share Disposal Agreement with Taiwan Mayer, the ultimate controlling Shareholder. The terms and conditions of the Share Disposal Agreement are summarized in the section headed "The Disposal" in this letter.

On the same date, ROC Advance, a wholly-owned subsidiary of the Company, entered into the Aircraft Sale Agreement with Sino Regal, a wholly-owned subsidiary of Taiwan Mayer, the ultimate controlling Shareholder, regarding the purchase of two Dornier 228-212 aircrafts from Sino Regal. Details of the Acquisition are set out in the section headed "Aircraft Sale Agreement" in this letter. Pursuant to

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LETTER FROM THE BOARD

the Lease Assignment Agreement, ROC Advance has agreed to continuously lease the Aircrafts to Daily Air Corporation, Inc. for the period commencing from the date of the Lease Assignment Agreement to 30 April 2008. The background of the entering into of the Lease Assignment Agreement and the terms and conditions of the Lease Assignment Agreement are summarized in the section headed “Lease Assignment Agreement” in this letter.

On 13 April 2007, Guangzhou Mayer, a 81.4% indirectly owned subsidiary of the Company, entered into the Raw Material Purchase Agreement with Taiwan Mayer. The terms and conditions of the Raw Material Purchase Agreement are summarized in the section headed “Raw Material Purchase Agreement” in this letter.

The Disposal under the Share Disposal Agreement constitutes a major and connected transaction for the Company under the Listing Rules and therefore is subject to approval of the Independent Shareholders by way of poll at the EGM.

The Acquisition under the Aircraft Sale Agreement constitutes a discloseable and connected transaction for the Company under the Listing Rules and is subject to approval of the Independent Shareholders by way of poll at the EGM. The transactions contemplated under the Aircraft Lease Agreement and the Lease Assignment Agreement constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules and is only subject to the reporting and announcement requirements and is exempt from the independent shareholders’ approval requirements.

The transactions contemplated under the Raw Material Purchase Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and is subject to approval of the Independent Shareholders by way of poll at the EGM.

The Independent Board Committee, comprising Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu, who are independent non-executive Directors, has been formed to advise the Independent Shareholders with respect to the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps. Wallbank Brothers has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Taiwan Mayer and its associates are required to abstain from voting in respect of the resolutions to be proposed at the EGM to approve the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps. The purpose of this circular is to provide you, among other things, with (i) further information regarding the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps; (ii) the recommendation from the Independent Board Committee; (iii) the recommendation from Wallbank Brothers to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the EGM.

LETTER FROM THE BOARD

II. THE DISPOSAL

On 13 April 2007, Sunbeam, a wholly-owned subsidiary of the Company, entered into the Share Disposal Agreement with Taiwan Mayer, the ultimate controlling Shareholder, pursuant to which Sunbeam agreed to sell and Taiwan Mayer agreed to purchase 11,960,000 shares of Fullchamp, representing approximately 28.51% of the total issued share capital of Fullchamp and representing the entire equity interest of the Company in Fullchamp, for a consideration of NT\$12.50 (equivalent to approximately HK\$2.95) per share and a total consideration of NT\$149.5 million (equivalent to approximately HK\$35.2 million) in cash.

The consideration for the Disposal was determined by reference to the net asset value of Fullchamp as at 31 December, 2006 and was arrived at after arm's length negotiation between the Company and Taiwan Mayer. The Directors are of the view that the consideration of the Disposal is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Share Disposal Agreement is subject to the passing of a resolution by the Independent Shareholders at the EGM approving the Disposal.

Information on Fullchamp

Fullchamp was incorporated in July 2002 under the laws of the Republic of China and is principally engaged in the design, development and manufacture of aluminum forged and forged-spun wheels for automobiles such as passenger, motorbike, sports utility vehicle and truck.

The following summarizes the audited financial results of Fullchamp for the years ended 31 December 2005 and 31 December 2006 (in accordance with generally accepted accounting principles in Taiwan) respectively:

	For the year ended 31 December 2005 (NT\$'000)	For the year ended 31 December 2006 (NT\$'000)
Turnover	213,195	436,329
Gross profit	(11,138)	56,043
Profit (loss) before taxation and extraordinary items	(109,822)	(26,764)
Taxation	4,226	5,349
Profit (loss) after taxation and extraordinary items	(105,596)	(21,415)

LETTER FROM THE BOARD

Effect on shareholding structure of Fullchamp

Upon completion of the Disposal, the Company through Sunbeam has disposed its remaining holding of 11,960,000 shares in Fullchamp, representing approximately 28.51% of the total issued share capital of Fullchamp and representing the entire equity interest of the Company in Fullchamp. Accordingly, upon completion of the Disposal, the Company will have no beneficial interest in Fullchamp and Fullchamp will cease to be a subsidiary of the Company.

The shareholding structures of Fullchamp prior to completion of the Disposal, and immediately after completion of the Disposal are as follows:

	Prior to completion of the Disposal		Immediately after completion of the Disposal	
	<i>Shares of Fullchamp</i>	<i>%</i>	<i>Shares of Fullchamp</i>	<i>%</i>
The Company	11,960,000	28.51	–	–
Taiwan Mayer*	9,600,000	22.88	21,560,000	51.39
Other shareholders	20,388,500	48.61	20,388,500	48.61
Total	<u>41,948,500</u>	<u>100.00</u>	<u>41,948,500</u>	<u>100.00</u>

* *Taiwan Mayer is the ultimate controlling Shareholder and is beneficially interested in 62.50% of the issued share capital of the Company as at the Latest Practicable Date.*

Reasons for the Disposal

The Group is principally engaged in the processing and manufacturing different kinds of steel sheets and steel pipes which are used in the manufacturing of computing, consumer electronics and communication products, sports equipment, as well as spare parts of household appliances and motor vehicles mainly for the overseas markets through indirect export sales.

Taiwan Mayer is principally engaged in the processing and manufacturing of steel pipes mainly for the domestic market in Taiwan.

Fullchamp suffered from net losses of NT\$105,596,000 (equivalent to approximately HK\$24,878,418) and NT\$21,415,000 (equivalent to approximately HK\$5,045,374) for the years ended 31 December 2005 and 31 December 2006 respectively. The Directors consider that Fullchamp is in the development stage of business and has been loss making for the previous years. The Group has been putting effort to work with Fullchamp in order to strengthen the marketing and sales channels of Fullchamp. The net losses of Fullchamp for the year ended 31 December 2006 has been improved by approximately 79.7% when compare to the corresponding period of last year. Fullchamp issued additional new shares to its shareholders to raise capital in May 2006. The Board decided at that time not to participate in such share offer by Fullchamp, accordingly, the Company's shareholding interest in Fullchamp was diluted from 51.83% to 39.48% and it was treated as a deemed disposal by the Company, details of which were disclosed in the circular of the Company dated 12 June 2006. Subsequently, the Company had further disposed of its shareholding interest in Fullchamp, representing approximately 10.97% share capital of

LETTER FROM THE BOARD

Fullchamp, to independent third parties, details of which were disclosed in the circular of the Company dated 10 November 2006. The Board believes that by disposing the investment of the Company in Fullchamp could reduce the administrative costs and the Company could bear less operating risk. In addition, the Company would get immediate cash from the Disposal which would enhance its working capital level and finance for the Acquisition. The Company could then better allocate its resources to other businesses and capture potential investment opportunities with additional working capital generated from the Disposal. Following completion of the Disposal, the Company will have no beneficial interest in Fullchamp. Fullchamp will cease to be a subsidiary of the Company and the financial results of Fullchamp will not be consolidated into the Group's accounts. The Directors believe that the terms of the Disposal are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The net proceeds of the Disposal is estimated to be approximately NT\$146.1 million (equivalent to approximately HK\$34.4 million). According to the Directors, the net proceeds will mainly be used as funding for the Acquisition and general working capital.

Financial effects of the Disposal on the Company

The audited net asset value of Fullchamp immediately before completion of the Disposal as at 31 December 2006 is NT\$368,429,017 (equivalent to approximately HK\$86,801,876). The Company will record a gain on Disposal of approximately NT\$26.5 million (equivalent to approximately HK\$6.2 million) calculated based on the total consideration of the Disposal of NT\$149.5 million deducted by the cost of 11,960,000 shares of Fullchamp amounted to NT\$119.6 million and related expenses of the Disposal amounted to approximately NT\$3.4 million.

Listing Rules implication

The Company had disposed 4,600,000 shares of Fullchamp, representing approximately 10.97% of the total issued share capital of Fullchamp within the past twelve months (details of the previous disposal were disclosed in the circular of the Company dated 10 November 2006). The previous disposal and the Disposal are required to be aggregated and treated as if they are one transaction pursuant to Rule 14.23(2) of the Listing Rules. Accordingly, the aggregated figures of the previous disposal and the Disposal were used in calculating the percentage ratios.

Taiwan Mayer, the ultimate controlling Shareholders, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. As the percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction under Chapter 14 of the Listing Rules. Accordingly, the Disposal constitutes a major and connected transaction for the Company and will be subject to approval of the Independent Shareholders by way of poll at the EGM. Taiwan Mayer and its associates shall abstain from voting in respect of the resolution to be proposed at the EGM to approve the Disposal.

III. AIRCRAFT SALE AGREEMENT

ROC Advance, a wholly-owned subsidiary of the Company, entered into the Aircraft Sale Agreement with Sino Regal, a wholly-owned subsidiary of Taiwan Mayer, the ultimate controlling Shareholder on 13 April 2007 regarding the purchase of two Dornier 228-212 aircrafts from Sino Regal.

LETTER FROM THE BOARD

The principal terms of the Aircraft Sale Agreement are as follows:

Date

13 April 2007

Parties

Vendor:

Sino Regal, a wholly-owned subsidiary of Taiwan Mayer, the ultimate controlling Shareholder. The principal business of Sino Regal is investment holding and aircrafts leasing.

Purchaser:

ROC Advance

Asset to be purchased

ROC Advance acquires two Dornier 228-212 aircrafts from Sino Regal.

The date of manufacture of the two Dornier 228-212 aircrafts were 1992 and 1994, bearing registration numbers B-55561 and B-55563. The manufacturer's serial numbers are 8215 and 8224, both with Garret TPE331-5 engines. Each of the Dornier 228-212 aircraft carries 19 passengers and with configuration for passenger and cargo transportations.

The Dornier 228-212 aircrafts have a length of 16.56 metres, wingspan of 16.97 metres, height of 4.86 metres and wing area of 32.00 square metres. The maximum takeoff of the Aircrafts is 6,400 kg. The maximum speed of the Aircrafts is 434 kilometres per hour with a flying range of 1,037 kilometres.

Consideration

The consideration payable by ROC Advance for the acquisition of the used Aircrafts both of which have an estimated remaining useful life of approximately 10 years is approximately USD2 million (equivalent to approximately HK\$15.6 million), which was determined as a matter of commercial decision after arm's length negotiations and with reference to the net book value of the Aircrafts. Sino Regal acquired the Aircrafts in May 2005. The original acquisition cost of the Aircrafts and parts to Sino Regal amounted to approximately USD2.44 million. Sino Regal quoted the price for the Aircrafts according to its price list and the Company compared the offered price with the market price, which is publicly available on website, of the similar aircrafts in terms of the aircraft's model, size, specifications and the ex-factory date to reach such consideration. Given that the consideration is within the range of market price of similar aircrafts, the Directors consider that the consideration of the Acquisition is fair and reasonable for the Company. Such consideration is payable by ROC Advance upon the Aircrafts being delivered to ROC Advance.

The acquisition of the Aircrafts will be financed by the internal resources of the Company which is mainly from the cash consideration of the Disposal.

LETTER FROM THE BOARD

Condition precedent

The Aircraft Sale Agreement is subject to the passing of a resolution by the Independent Shareholders at the EGM approving the Acquisition.

Listing Rules implication

Taiwan Mayer, the ultimate controlling Shareholder, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. As one of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable and connected transaction for the Company and will be subject to approval of the Independent Shareholders by way of poll at the EGM. Taiwan Mayer and its associates shall abstain from voting in respect of the resolution to be proposed at the EGM to approve the Acquisition.

IV. LEASE ASSIGNMENT AGREEMENT

The principal terms of the Lease Assignment Agreement are as follows:

Date:

13 April 2007

Parties

Assignor

Sino Regal

Assignee:

ROC Advance

Lessee:

Daily Air Corporation, Inc., a company established under the laws of the Republic of China

Particulars

Daily Air Corporation, Inc. is principally engaged in operating domestic airlines for passenger and cargo transportations among offshore islands in the Republic of China.

Pursuant to the Aircraft Lease Agreement entered into between Sino Regal and Daily Air Corporation, Inc. dated 1 May 2005, Sino Regal agreed to lease the Aircrafts to Daily Air Corporation, Inc. for a term of three years commencing from 1 May 2005 to 30 April 2008. The rental fee pursuant to the Aircraft Lease Agreement payable by Daily Air Corporation, Inc. amounts to USD23,000 (equivalent to approximately HK\$179,400) for each aircraft per month and is to be settled on a monthly basis in cash at the end of each month.

LETTER FROM THE BOARD

On 13 April 2007, Sino Regal, ROC Advance and Daily Air Corporation, Inc. executed the Lease Assignment Agreement. Pursuant to the Lease Assignment Agreement, Sino Regal, as the assignor, has transferred all its rights and responsibilities at the capacity of the lessor, including but not limited to receive rental fee from Daily Air Corporation, Inc., under the Aircraft Lease Agreement to ROC Advance, as the assignee. ROC Advance has agreed to continuously lease the Aircrafts to Daily Air Corporation, Inc. for the period commencing from the date of the Lease Assignment Agreement to 30 April 2008. ROC Advance shall employ individuals with qualification of pilot inspection or experienced mechanics dedicated for the safety operation of the Aircrafts. The management of the Company has the experience in aircraft leasing and could manage the investment in the Aircrafts. All parties to the Lease Assignment Agreement have agreed that the Lease Assignment Agreement is conditional on the completion of the Aircraft Sale Agreement.

Consideration:

The rental fee in respect of the Lease Assignment Agreement payable by Daily Air Corporation, Inc. for the year ending 30 April 2008 amounts to USD552,000 (equivalent to approximately HK\$4,305,600) and is to be settled on a monthly basis in cash at the end of each month. Save for the rental fee which will be derived from the Lease Assignment Agreement, there is no consideration for the assignment. Such rental fee is determined with reference to the rental of similar aircrafts from other companies not connected with the Company, its subsidiaries or connected persons of the Company (as defined in the Listing Rules) on terms no less favourable to the Company than terms available from independent third parties.

Pursuant to the Lease Assignment Agreement, all the terms and conditions under the Aircraft Lease Agreement shall remain valid and continue in full force and effect. In addition, the parties to the Lease Assignment Agreement agreed that:

1. The assignor shall assign its rights in the Aircraft Lease Agreement to the assignee.
2. The assignee assumes and undertakes all of the terms and conditions of the lease as his own obligation.
3. The Lease Assignment Agreement contains the entire understanding of the parties of the Lease Assignment Agreement. It may not be changed orally. The Lease Assignment Agreement may be amended or modified only with such writing being executed by the parties of the Lease Assignment Agreement.

Pursuant to the Lease Assignment Agreement, the Directors expect that the annual cap for the rental fee payable by Daily Air Corporation, Inc. to ROC Advance for the period from the date of the Lease Assignment Agreement to 30 April 2008 will be USD552,000 per year.

Listing Rules implication

Mr. Huang Chun-fa, a non-executive Director, is a substantial shareholder who owns beneficially as to approximately 34.31% of Daily Air Corporation, Inc.. Accordingly, Daily Air Corporation, Inc. is a connected person of the Company under the Listing Rules and the transactions contemplated under the

LETTER FROM THE BOARD

Aircraft Lease Agreement and the Lease Assignment Agreement constitute continuing connected transactions for the Company. To be best of the Directors' knowledge, information and belief having made all reasonable enquiry, the shareholders of Daily Air Corporation, Inc. other than Mr. Huang Chun-fa, are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company, and are not connected persons of the Company.

The transactions contemplated under the Aircraft Lease Agreement and the Lease Assignment Agreement constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules. As each of the percentage ratios (other than the profits ratio) of the Aircraft Lease Agreement and the Lease Assignment Agreement is less than 2.5% and therefore is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements.

Reasons for the Acquisition and Lease Assignment Agreement

The Directors consider the Acquisition and the transactions contemplated under the Aircraft Lease Agreement and the Lease Assignment Agreement are one of the best investment opportunities currently available to the Company. Having considered the working capital position of the Company, the Company has sufficient financial resources to finance the purchase of the Aircrafts. In 2005, the Company acquired two similar aircrafts and entered into similar leasing arrangements with Daily Air Corporation, Inc. which results in a steady rental income to the Group. Accordingly, the Board considers that the Acquisition is a good investment opportunity which is beneficial to the Group and is a high yield investment that may increase the profitability of the Company. In addition, in view of the potential stable revenue which the Group could be derived from purely leasing the Aircrafts to Daily Air Corporation, Inc., the Directors believe that the Company will be able to generate a best return from the acquisition and leasing of the Aircrafts. All costs related to the day-to-day operation of the Aircrafts, including maintenance and insurance costs, will be fully borne by Daily Air Corporation, Inc.. The Company, other than the acquisition cost of the Aircrafts, will only incur costs for any tax liability arising from leasing the Aircrafts. The Directors consider that purchasing the Aircrafts and leasing the Aircrafts to Daily Air Corporation, Inc. are in the interests of the Company and its shareholders as a whole. The terms of the Aircraft Sale Agreement, the Aircraft Lease Agreement and the Lease Assignment Agreement were arrived at after arm's length negotiation between Sino Regal, ROC Advance and Daily Air Corporation, Inc.. The Directors (excluding the independent non-executive Directors who will express their opinion on the Acquisition after receiving advice from the independent financial adviser) consider that the terms of the Aircraft Sale Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. The Directors (including the independent non-executive Directors) consider that the terms of the Aircraft Lease Agreement and the Lease Assignment Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

Financial impact of the Acquisition

As disclosed in the paragraph headed "Consideration" above, the Acquisition will be financed by the internal resources of the Company. Upon the completion of the Acquisition, there is no change in the consolidated net assets and total assets of the Group. The Acquisition will not pose any impact on the earning of the Group upon completion of the Acquisition, other than revenue from Daily Air Corporation, Inc. to be generated under the Lease Assignment Agreement.

LETTER FROM THE BOARD

V. RAW MATERIAL PURCHASE AGREEMENT

On 13 April 2007, Guangzhou Mayer, a 81.4% indirectly owned subsidiary of the Company, entered into the Raw Material Purchase Agreement with Taiwan Mayer pursuant to which Guangzhou Mayer agreed to purchase and Taiwan Mayer agreed to sell raw materials for the period commencing from 1 April 2007 to 31 March 2010.

Pursuant to the Raw Material Purchase Agreement, the subject raw materials to be purchased by Guangzhou Mayer is called electrolytic zinc-coated steel sheets (“EG”), which is a kind of steel raw materials used in the production process.

Reasons for the Raw Material Purchase

Guangzhou Mayer is principally engaged in manufacture and trading of steel pipes, steel sheets and other products made of steel.

Guangzhou Mayer has been purchasing EG from a leading supplier in Taiwan, an independent third party of the Company, on normal commercial terms. Guangzhou Mayer expects that the existing purchase quota Guangzhou Mayer obtained from the leading supplier is inadequate to meet the customers’ orders for the year ending 2007. The leading supplier is the major supplier of EG in the Taiwan market. Most of other EG suppliers also purchase EG with the purchase quota from such leading supplier. Guangzhou Mayer has quoted the price of EG from other suppliers and considers that the current selling price of EG from such leading supplier is the lowest amongst others. Guangzhou Mayer could choose to purchase EG from other EG suppliers but with a higher price as the price quoted by other EG suppliers would likely be marked up. Accordingly, Guangzhou Mayer will purchase EG from Taiwan Mayer, as Taiwan Mayer has unused quota to purchase EG from such leading supplier after taking into account its own consumption. Taiwan Mayer will be one of the suppliers of Guangzhou Mayer. Given that Taiwan Mayer would mark-up 1.85% on the cost of EG purchase from such leading supplier before selling to Guangzhou Mayer, the Directors consider the price from Taiwan Mayer is reasonable and lower than that quoted from other EG suppliers.

The Directors consider that the Raw Material Purchase is in the interests of the Company and its shareholders as a whole. The Raw Material Purchase Agreement has been entered into in the ordinary and usual course of business of the Group. The terms of the Raw Material Purchase Agreement were arrived at after arm’s length negotiation between Guangzhou Mayer and Taiwan Mayer. The Directors (excluding the independent non-executive Directors who will express their opinion after receiving advice from the independent financial adviser) consider that the terms of the Raw Material Purchase Agreement are on normal commercial terms and has been entered into in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Shareholders as a whole.

The Raw Material Purchase Agreement is conditional upon Independent Shareholders’ approval. Pursuant to the Raw Material Purchase Agreement, the Directors expect that the annual caps for the Raw Material Purchase for the three years ending 31 March 2010 will be USD3.9 million, USD4.29 million and USD4.719 million respectively.

LETTER FROM THE BOARD

	Proposed Annual Caps	Basis for the caps
From 1 April 2007 to 31 March 2008	USD3.9 million	4,800 metric tons of EG times the expected selling price quoted from the current supplier (<i>Note 1</i>)
From 1 April 2008 to 31 March 2009	USD4.29 million	5,280 metric tons of EG times the expected selling price quoted from the current supplier (<i>Note 2</i>)
From 1 April 2009 to 31 March 2010	USD4.719 million	5,808 metric tons of EG times the expected selling price quoted from the current supplier (<i>Note 2</i>)

Notes:

1. The historic purchases of EG by Guangzhou Mayer for the year ended 31 December 2006 amounted to approximately 76,000 metric tons. The quota Guangzhou Mayer obtained from the leading supplier for the year ending 2007 is inadequate to meet the customers' orders, Guangzhou Mayer expects to purchase 1,200 metric tons of EG from Taiwan Mayer per quarter.
2. The required amount of EG is based on a 10% annual growth rate from the previous year.

The Proposed Annual Caps were determined by the Company and Guangzhou Mayer based on the historic actual requirement on metric tons of EG by Guangzhou Mayer plus the expected increment each year based on a growth rate of 10% per year times the expected selling price quoted from the current supplier. The Directors (excluding the independent non-executive Directors who will express their opinion after receiving advice from the independent financial adviser) consider that the Proposed Annual Caps are fair and reasonable and in the interests of the Shareholders as a whole.

Listing Rules implication

Taiwan Mayer, the ultimate controlling Shareholder, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. Accordingly, the Raw Material Purchase constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As one of the percentage ratios (other than the profits ratio) of the Raw Material Purchase Agreement is more than 2.5% but less than 25% and the annual consideration is more than HK\$10 million and therefore is subject to the reporting, announcement and independent shareholders' approval requirements. The Raw Material Purchase and the Proposed Annual Caps will be subject to approval of the Independent Shareholders by way of poll at the EGM. Taiwan Mayer and its associates shall abstain from voting in respect of the resolution to be proposed at the EGM to approve the Raw Material Purchase and the Proposed Annual Caps.

VI. THE EGM

The EGM will be held to consider and, if thought fit, passing of the resolutions to approve the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps.

LETTER FROM THE BOARD

The Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps are subject to approval by the Independent Shareholders' by way of poll at the EGM. Taiwan Mayer and its associate shall abstain from voting on the relevant ordinary resolutions to be passed at the EGM.

Set out on pages 44 to 45 of this circular is the notice for the convening of the EGM to be held at Room 501, 5th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong on Thursday, 31 May 2007 at 12:00 noon at which resolutions will be proposed for the approval of (i) the Disposal, (ii) the Acquisition, and (iii) the Raw Material Purchase and the Proposed Annual Caps.

A form of proxy for use at the EGM is enclosed with this circular. If you do not intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it as soon as possible to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, the address being Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM. Delivery of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so desire.

VII. RECOMMENDATIONS

The Independent Board Committee has been formed to advise the Independent Shareholders on the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps. Wallbank Brothers has been appointed to advise the Independent Board Committee and the Independent Shareholders on the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps as stipulated above.

The text of the letter of advice from Wallbank Brothers to the Independent Board Committee and the Independent Shareholders containing its recommendation and the principal factors it has taken into account in arriving at its recommendation are set out on pages 18 to 33 of this circular.

The Independent Board Committee, having taken into account the advice of Wallbank Brothers, consider that the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommend the Independent Shareholders to vote in favour of the resolutions approving the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps. The text of the letter from the Independent Board Committee is set out on page 17 of this circular.

The Shareholders who are eligible to vote at the EGM are urged to read the letters from Wallbank Brothers and the Independent Board Committee before making a decision as to how to vote at the EGM.

The Directors consider that the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

VIII. FURTHER INFORMATION

Your attention is drawn to the texts of the letters from the Independent Board Committee and Wallbank Brothers containing their respective recommendations and opinions regarding the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps and the information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Mayer Holdings Limited
LAI Yueh-hsing
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1116)

7 May 2007

To: The Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF SHARES IN FULLCHAMP**

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE ACQUISITION OF TWO AIRCRAFTS
AND
CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular issued by the Company to the Shareholders dated 7 May 2007 (the “Circular”) of which this letter forms part. Unless the context otherwise defines terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps are fair and reasonable so far as the Shareholders are concerned.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 16 and the letter from Wallbank Brothers as set out on pages 18 to 33 of the Circular respectively.

Having considered the principal factors and reasons considered by, and the advice of Wallbank Brothers as set out in its letter of advice, we consider that the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps are in the interest of the Independent Shareholders and the Company as a whole. Accordingly, we recommend the Independent Shareholders to vote for the relevant ordinary resolutions which will be proposed at the EGM to approve the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps.

Yours faithfully,

For and on behalf of

the Independent Board Committee

Mr. Lin Sheng-bin

Mr. Huang Jui-hsiang

Mr. Alvin Chiu

Independent non-executive Directors

* For identification purpose only

LETTER FROM WALLBANCK BROTHERS

Set out below is the text of a letter received from Wallbanck Brothers to the Independent Board Committee regarding the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps prepared for the purpose of inclusion in the Circular.



WALLBANCK BROTHERS Securities (Hong Kong) Limited

1005B, Tower 1, Lippo Centre,
89 Queensway, Central,
Hong Kong

7 May 2007

*To the Independent Board Committee and
the Independent Shareholders of
Mayer Holdings Limited*

Dear Sir or Madam,

MAJOR AND CONNECTED DISPOSAL DISCLOSEABLE AND CONNECTED ACQUISITION AND CONTINUING CONNECTED TRANSACTION IN RELATION TO THE RAW MATERIAL PURCHASE AGREEMENT

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the major and connected disposal (the “Disposal”), discloseable and connected Acquisition (the “Acquisition”), the Raw Material Purchase and the Proposed Annual Caps, details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular to the Shareholders dated 7 May 2007 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires the otherwise.

On 13 April 2007, Sunbeam, a wholly-owned subsidiary of the Company, entered into the Share Disposal Agreement with Taiwan Mayer, the ultimate controlling Shareholder, pursuant to which Sunbeam agreed to sell and Taiwan Mayer agreed to purchase 11,960,000 shares of Fullchamp, representing approximately 28.51% of the total issued share capital of Fullchamp and representing the entire interest of the Company in Fullchamp. Taiwan Mayer, the ultimate controlling shareholder, is a connected person

LETTER FROM WALLBANCK BROTHERS

of the Company under Rule 14A.11(1) of the Listing Rules. As the percentage ratios of the Disposal is more than 25% but less than 75%, the Disposal thereunder constitute major and connected Disposal for the Company under Chapter 14A of the Listing Rules and are subject to the Independent Shareholders' approval.

On 13 April 2007, ROC Advance, a wholly-owned subsidiary of the Company, entered into the Aircraft Sale Agreement with Sino Regal, a wholly-owned subsidiary of Taiwan Mayer, the ultimate controlling shareholder of the Company regarding the purchase of two Dornier 228-212 aircrafts from Sino Regal for a total consideration of approximately US\$2 million (equivalent to approximately HK\$15.6 million). Taiwan Mayer, the ultimate controlling shareholder, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. As one of the percentage ratios of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes discloseable and connected transaction for the Company and will be subject to Independent Shareholders' approval.

On 13 April 2007, Guangzhou Mayer, a 81.4% indirectly owned subsidiary of the Company, entered into the Raw Material Purchase Agreement with Taiwan Mayer pursuant to which Guangzhou Mayer agreed to purchase and Taiwan Mayer agreed to sell raw materials for the period commencing from 1 April 2007 to 31 March 2010. Taiwan Mayer, the ultimate controlling shareholder, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. Accordingly, the Raw Material Purchase and the Proposed Annual Caps constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As one of the percentage ratios of the Raw Material Purchase Agreement is more than 2.5% but less than 25% and the annual consideration is more than HK\$10 million and therefore is subject to Independent Shareholders' Approval.

The Independent Board Committees, consisting of three independent non-executive Directors, namely Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu, has been formed to consider the Disposal, Acquisition, the Raw Material Purchase and the Proposed Annual Caps; and to make recommendation to the Independent Shareholders on the voting of the ordinary resolutions in relation to the Disposal, Acquisition and the Raw Material Purchase and the Proposed Annual Caps.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the accuracy of the information, opinions and representations provided to us by the Directors and management of the Company, and have assumed that all information, opinions and representations contained or referred to in this circular were true and accurate at the time when they were made and will continue to be accurate at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in this circular were reasonably made after due enquiry. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this circular to provide a reasonable basis for our opinions and recommendations. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in this circular, including this letter, misleading. We have

LETTER FROM WALLBANCK BROTHERS

not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company.

In formulating our opinion, we have relied on the financial information provided by the Company, particularly, on the accuracy and reliability of financial statements and other financial data of the Company. We have not audited, compiled nor reviewed the said financial statements and financial data. We shall not express any opinion or any form of assurance on them. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. The Directors have also advised us that no material facts have been omitted from the information to reach an informed view, and we have no reason to suspect that any material information has been withheld. We have not carried out any feasibility study on any past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company. Our opinion has been formed on the assumption that any analysis, estimation, forecast, anticipation, condition and assumption provided by the Company are valid and sustainable. Our opinions shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company.

In formulating our opinion, we have not considered the taxation implications on the Independent Shareholders arising from the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps as these are particular to the individual circumstances of each Shareholder. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her decision to the Disposal, the Acquisition, the Raw Material Purchase and the Proposed Annual Caps. In particular, the Independent Shareholders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consult their own tax positions, and if in any doubt, should consult their own professional advisers.

Our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of, the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention before and after the EGM.

Our opinions are formulated only and exclusively for the purpose of the Disposal, and the Acquisition, the Raw Material Purchase and the Proposed Annual Caps and shall not be used for any other purpose in any circumstance nor for any comparable purpose with any other opinions.

LETTER FROM WALLBANCK BROTHERS

(I) CONNECTED TRANSACTION CONCERNING THE DISPOSAL

Principal factors and reasons considered

In arriving at our opinion in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

(1) *Background of the Disposal*

According to the Board Letter, on 13 April 2007, Sunbeam, a wholly-owned subsidiary of the Company, entered into the Share Disposal Agreement with Taiwan Mayer, the ultimate controlling Shareholder, pursuant to which Sunbeam agreed to sell and Taiwan Mayer agreed to purchase 11,960,000 shares of Fullchamp, representing approximately 28.51% of the total issued share capital of Fullchamp and representing the entire interest of the Company in Fullchamp, for a consideration of NT\$12.5 (equivalent to approximately HK\$2.95) per share and a total consideration of NT\$149.5 million (equivalent to approximately HK\$35.2 million) in cash. Taiwan Mayer, the ultimate controlling shareholder, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. As the percentage ratios of the Disposal is more than 25% but less than 75%, the Disposal thereunder constitute major and connected Disposal for the Company under Chapter 14A of the Listing Rules and are subject to the Independent Shareholders' approval.

(2) *Business Review on Fullchamp*

According to the Board Letter, Fullchamp is principally engaged in the design, development and manufacture of aluminum forged and forged-spun wheels for automobiles such as passenger, motorbike, sports utility vehicle and truck.

The following summarizes the audited financial results of Fullchamp for the year ended 31 December 2005 and 31 December 2006 (in accordance with generally accepted accounting principles in Taiwan) respectively:

	For the year ended 31 December 2005	For the year ended 31 December 2006
	<i>(NT\$'000)</i>	<i>(NT\$'000)</i>
Turnover	213,195	436,329
Gross Profit	(11,138)	56,043
Profit (loss) before taxation and extraordinary items	(109,822)	(26,764)
Taxation	4,226	5,349
Profit (loss) after taxation and extraordinary items	(105,596)	(21,415)

LETTER FROM WALLBANCK BROTHERS

The turnover of Fullchamp increased by 105% from NT\$213.2 million (equivalent to approximately HK\$50.2 million) for the year ended 31 December 2005 to NT\$436.3 million (equivalent to approximately HK\$102.7 million). Fullchamp suffered from net losses of NT\$105,596,000 (equivalent to approximately HK\$24,878,418) and NT\$21,415,000 (equivalent to approximately HK\$5,045,374) for the years ended 31 December 2005 and 31 December 2006 respectively. The net losses of Fullchamp for the year ended 31 December 2006 has been improved by approximately 79.7% when compare to the corresponding period of last year.

(3) *Basis of consideration*

The consideration

The consideration for the Disposal was NT\$12.5 (equivalent to approximately HK\$2.95) per share and a total consideration of NT\$149.5 million (equivalent to approximately HK\$35.2 million) in cash. It is determined by reference to the net asset value of Fullchamp as at December 2006 and was arrived at after arm's length negotiation between the Company and Taiwan Mayer.

Review of the Previous Disposals

The Company had disposed its interest in Fullchamp in September 2006 and October 2006 (the "Previous Disposals"), details of which were disclosed in the circulars of the Company dated 10 November 2006. The Company had disposed of its shareholding interest in Fullchamp, representing approximately 10.97% share capital of Fullchamp, to independent third parties with a total consideration of approximately HK\$13.55 million. The net asset value of Fullchamp immediately before the disposal as at 6 September 2006 was estimated to be NT\$369.0 million (equivalent to approximately HK\$87.0 million). Therefore the net assets of Fullchamp disposed which was attributable to the Company as at 6 September 2006 was approximately HK\$9.5 million (HK\$87.0 million X 10.97%). The total consideration represented 42.0% premium to the net assets of Fullchamp disposed.

Comparison of the Disposal with Previous Disposals

As stated in the Board Letter, the audited net asset value of Fullchamp as at 31 December 2006 is NT\$368.4 million (equivalent to approximately HK\$86.8 million).

It is considered to be a common method of valuation by the application of price/earnings ratio. However, as Fullchamp had incurred net losses for the previous two years and it is inappropriate to apply the price/earning method. Therefore, it is reasonable to infer that it is feasible for the application of valuation method by reference to the attributable net asset value of Fullchamp.

LETTER FROM WALLBANCK BROTHERS

The net asset of Fullchamp attributable to the Company as at 31 December 2006, was approximately HK\$24.7 million (HK\$86.8 million X 28.51%). By comparing with the consideration for the Disposal at HK\$35.2 million, it represents a premium of approximately 42.2% over the attributable net asset value of Fullchamp, which is consistent and in line with the premium offered in the Previous Disposals to independent third parties at 42.0%. In this respect, it is reasonable to infer that the consideration is fair and reasonable.

Due to the exclusivity and uniqueness of the transaction, we are unable to identify any other comparable transactions.

(4) *Reasons for the Disposal*

According to the Board Letter, the Group is principally engaged in the processing and manufacturing different kinds of steel sheets and steel pipes which are used in the manufacturing of computing, consumer electronics and communication products, sports equipment, as well as spare parts of household appliances and motor vehicles mainly for the overseas markets through indirect export sales.

Taiwan Mayer is principally engaged in the processing and manufacturing of steel pipes mainly for the domestic market in Taiwan.

According to the Board Letter, Fullchamp suffered from net losses of NT\$105,596,000 (equivalent to approximately HK\$24,878,418) and NT\$21,415,000 (equivalent to approximately HK\$5,045,374) for the years ended 31 December 2005 and 31 December 2006 respectively. The Directors represented that Fullchamp is in the development stage of business and has been loss making for the previous years. The Group has been putting effort to work with Fullchamp in order to strengthen the marketing and sales channels of Fullchamp. The net losses of Fullchamp for the year ended 31 December 2006 has been improved by approximately 79.7% when compared to the corresponding period of last year. Fullchamp issued additional new shares to its shareholders to raise capital in May 2006. The Board decided at that time not to participate in such share offer by Fullchamp, accordingly, the Company's shareholding interest in Fullchamp was diluted from 51.83% to 39.48% and it was treated as a deemed disposal by the Company, details of which were disclosed in the circular of the Company dated 12 June 2006. Subsequently, the Company had further disposed of its shareholding interest in Fullchamp, representing approximately 10.97% share capital of Fullchamp, to independent third parties, details of which were disclosed in the circular of the Company dated 10 November 2006. The Board believes that by disposing the investment of the Company in Fullchamp could reduce the administrative costs and the Company could bear less operating risk. In addition, the Company would get immediate cash from the Disposal which would enhance its working capital level and finance for the Acquisition. The Company could then better allocate its resources to other businesses and capture potential investment opportunities with additional working capital generated from the Disposal. Following completion of the Disposal, the Company will have no beneficial interest in Fullchamp. Fullchamp will cease to be a subsidiary of the Company and the financial results of Fullchamp will not be consolidated into Group's accounts.

LETTER FROM WALLBANCK BROTHERS

The Directors further represented that they had approached other potential buyers for the said shareholding of Fullchamp before entering into the Share Disposal Agreement, but the said buyers did not show interest.

With reference to the poor performance of Fullchamp for incurring net losses for the previous two years, the Directors' representations that it is a common expectation of the Company that the goal for the application of capital of Company shall be profit making, instead of loss making and their inability to assess when Fullchamp be able to make profit, it is reasonable to infer that the said reasons are relevant and rational.

(5) *Use of proceeds*

The net proceeds of the Disposal is estimated to be approximately NT\$146.1 million (equivalent to approximately HK\$34.4 million). According to the Board Letter, the net proceeds will mainly be used as funding for the Acquisition and general working capital.

(6) *Effect of the Disposal on the Company's shareholding in Fullchamp*

According to the Board Letter, upon completion of the Disposal, the Company through Sunbeam has disposed its remaining holding of 11,960,000 shares in Fullchamp, representing approximately 28.51% of the total issued share capital of Fullchamp and representing the entire equity interest of the Company in Fullchamp. Accordingly, upon completion of the Disposal, the Company will have no beneficial interest in Fullchamp and Fullchamp will cease to be a subsidiary of the Company.

The shareholding structures of Fullchamp prior to completion of the Disposal, and immediately after completion of the Disposal are as follows:

	Prior to completion of the Disposal		Immediately after completion of the Disposal	
	<i>Shares of Fullchamp</i>	<i>%</i>	<i>Shares of Fullchamp</i>	<i>%</i>
The Company	11,960,000	28.51	–	–
Taiwan Mayer	9,600,000	22.88	21,560,000	51.39
Other shareholders	20,388,500	48.61	20,388,500	48.61
	<hr/>		<hr/>	
Total	<u>41,948,500</u>	<u>100.00</u>	<u>41,948,500</u>	<u>100.00</u>

According the above chart, the Shareholders shall note that after the completion of the Disposal, the Company will not have any interest in Fullchamp.

LETTER FROM WALLBANCK BROTHERS

(7) *Financial Effects of the Disposal on the Company*

Profit and loss account

As set out in the Board Letter, the gain expected to accrue to the Company resulting from the Disposal will be approximately HK\$6.2 million.

Prior to the completion of the Disposal, the Company was entitled to 28.51% of the net profit/loss of Fullchamp. The audited net loss of Fullchamp are approximately NT\$105.6 million (equivalent to approximately HK\$24.9 million) and NT\$21.4 million (equivalent to approximately HK\$5.0 million) for the years ended 31 December 2005 and 31 December 2006 respectively. By disposing its interest in Fullchamp, the Group no longer needs to incorporate loss incurred by Fullchamp and therefore, the Group's results should be enhanced.

Net asset value

According to the annual report for the year ended 31 December 2006, the audited net asset value of the Group as at 31 December 2006 was RMB361.8 million (equivalent to approximately HK\$365.4 million). The Company will record a gain on Disposal of approximately NT\$26.5 million (equivalent to approximately HK\$6.2 million) calculated based on the total consideration of the Disposal deducted by the cost of 11,960,000 shares of Fullchamp amounted to NT\$119.6 million and related expenses of the Disposal amounted to approximately NT\$3.4 million. As such, the Disposal will have positive impact on the NAV of the Group.

Working Capital

The net proceeds of Disposal is estimated to be approximately NT\$146.1 million (equivalent to approximately HK\$34.4 million). According to the Board Letter, the net proceeds will mainly be used as funding for the Acquisition and general working capital. The Group's cash level would increase as a result of the receipt of the consideration. As a result, the Group's cash position and working capital will be improved subsequent to the completion of the Disposal.

(8) *Listing Rules Implication*

According to the Board Letter, the Company had disposed 4,600,000 shares of Fullchamp, representing approximately 10.97% of the total issued share capital of Fullchamp within the past twelve months (details of the previous disposal were disclosed in the circular of the Company dated 10 November 2006). The previous disposal and the Disposal are required to be aggregated to Rule 14.23 (2) of the Listing Rules. Accordingly, the aggregated figures of the previous disposal and the Disposal were used in calculating the percentage ratios.

LETTER FROM WALLBANCK BROTHERS

Taiwan Mayer, the ultimate controlling Shareholder, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. As the percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Disposal is more than 25% but less than 75%, the Disposal constitutes as a major transaction under Chapter 14 of the Listing Rules. Accordingly, the Disposal constitutes as a major and connected transaction for the Company and will be subject to approval of the independent Shareholders by way of poll at the EGM.

Recommendation

Having considered the above factors and reasons and Directors' representation, on balance, we are of the opinion that in such circumstance the terms of the Disposal so far as the Independent Shareholders are concerned are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the forthcoming EGM to approve the Disposal and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

(II) CONNECTED TRANSACTION CONCERNING THE ACQUISITION

Principal factors and reasons considered

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

(1) Background of the Acquisition

According to the Board Letter, on 13 April 2007, ROC Advance, a wholly-owned subsidiary of the Company, entered into the Aircraft Sale Agreement with Sino Regal, a wholly-owned subsidiary of Taiwan Mayer, the ultimate controlling shareholder of the Company regarding the purchase of two Dornier 228-212 aircrafts from Sino Regal for a total consideration of approximately US\$2 million (equivalent to approximately HK\$15.6 million), with the principal terms of the Aircraft Sale Agreement as follows:

Date: 13 April 2007

Parties:

Vendor: Sino Regal, a wholly-owned subsidiary of Taiwan Mayer, is the ultimate controlling Shareholder. The principal business of Sino Regal is investment holding and aircrafts leasing.

Purchaser: ROC Advance

LETTER FROM WALLBANCK BROTHERS

Asset to be acquired:

ROC Advance acquires two Dornier 228-212 aircrafts from Sino Regal.

According to the Board Letter, the years of manufacture of the two Dornier 228-212 aircrafts were 1992 and 1994, bearing registration numbers B-55561 and B-55563. The manufacturer's serial numbers are 8215 and 8224, both with Garret TPE331-5 engines. Each of the Dornier 228-212 aircrafts carries 19 passengers with configuration for passenger and cargo transportations.

The Dornier 228-212 aircrafts have a length of 16.56 meters, wingspan of 16.97 meters, height of 4.86 meters and wing area of 32.00 square meters. The maximum takeoff of the Aircrafts is 6,400 kg. The maximum speed of the Aircrafts is 434 kilometers per hour with a flying range of 1,037 kilometers.

(2) Future use of the Aircrafts

According to the Board Letter, on or before the completion of the Acquisition, Sino Regal, ROC Advance and Daily Air Corporation, Inc will execute the Lease Assignment Agreement. Pursuant to the Lease Assignment Agreement, Sino Regal, as the assignor, has transferred all its rights and responsibilities at the capacity of the lessor, including but not limited to receive rental fee from Daily Air Corporation, Inc., to ROC Advance, as the assignee. As stated from the Board Letter, the management of the Company has the experience in aircraft leasing and can manage the investment in the Aircrafts.

Daily Air Corporation, Inc. is principally engaged in operating domestic airlines for passenger and cargo transportations among offshore islands in the Republic of China.

The rental fee of the Lease Assignment Agreement payable by Daily Air Corporation, Inc. for the year ending 30 April 2008, amounts to US\$552,000 (equivalent to approximately HK\$4,305,600).

(3) Basis of the consideration

The consideration payable by ROC Advance for the Acquisition is approximately US\$2 million (equivalent to approximately HK\$15.6 million).

The Directors represented that the consideration was determined as a matter of commercial decision after arm's length negotiations and with reference to the net book value of the Aircrafts.

Sino Regal acquired the Aircrafts in May 2005. The original acquisition cost of the Aircrafts and parts to Sino Regal amounted to approximately US\$2.44 million. Sino Regal quoted the price for the Aircrafts according to its own price list. The Company compared the offered price with the market price (approximately US\$0.8 million to US\$1 million), which is publicly available on website, of the similar aircrafts.

LETTER FROM WALLBANCK BROTHERS

The Directors represented that the acquisition of the Aircrafts will be financed by the internal resources of the Company which is mainly from the cash consideration of the Disposal.

We have made enquires with one of the sellers of the Aircrafts appeared on website (<http://www.aircraftbargains.com>), as provided by the Directors, for the price of the Aircrafts. The price quoted by the said seller to us is within the range of market price as provided by the Company. The said website claims to be a place where aircraft buyers and sellers meet. We notice that there were more than 600 aircrafts of different models available on the said website on sale. Therefore, it is reasonable to infer that the said website is a popular website for the sale and purchase transactions of aircraft. From above, it is reasonable to infer that the consideration payable by ROC Advance upon the Aircrafts being delivered to ROC advance is fair and reasonable.

Due to the exclusivity and uniqueness of the transaction, we are unable to identify any other comparable transactions.

(4) *Condition Precedent*

The Aircraft Sale Agreement is subject to the passing of a resolution by the independent Shareholders at the EGM approving the Acquisition.

(5) *Reasons for the Acquisition*

According to the Board Letter, the Acquisition and the transactions contemplated under the Aircraft Lease Agreement and the Lease Assignment Agreement are one of the best investment opportunities currently available to the Company. Having considered the working capital position of the Company, the Company has sufficient financial resources to finance the purchase of the Aircrafts. In 2005, the Company acquired two similar aircrafts and entered into similar leasing arrangements with Daily Air Corporation, Inc., which resulted in a steady rental income to the Group. Accordingly, the Board considers that the Acquisition is a good investment opportunity which is beneficial to the Group and is a high yield investment that may increase profitability of the Company. In addition, in view of the potential stable revenue which the Group could be derived from purely leasing the Aircrafts to Daily Air Corporation, Inc., the Directors believe that the Company will be able to generate a best return from the acquisition and leasing of the Aircrafts. All costs related to the day-to-day operation of the Aircrafts, including the maintenance and insurance costs, will be fully borne by Daily Air Corporation, Inc.. The Company, other than the acquisition cost of the Aircrafts, will only incur costs for any tax liability arising from leasing the Aircrafts.

According to the Board Letter, the Directors consider that purchasing the Aircrafts is in the interest of the Company and its shareholders as a whole. The terms of the Aircraft Sale Agreement were arrived at after arm's length negotiation between Sino Regal and ROC Advance. The Directors (excluding the independent non-executive directors) consider the terms of the Aircraft Sale Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Shareholders as a whole. From above, it is reasonable to infer that the said reasons are reasonable and rational.

LETTER FROM WALLBANCK BROTHERS

(6) *The financial effects of the Acquisition on the Company*

Profit and loss account

As stated in the section headed “Future use of the Aircrafts”, the rental fee in respect of the Lease Assignment Agreement payable by Daily Air Corporation, Inc. for the year ending 30 April 2008 amounts to US\$552,000 (equivalent to approximately HK\$4,305,600). The Acquisition would have a positive impact on the future earnings of the Group in terms of rental income although the depreciation expenses of the Group would also increase after the Acquisition.

Net asset value

The Acquisition will be financed by the internal resources of the Company which is mainly from the cash consideration of the Disposal. Upon completion of Acquisition, the increase in the non-current assets of the Group (being the asset value of the Aircrafts) would be fully offset by the decrease in current assets (being the bank balances and cash). As a result, the Acquisition would have no effect on the Group’s net asset value.

Working Capital

Due to the fact that the Company will finance the entire amount of the consideration of the Acquisition by internal resources, the working capital of the Group would be reduced by US\$2 million (equivalent to approximately HK\$15.6 million), being the total consideration of the Acquisition.

(7) *Listing Rules Implication*

According to the Board Letter, Taiwan Mayer, the ultimate controlling shareholder, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. As one of the percentage ratios of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes discloseable and connected transaction for the Company and will be subject to Independent Shareholders’ approval by way of poll at the EGM.

Recommendation

Having considered the above factors and reasons and Directors’ Representation, on balance, we are of the opinion that in such circumstance the terms of the Acquisition so far as the Independent Shareholders are concerned are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the forthcoming EGM to approve the Acquisition and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

LETTER FROM WALLBANCK BROTHERS

(III) THE RAW MATERIAL PURCHASE

(1) Background

According to the Board Letter, on 13 April 2007, Guangzhou Mayer, a 81.4% indirectly owned subsidiary of the Company, entered into the Raw Material Purchase Agreement with Taiwan Mayer pursuant to which Guangzhou Mayer agreed to purchase and Taiwan Mayer agreed to sell raw materials for the period commencing from 1 April 2007 to 31 March 2010. Pursuant to the Raw Material Purchase Agreement, the subject raw materials to be purchased by Guangzhou Mayer for the period commencing from 1 April 2007 to 31 March 2010, is known as electrolytic zinc-coated steel sheets (“EG”), which is a kind of steel raw materials

(2) Basis of the purchase price

According to the Board Letter, Taiwan Mayer would mark-up 1.85% on the cost of EG purchased from a leading supplier before selling to Guangzhou Mayer. The Directors represented that the terms of the Raw Material Purchase Agreement were arrived at after arm’s length negotiation between Guangzhou Mayer and Taiwan Mayer.

We have reviewed the EG price and supply quota of Guangzhou Mayer from the supplier, as provided by the Company. The Directors represented that the quarterly demand on EG will be 8,000 tons for the year ended 31 December 2007.

According to the Company’s record and forecast of sales volume of EG indicating to be more than 5,000 tons for each month for the year ended 31 December 2006, therefore, it is reasonable to infer that the said quota provided by the supplier is unable to meet the demand of Guangzhou Mayer.

We have also reviewed and compared the current selling prices of EG quoted by different suppliers. The price quoted by the said leading supplier is the lowest amongst the said suppliers.

The Directors stated that the 1.85% markup on the cost of EG purchased from the leading supplier is composed of 0.85% of interest cost and 1% of exporting commercial fee. Taiwan Mayer purchased EG in advance and Guangzhou Mayer paid back to Taiwan Mayer in the next month. The 0.85% is the interest cost payable by Guangzhou Mayer to Taiwan Mayer.

Due to the exclusivity and uniqueness of the transaction, we are unable to identify any other comparable transactions.

LETTER FROM WALLBANCK BROTHERS

(3) Reasons for the Raw Material Purchase

Guangzhou Mayer is principally engaged in manufacture and trading of steel pipes, steel sheets and other products made of steel.

According to the Board Letter, Guangzhou Mayer has been purchasing EG from a leading supplier in Taiwan, an independent third party of the Company, on normal commercial terms. Guangzhou Mayer anticipates that the existing purchase quota of Guangzhou Mayer provided by the leading supplier is inadequate to meet the customers' orders for the year ending 2007. The said leading supplier is the major supplier of EG in the Taiwan market. Most of other EG suppliers also purchase EG with the purchase quota from the said leading supplier. Guangzhou Mayer has quoted the price of EG from other suppliers and considers that the current selling price of EG from the said leading supplier is the lowest amongst others. Guangzhou Mayer could choose to purchase EG from other EG suppliers but with a higher price as the price quoted by other EG suppliers would likely be marked up. Accordingly, Guangzhou Mayer will purchase EG from Taiwan Mayer, as Taiwan Mayer has unused quota to purchase EG from the said leading supplier before selling to Guangzhou Mayer. The Directors consider the price from Taiwan Mayer is reasonable and lower than that quoted from other EG suppliers.

According to the Board Letter, the Directors consider that the Raw Material Purchase is in the interests of the Company and its shareholders as a whole. The Raw Material Purchase Agreement has been entered into the ordinary and usual course of business of the Group. The terms of the Raw Material Purchase Agreement were arrived at after arm's length negotiation between Guangzhou Mayer and Taiwan Mayer. The Directors (excluding the independent non-executive Directors) consider that the terms of the Raw Material Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM WALLBANCK BROTHERS

(IV) THE PROPOSED ANNUAL CAPS

(1) The caps amount

Below set out the proposed annual caps for the period from April 2007 to March 2008, from April 2008 to March 2009 and April 2009 to March 2010 respectively:

	Proposed Annual Caps	Basis for the caps
From 1 April 2007 to 31 March 2008	US\$3.9 million	4,800 metric tons of EG X the expected selling price quoted from the current supplier (<i>Note 1</i>)
From 1 April 2008 to 31 March 2009	US\$4.29 million	5,280 metric tons of EG X the expected selling price quoted from the current supplier (<i>Note 2</i>)
From 1 April 2009 to 31 March 2010	US\$4.719 million	5,808 metric tons of EG X the expected selling quoted from the current supplier (<i>Note 2</i>)

Notes:

1. The historic purchases of EG by Guangzhou Mayer for the year ended 31 December 2006 amounted to approximately 76,000 metric tons. The quota Guangzhou Mayer obtained from the leading supplier for the year ending 2007 is inadequate to meet the customers' orders, Guangzhou Mayer anticipates to purchase 1,200 metric tons of EG from Taiwan Mayer per quarter.
2. The required amount of EG is estimated on a basis of 10% annual growth rate from the previous year.

The Directors represented that the unused annual quota of Taiwan Mayer is 4,800 metric tons and the purchase price of EG is US\$812 per tone, including the 1.85% mark-up. Therefore, the annual cap for the year ended 31 March 2008 is estimated to be approximately US\$3.9 million.

We have reviewed the historical sales volume of EG of Guangzhou Mayer, provided by the Directors, for the three years from 2004 to the year ended 31 December 2006. The historical annual sales volumes from 2004 to 2007 provided by the Directors were 43,918 tons, 67,760 tons and 76,248 tons respectively. The annual incremental rates in sales volume are 54.29% for 2004 to 2005 and 12.53% for 2005 to 2006 respectively. The Directors represented that the said uneven incremental rates were caused by the fluctuation of the market in the past three years. The Directors estimated that the annual sales volume will be increased by at least 10% in the coming three years.

LETTER FROM WALLBANCK BROTHERS

Concerning the unit price of EG for the years of 2007, 2008 and 2009, the Directors represented that it is difficult for them to forecast the exact amount, as there is no futures market for EG and the said unit price is subject to the supply and demand of the market. Therefore, we are unable to provide opinion on the said annual unit prices. The stipulated annual cap, equivalent to the turnover, is the multiple of the sales volume and unit price of EG. Despite without the forecast on unit price of EG, it is reasonable to suggest on the basis that as the forecasted sales volume of EG by the Company for the three years ended 31 March 2010 is estimated by the Company on a reasonable basis, the annual cap is also able to be inferred as reasonable and fair, with the protection to the Shareholders, in case of substantial unexpected fluctuation of the said unit price leading to the stipulated annual cap be exceeded, as the Company is under an obligation to seek further Shareholder's approval, subject to the annual review requirements of Rule 14A.37 to 14A.40.

(2) Listing Rules Implication

Taiwan Mayer, the ultimate controlling shareholder, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. Accordingly, the Raw Material Purchase and the Proposed Annual Caps constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As one of the percentage ratios of the Raw Material Purchase Agreement is more than 2.5% but less than 25% and the annual consideration is more than HK\$10 million and therefore is subject to Independent Shareholders' Approval by way of poll at the EGM.

Recommendation

Having considered the above factors and reasons and Directors' representations, on balance, we are of the opinion that in such circumstance the terms of the Raw Material Purchase and the Proposed Annual Caps so far as the Independent Shareholders are concerned are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the forthcoming EGM to approve the Raw Material Purchase and the Proposed Annual Caps and we recommend the Independent Shareholders to vote in favor of the resolution in this regard.

Yours faithfully,
For and on behalf of
WALLBANCK BROTHERS
Securities (Hong Kong) Limited
Phil Chan
Chief Executive Officer

1. INDEBTEDNESS

As at the close of business on 28 February 2007, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular. The Group had unsecured and secured bank borrowing of approximately RMB165,588,000 and RMB324,269,000, respectively, accrued interest payable of approximately RMB1,921,000, and bills payable of approximately RMB165,000. The bank borrowings were secured by land and buildings and other charges of properties plant and machinery and bank deposits of the Group with aggregate net book value of approximately RMB167,396,000. All banking facilities were guaranteed either by the Company or its subsidiaries. Save and except for the above, the Group did not have any other outstanding bank borrowings mortgage, charge or any other borrowings, liabilities under acceptances or acceptance credits or hire purchase commitments.

The Company has given corporate guarantees from certain banks to secure banking facilities of approximately RMB62,160,000 granted to a subsidiary. Out of these banking facilities, approximately RMB46,505,000 was utilised by this subsidiary as at 28 February 2007.

As at the close of business on 28 February 2007, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 28 February 2007.

2. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into account of the internal resources and banking facilities available to the Group, the Group will have sufficient working capital for at least twelve months from the date of this circular.

3. MATERIAL ADVERSE CHANGE

Up to the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2006, being the date to which the latest audited consolidated financial statements of the Group were made up.

4. FINANCIAL TRADING PROSPECTS OF THE GROUP**Review of Results**

The turnover of the Group for the year ended 31 December 2006 was approximately RMB1,046,482,000, representing a decrease of approximately 1.0% compared with approximately RMB1,056,629,000 for the last year while the net profit attributable to shareholders was approximately RMB12,042,000, representing an increase of approximately 38 times compared with approximately RMB308,000 for the last year.

Business Review

Following the prices of steel products have dropped significantly in the second half of 2005, the national economy of the PRC is basically achieving a balance in the first half of 2006. Prices of steel

products for first quarter of 2006 continued the trend from the end of 2005 which remained at a low level, and starting from March 2006, as a result of increase in total demand, the prices of steel products started to rise again and maintain a rapid yet stable growth. However, the overall steel product prices during the year 2006 were still substantially lower than those for the last year. Sales volume of steel products slightly decreased 1.4% from approximately 139,000 tonnes for year 2005 to approximately 137,000 tonnes. As a result of the overall increase in prices of steel products, the selling price and the gross margin of the Group's steel products turnaround and increased by approximately 9.6% and 3.3% compared with that for the last year.

Segment Information

The Group comprises the following main business segments:

Steel – the manufacture and trade of steel pipes, steel sheets and other products made of steel.

Aluminum – the design, develop, manufacture and trade of aluminum forged and forged-spun wheels and other spare parts for automobiles.

	Steel		Aluminum		Consolidated	
	2006	2005	2006	2005	2006	2005
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue						
– External sales	936,499	1,048,532	109,983	8,097	1,046,482	1,056,629
– Inter-segment sales	–	–	–	–	–	–
	<u>936,499</u>	<u>1,048,532</u>	<u>109,983</u>	<u>8,097</u>	<u>1,046,482</u>	<u>1,056,629</u>
Segment results	31,389	22,227	1,873	(1,586)	33,262	20,641
Unallocated operating Income and expenses					937	(4,631)
Profit from operations					34,199	16,010
Finance costs					(20,661)	(14,372)
Taxation					(2,095)	(878)
Profit for the year					<u>11,443</u>	<u>760</u>

Gross Profit

The Group recorded a gross profit of approximately RMB75,349,000 for the year ended 31 December 2006, with a gross profit margin of approximately 7.2%, compared with the gross profit of approximately RMB41,067,000 and a gross profit margin of approximately 3.9% for the last year. This was mainly attributable to the higher average selling prices of our products as compared to that of last year.

Exchange Rate Exposures

As most of the Group's monetary assets and liabilities are denominated in USD, HK\$, RMB and NT\$ and those currencies remained relatively stable during the year, the Group was not exposed to any significant exchange risk. Meanwhile, the Group is also studying and implementing various measures in relation to reducing any exchange impact from the revalued of Renminbi against the US dollars.

Pledge of Assets

As at 31 December 2006, property, plant and equipment and interest in leasehold land held for own use under an operating lease of the Group with aggregate net book value of approximately RMB162,329,000 and bank deposits of approximately RMB8,652,000 respectively were pledged to secure bank borrowings.

Contingent Liabilities

The Group did not have any significant contingent liabilities at 31 December 2006. At 31 December 2006, the Company had provided corporate guarantees of approximately RMB47,017,000 (2005: RMB145,263,000) in favour of a bank for banking facilities granted to a subsidiary. These banking facilities had been utilised to the extent of approximately RMB44,961,000 at 31 December 2006 (2005: RMB 96,985,000).

Employment, Training and Development

As at 31 December 2006, the Group had a total of 500 employees. Total staff costs for the year ended 31 December 2006 were approximately RMB21,917,000, including retirement benefits cost of approximately RMB2,286,000. Remuneration packages of the Group are maintained at a competitive level to attract, retain and motivate employees and are reviewed on a periodic basis.

The Group always maintains good relation with its employees and is committed to employee training and development on a regular basis to maintain the quality of our products.

In addition, the Company has a share option scheme for the purpose of providing incentives and rewards to eligible participants. No option has been granted under the scheme since its adoption.

Financial Resources and Treasury Policies

The Group continues to adhere to prudent treasury policies. The gearing ratio (borrowings divided by shareholders' funds) as of 31 December 2006 was approximately 141.9% (2005: 198.6%). The total bank borrowings of the Group amounted to approximately RMB374,603,000 (2005: RMB427,511,000), mainly denominated in USD, HK\$, RMB and NT\$ with floating interest rates. The Group's short term loans from banks accounted for approximately 37.9% of the total assets (2005: 43.4%).

The current ratio (current assets divided by current liabilities) as of 31 December 2006 was approximately 1.32 (2005: 1.21). The Group continued to insure against receivables in order to lower the risks of credit sales and to ensure that funds would be recovered on a timely basis, hence fulfilling the requirements for debt repayments and working capital commitments.

Prospects

There was no material acquisition and disposal of subsidiaries and associated companies by the Company for the year ended 31 December 2006. The Directors consider that there will not be any material change in the Group's financial and trading position after completion of the Disposal and the Acquisition. The Group's main business activities are still considered as manufacturing and trading of steel pipes, steel sheets and other products made of steel and its performance will remain strong as the demand of steel products in the PRC is expected to be stabilized under the macro-economic control policy by the PRC government. Rental income to be received from aircrafts will generate positive cash flow to the Group.

The Group has no current negotiations with respect to the possible acquisition, however, to sustain the development of the Group, the Directors will give full consideration to every investment opportunity or resource realignment which is beneficial to the Group with an aim to generate greater return from investments.

Among the Group's various investments, the Company is considered to have extensive experiences from the board members and the management to bring in other businesses.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors jointly and severally accept responsibility for the accuracy of the information contained in this circular in relation to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies of the Listing Rules were as follows:

(I) *Taiwan Mayer*

Name of Director	Number of ordinary shares in Taiwan Mayer				Total	Approximate % of shareholding
	Personal	Family	Corporate	Other		
Lo Haw	188,442	1,015	10,801,958	–	10,991,415	6.77%
Chang Dar-terng	–	25,014	2,852,300	–	2,877,314	1.77%
Chiang Jen-chin	1,003	–	–	–	1,003	0.00%

(II) *Guangzhou Mayer*

Name of Director	Number of ordinary shares in Guangzhou Mayer				Total	Approximate % of shareholding
	Personal	Family	Corporate	Other		
Lo Haw	–	–	12,800,000	–	12,800,000	6.40%

Save as disclosed above and so far as the Company is aware, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) for which (a) notification shall be given to the Company or the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which the Directors and chief executives are supposed or deemed to be holding or owning pursuant to the provisions of the SFO); or (b) registration shall be made in the register in accordance with Section 352 of the SFO; or (c) notification shall be made to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules.

- (b) As at the Latest Practicable Date, so far as are known to the Directors, interests or short positions held by any individual or company, other than the Directors or chief executive of the Company, for which disclosure shall be made to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or any beneficial interests representing 5% or more of the issued share capital of the Company directly or indirectly which were recorded in the register kept by the Company under section 336 of the SFO, were as follows:

Name	Capacity and Nature of interest	Number of shares	Approximate percentage of Company's issued share capital
Taiwan Mayer (<i>Note 1</i>)	Corporate	300,000,000	62.5%
Mayer Corporation Development International Limited ("BVI Mayer")	Corporate	300,000,000	62.5%
Mr. Cheng Wen-ching (<i>Note 2</i>)	Personal	40,000,000	8.33%
Mr Cheng Ya-chung (<i>Note 3</i>)	Personal	24,000,000	5.00%
Brocheng International Limited (<i>Note 4</i>)	Corporate	20,000,000	4.17%

Note 1: BVI Mayer is a wholly-owned subsidiary of Taiwan Mayer. Taiwan Mayer is deemed to be interested in the 300,000,000 shares held by BVI Mayer under the SFO.

Note 2: Mr. Cheng Wen-ching personally holds 20,000,000 shares and indirectly holds 20,000,000 shares through Brocheng International Limited which is an investment holding company owned by his families. He is deemed to be interested in the shares held by Brocheng International Limited under Part XV of the SFO.

Note 3: Mr. Cheng Ya-chung personally holds 4,000,000 shares and indirectly holds 20,000,000 shares through Brocheng International Limited which is an investment holding company owned by him and his families. He is deemed to be interested in the shares held by Brocheng International Limited under Part XV of the SFO.

Note 4: Brocheng International Limited is wholly owned by Mr Cheng Wen-ching, Cheng Ya-chung and his families which held 20,000,000 shares. Mr Cheng Ya-chung and Mr Cheng Wen-ching are deemed to be interested in the shares held by Brocheng International Limited under Part XV of the SFO.

Saved as disclosed above, as far as the Directors are aware, as at the Latest Practicable Date, there was no other person who was required under the provisions of Divisions 2 and 3 of Part XV of the SFO to make disclosure to the Company for any interests or short positions in shares, relevant shares and debentures, or who owns any beneficial interests representing 5% or more of any class of shares or warrants or attached with a right to vote at any of the Shareholders' general meeting.

- (c) As at the Latest Practicable Date, so far as are known to the Directors, there was no other person who is directly or indirectly, interested in 10% or more of the equity interest carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of 1 year respectively and shall continue thereafter from year to year until terminated by either party with three month's notice in writing served on the other side. Under the service agreements, Mr. Lo Haw and Dr. Lin Meng-chang is entitled to an annual fee of HK\$350,000 and HK\$432,000 respectively and each of the other four executive Directors is entitled to an annual fee of HK\$180,000.

Each of the non-executive Directors is appointed for an initial term of 1 year commencing from their respective dates of appointment and shall continue thereafter from year to year until terminated by either party with three month's notice in writing served on the other side. Each of the non-executive Directors is entitled to an annual fee of HK\$100,000. Each of the executive and non-executive Directors is entitled to a discretionary bonus as determined by the Board provided that the total amount of bonuses payable to all the executive and non-executive Directors for such year shall not exceed 5% of the audited consolidated profit after taxation and minority interests but before extraordinary items of the Group (if any) for the relevant year.

Each of the independent non-executive Directors is appointed for an initial term of 1 year commencing from their respective dates of appointment and shall continue thereafter from year to year until terminated by either party with three month's notice in writing served on the other side. The aggregate annual fees payable to the independent non-executive Directors is HK\$288,000 per year.

Save as set out above, as at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no other litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

5. CONSENT OF EXPERT

Wallbank Brothers is a licensed corporation under the SFO to perform types 1,4 and 6 of the regulated activities (as defined under the SFO). It does not hold any shares in any member company of the Group nor does it has any right to subscribe for or to nominate any other person to subscribe for the securities of any member company of the Group (regardless of whether it is exercisable from a legal point of view.)

Wallbank Brothers has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which they are respectively included.

6. MATERIAL CONTRACTS

Save as disclosed below, none of the members of the Group has entered into any contracts, not being contracts entered into in the ordinary course of business, which are or may be material within the two years immediately preceding the Latest Practicable Date.

- (a) the Share Disposal Agreement;
- (b) the Aircraft Sale Agreement;
- (c) the Aircraft Lease Agreement;
- (d) the Lease Assignment Agreement; and
- (e) the Raw Material Purchase Agreement.

7. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006, the date to which the latest published audited financial statements of the Group were made up.

8. MISCELLANEOUS

- (a) Mr. Lui Cho Tak is the company secretary of the Company. He is a practicing solicitor in Hong Kong, England and Wales and a partner of a law firm in Hong Kong. Lui graduated and received from the University of Glamorgan a Bachelor Degree in Laws in 1990 and graduated and received from the University of Hong Kong a Postgraduate Certificate in Laws in 1991 and a Master Degree in Laws in 1994.

Mr. Chan Lai Yin, Tommy is the qualified accountant and financial controller of the Group and a member of the senior management of the Company. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of American Institute of Certified Public Accountants. Mr. Chan has over 12 years of experience in the audit and accounting field. Prior to joining the Company, he held the posts of financial controller and company secretary of a listed company in Hong Kong.

- (b) The registered office of the Company is situated at P.O. Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies and its principal office in Hong Kong is situated at 501, 5/F, Aon China Building, 29 Queen's Road Central, Hong Kong. The address of the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) None of the Directors or their respective associates have personal interests in companies engaged in businesses, which compete or may compete with the Group.
- (d) So far as the Company is aware, none of the Directors or Wallbanck Brothers had any interests, directly or indirectly, in any assets acquired or sold by or leased to or proposed to be acquired or sold by or leased to any member of the Group since 31 December 2006, being the date to which the latest published audited accounts of the Company were made up.
- (e) There is no contract or arrangement subsisting as at the date of this circular in which a Director is materially interested and which is significant in relation to the business of the Group.
- (f) Pursuant to Article 76 of the Company, a resolution put to vote at a general meeting of the Company shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
 - (i) the Chairman; or
 - (ii) at least five Shareholders present in person or by proxy for the time being entitled to vote at the meeting, or
 - (iii) any Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
 - (iv) a Shareholder or Shareholders present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.
- (g) The English text of this circular prevails over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Room 501, 5th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong during normal business hours up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 17 of this circular;
- (c) the service contracts and the material contracts referred to in paragraphs 3 and 6 in this appendix respectively;
- (d) the letter from Wallbanck Brothers, the text of which is set out on pages 18 to 33 of this circular;
- (e) the written consent from Wallbanck Brothers referred to in paragraph 5 in this appendix;
and
- (f) the published audited consolidated accounts of the Group for each of the two financial years ended 31 December 2005 and 31 December 2006.

NOTICE OF EGM



美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1116)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Mayer Holdings Limited (the “Company”) will be held on Thursday, 31 May 2007 at 12:00 noon at Room 501, 5th Floor, Aon China Building, 29 Queen’s Road Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

“THAT:

1. the share disposal agreement dated 13 April 2007 (the “Share Disposal Agreement”) entered into between Sunbeam Group Limited (“Sunbeam”) and Mayer Steel Pipe Corporation (“Taiwan Mayer”) pursuant to which Sunbeam agreed to sell and Taiwan Mayer agreed to purchase 11,960,000 shares of Fullchamp Technologies Co., Ltd (富成金屬科技股份有限公司), a copy of which has been produced to this meeting marked “A” and signed by the chairman of the meeting for the purpose of identification, the transactions contemplated under the Share Disposal Agreement and the implementation thereof be and are hereby approved, confirmed and ratified; and that any one director of the Company be and is hereby authorized to do all such acts and things on behalf of the Company as they may consider necessary or expedient in his absolute discretion to implement the Share Disposal Agreement;
2. the aircraft sale agreement dated 13 April 2007 (the “Aircraft Sale Agreement”) entered into between ROC Advance Limited and Sino Regal Assets Limited in respect of the purchase of the aircrafts, a copy of which has been produced to this meeting marked “B” and signed by the chairman of the meeting for the purpose of identification, the transactions contemplated under the Aircraft Sale Agreement and the implementation thereof be and are hereby approved, confirmed and ratified; and that any one director of the Company be and is hereby authorized to do all such acts and things on behalf of the Company as they may consider necessary or expedient in his absolute discretion to implement the Aircraft Sale Agreement;

* *For identification purpose only*

NOTICE OF EGM

3. (a) the raw material purchase agreement dated 13 April 2007 (the “Raw Material Purchase Agreement”) entered into between Guangzhou Mayer Corp. Limited (“Guangzhou Mayer”) and Taiwan Mayer pursuant to which Guangzhou Mayer agreed to purchase and Taiwan Mayer agreed to sell raw materials for the period commencing from 1 April 2007 to 31 March 2010, a copy of which has been produced to this meeting marked “C” and signed by the chairman of the meeting for the purpose of identification, the transactions contemplated under the Raw Material Purchase Agreement and the implementation thereof be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps in relation to the transactions contemplated under the Raw Material Purchase Agreement for each of the three years ending 31 March 2008, 2009 and 2010 as set out in the circular of the Company dated 7 May 2007 be and are hereby approved, confirmed and ratified; and
- (c) any one director of the Company be and is hereby authorized to do all such acts and things on behalf of the Company as they may consider necessary or expedient in his absolute discretion to implement the Raw Material Purchase Agreement or any matters contemplated thereunder.”

By order of the Board

Lai Yueh-hsing

Chairman

Hong Kong, 7 May 2007

Principal place of business in Hong Kong:

501, 5/F, Aon China Building

29 Queen’s Road Central

Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, in the event of a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be completed and returned in accordance with the instructions printed thereon.
3. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.
4. The resolutions will be voted by way of poll.
5. As at the date thereof, the executive directors of the Company are Mr. Lai Yueh-hsing, Mr. Lo Haw, Mr. Cheng Dar-terng, Mr. Chiang Jen-chin, Dr. Lin Meng-chang and Mr. Lu Wen-yi; the non-executive directors of the Company are Mr. Hsiao Ming-Chih and Mr. Huang Chun-fa; and the independent non-executive directors of the Company are Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu respectively.