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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 and the accompanying form of proxy 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  
CAPITAL INJECTION INTO A JOINT VENTURE COMPANY**

**Financial Adviser to the Company**



**SUN HUNG KAI FINANCIAL**  
**Sun Hung Kai International Limited**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**Nuada Limited**

*Corporate Finance Advisory*

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A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in connection with the Capital Injection is set out on page 15 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the Capital Injection is set out on pages 16 to 23 of this circular.

A notice convening the EGM to be held at 22/F., W Square, 314-324 Hennessy Road, Wan Chai, Hong Kong on Thursday, 31 March 2011 at 2:30 p.m. is set out on pages 31 to 32 of this circular.

A proxy form for use in the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same at the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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## DEFINITIONS

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

“Acquisition”	the acquisition of 100% equity interest in Yield Rise by the Company from Make Success Limited pursuant to the terms of the S&P Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capital Increase Agreement”	the capital increase agreement dated 28 January 2011 entered into between the Company and Taiwan Mayer
“Capital Injection”	the proposed contribution to the registered share capital of the JV Company of US\$48,000,000 (equivalent to approximately HK\$372,480,000) by the Company and Taiwan Mayer on a non pro-rata basis of which US\$19,000,000 (equivalent to approximately HK\$147,440,000) will be contributed by the Company and Taiwan Mayer will contribute US\$29,000,000 (equivalent to approximately HK\$225,040,000) pursuant to the terms of the Capital Increase Agreement
“Company”	Mayer Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving the Capital Increase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Messrs. Lin Sheng-bin, Huang Jui-hsiang, Alvin Chiu and Peter V.T. Nguyen has been established for the purpose of advising and giving recommendation to the Independent Shareholders, among other things, the Capital Injection

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## DEFINITIONS

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“Independent Financial Adviser”	Nuada Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) of the regulated activity under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Capital Increase Agreement and the transactions contemplated thereof
“Independent Shareholders”	Shareholders other than Taiwan Mayer and its associates
“Independent Third Party”	a party and its ultimate beneficial owner(s) who are third parties independent of and not connected with the Company or any of its connected persons
“JV Agreement”	the joint venture agreement dated 15 September 2010 entered into by the Company and Taiwan Mayer in relation to the formation of the JV Company
“JV Announcement”	the announcement of the Company dated 15 September 2010 in respect of the formation of the JV Company pursuant to the Joint Venture Agreement
“JV Company”	Glory World Development Limited, a company established in the British Virgin Islands with limited liability and is owned as to 50% by the Company and 50% by Taiwan Mayer for the purpose of carrying out trading of nonferrous metals and other minerals resource worldwide as at the Latest Practicable Date
“JV Formation”	the formation of the JV Company between the Company and Taiwan Mayer pursuant to the JV Agreement of which the Company had contributed US\$999,999 (equivalent to approximately HK\$7,760,000) as capital investment to the JV Company, details of which are set out in the JV announcement
“JV Group”	JV Company and its subsidiaries, namely Eternal Galaxy Limited (“Eternal”), Sinowise Development Limited (“Sinowise”) and Grace Capital Group Limited (“Grace Capital”)
“Latest Practicable Date”	15 March 2011, being the latest practicable date for ascertaining certain information referred to this circular prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“PRC”	the People’s Republic of China which for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholders’ Loans Announcements”	the announcements of the Company dated 3 November 2010 and 23 November 2010 in respect of the provision of the Shareholder’s Loans by the Company to the JV Company in an aggregate amount of US\$11,000,000 (equivalent to approximately HK\$85,360,000)
“Shareholder(s)’ Loans”	each of the Company and Taiwan Mayer had entered into shareholder’s loans agreements with the JV Company for the provision of an aggregate amount of shareholder’s loans of US\$11,000,000 (equivalent to approximately HK\$85,360,000) on 13 September 2010 and 23 November 2010
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“S&P Agreement”	the sale and purchase agreement dated 8 November 2010 entered into between the Company and Make Success Limited in relation to the Acquisition
“Taiwan Mayer”	Mayer Steel Pipe Corporation (美亞鋼管廠股份有限公司), an ultimate beneficial substantial Shareholder and a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange Corporation
“Yield Rise”	Yield Rise Limited, the subject pursuant to the terms of the S&P Agreement
“Yield Rise Group”	Yield Rise, Best Wonder Holdings Limited (a company owned as to 87.5% by Yield Rise and as to 12.5% by Best Found International Limited), Good Wishes Investment Limited and Dan Tien Port Development Joint Venture Company Limited (a company owned as to 80% by Good Wishes Investment Limited and as to 20% by Puyen Hai Quang Ninh One – Member Company Limited)

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan
“RMB”	renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	Per cent.

*For the purpose of this circular, all amounts denominated in US\$ and RMB have been translated (for information only) into HK\$ using the exchange rates of US\$1.00:HK\$7.76 and RMB1:HK\$1.18. Such translation shall not be construed as a representation that amounts of US\$ and RMB were or may have been converted.*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Hsiao Ming-chih  
Mr. Lai Yueh-hsing  
Mr. Chiang Jen-chin  
Mr. Lu Wen-yi  
Mr. Cheng Koon Cheung

*Registered Office:*

P.O.Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands  
British West Indies

*Non-executive Director:*

Mr. Chan Kin Sang  
Mr. Chen Guoxiang  
Mr. Li Deqiang

*Principal Office in Hong Kong:*

22nd Floor, W Square  
314-324 Hennessy Road  
Wan Chai  
Hong Kong

*Independent non-executive Directors:*

Mr. Lin Sheng-bin  
Mr. Huang Jui-hsiang  
Mr. Alvin Chiu  
Mr. Peter V.T. Nguyen

16 March 2011

*To the Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
CAPITAL INJECTION INTO A JOINT VENTURE COMPANY**

**INTRODUCTION**

References are made to the JV Announcement and the Shareholders' Loans Announcements involving the formation of the JV Company between the Company and Taiwan Mayer, and the provision of financial assistance to the JV Company in the form of the Shareholders' Loans in an aggregate amount of US\$11,000,000 (equivalent to approximately HK\$85,360,000) by the Company.

As stated in the JV Announcement, prior to the entering into of the JV Agreement, the JV Company was a wholly-owned subsidiary of the Company. The entering into of the JV Agreement constituted a deemed disposal pursuant to Rule 14.29 of the Listing Rules and a connected transaction pursuant to Chapter 14A of the Listing Rules, as after completion of the JV Agreement, the JV Company was owned as to 50% by the Company and 50% by Taiwan Mayer, and ceased to be a subsidiary of the Company

\* For identification purposes only

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## LETTER FROM THE BOARD

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and was to be accounted for using the equity accounting method. As referred to the Shareholders' Loans Announcements, on 16 September 2010 and 23 November 2010, the Company and Taiwan Mayer each provided shareholders' loans in an aggregate amount of US\$11,000,000 (equivalent to approximately HK\$85,360,000) to the JV Company which are in proportion to their respective equity interests in the JV Company of 50% each.

After trading hours on 28 January 2011, the Company entered into the Capital Increase Agreement with Taiwan Mayer pursuant to which the (i) registered capital of the JV Company will be increased by US\$48,000,000 (equivalent to approximately HK\$372,480,000) from US\$2,000,000 (equivalent to approximately HK\$15,520,000) to US\$50,000,000 (equivalent to approximately HK\$388,000,000); and (ii) the Company agreed to further contribute on a non pro-rata basis US\$19,000,000 (equivalent to approximately HK\$147,440,000) by cash which includes capitalisation of shareholder's loans of US\$11,000,000 (equivalent to approximately HK\$85,360,000) while Taiwan Mayer agreed to further contribute on a non pro-rata basis of US\$29,000,000 (equivalent to approximately HK\$225,040,000) by cash which includes capitalisation of shareholder's loan of US\$11,000,000 (equivalent to approximately HK\$85,360,000). Upon completion of the Capital Injection, the Company's equity interest in the JV Company will be decreased from 50% to 40% and the remaining 60% will be owned by Taiwan Mayer.

The purpose of this circular is to provide you with, among other things, (i) further details of the Capital Increase Agreement and the Capital Injection; (ii) the recommendation from the Independent Board Committee in relation to the Capital Injection; (iii) the letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Capital Injection; (iv) the notice of the EGM; and (v) other disclosure requirements under the Listing Rules.

### **CAPITAL INCREASE AGREEMENT**

**Date:**

28 January 2011 (after trading hours)

**Parties:**

- (1) Company
- (2) Taiwan Mayer

**Subject matter:**

As at the Latest Practicable Date, the JV Company has total amount of registered capital of US\$2,000,000 (equivalent to approximately HK\$15,520,000) which has been fully paid up. Pursuant to the Capital Increase Agreement, the total registered capital of the JV Company will be increased by US\$48,000,000 (equivalent to approximately HK\$372,480,000) from US\$2,000,000 (equivalent to approximately HK\$15,520,000) to US\$50,000,000 (equivalent to approximately HK\$388,000,000).



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## LETTER FROM THE BOARD

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### Consideration:

The Capital Injection is on a non pro-rata basis. The consideration has been arrived at after arm's length negotiations between the Company and Taiwan Mayer with reference to the expected future fund requirements of the JV Company. The amount of the Capital Injection will be contributed in the following manner:

Joint venture party	Total capital prior to completion of the Capital Injection		Form of contribution	Amount of contribution	Total capital after completion of the Capital Injection	
	US\$	%			US\$	US\$
Company			Cash	8,000,000		
			Capitalisation of the Shareholder's Loans	11,000,000		
			<b>Sub-total</b>	<b>19,000,000</b>		
	1,000,000	50			20,000,000	40
Taiwan Mayer			Cash	18,000,000		
			Capitalisation of the Shareholder's Loans	11,000,000		
			<b>Sub-total</b>	<b>29,000,000</b>		
	1,000,000	50			30,000,000	60
Total	<u>2,000,000</u>	<u>100</u>			<u>50,000,000</u>	<u>100</u>

After the Capital Injection, the Company's equity interests in the JV Company will decrease from 50% to 40% and continue to be accounted for using the equity accounting method.

Prior to each capital increase contribution, the Company and Taiwan Mayer are required to obtain approvals from the respective board meetings in relation to determination of the amount and timing of the capital injection.

In the event any party to the Capital Increase Agreement cannot fulfil its proportionate capital injection commitment, the failing party(ies) shall promptly notify all the shareholders of the JV Company. In addition, in the event any party to the Capital Increase Agreement fails to fulfil its obligations or both parties to the Capital Increase Agreement have not obtained prior approvals from their respective general

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## LETTER FROM THE BOARD

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meetings as stipulated in the Capital Increase Agreement, both parties to the Capital Increase Agreement agree that an Independent Third Party shall be invited to inject capital into the JV Company and the party which fails its obligations under the Capital Increase Agreement shall not be subject to any retroactive liability for damages.

The consideration for the Capital Injection shall be settled in cash by each of the parties to the Capital Increase Agreement within two years after execution of the Capital Increase Agreement, i.e. on or before 31 December 2012. The contribution to the registered capital of the JV Company to be made by the Company shall be satisfied by the internal resources of the Group.

### **Conditions:**

The Capital Increase Agreement is conditional upon the Company obtaining the Shareholders' approval at the EGM by way of poll of the relevant resolution pursuant to the Listing Rules.

### **Rights and obligations:**

After the effective date of the Capital Increase Agreement, the rights and obligations of the shareholders of the JV Company shall be in accordance to their proportionate capital injection commitment. Save for the amendments made to the proportion of the capital injection commitment, and the rights and obligations of the shareholders of the JV Company, all other terms and conditions of the JV Agreement shall remain unchanged and continue in full force and effect.

### **INFORMATION ON THE JV COMPANY**

The JV Company is established in the British Virgin Islands with limited liability on 18 January 2007 and is currently owned as to 50% by the Company and 50% by Taiwan Mayer. The JV Group is principally engaged in the storage, sourcing, distribution and trading of non-ferrous metals and other minerals commodity worldwide.

The JV Company has commenced operation since September 2010. The JV Company is an investment holding company and currently has three subsidiaries, namely Elternal, Sinowise and Grace Capital. Elternal is principally engaged in trading of iron while Sinowise is principally engaged in trading of coal. Grace Capital is currently dormant. The JV Company is currently conducting its trading business via Elternal and Sinowise and has already entered into various exclusive supply agreements and has been actively trading of such iron and coal commodities.

By entering into various exclusive supply agreements with its strategic partners located in Malaysia, Vietnam and Indonesia, the JV Group will be able to secure stable supply of the commodity in terms of quantity and quality and at the same time, given the steady supply, the JV Group will also secure potential buyers in the PRC. The shipping terms of the trade is "C&F" being "Cost and Freight", meaning the JV Group is to arrange its own shipment and make the delivery of the goods to the port in the PRC.

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## LETTER FROM THE BOARD

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At the early establishment stage of the JV Company, until a few safe trial orders, utilizing of banking facilities was not an option (i.e. issue of letter of credits to suppliers). However, given such markets are cash-oriented, in order to be competitive, a substantial amount of initial capital is required to start up the trading pattern. The set up of the JV Group is to be intermediates or traders and not mine owners. Accordingly, the business plan of the JV Group is trading of non-ferrous metals and other mineral resources to earn a decent commission or enjoy profit margin.

The JV Group is managed by a trading team located in Hong Kong who in turn will report to the board of directors of the JV Company. The JV Group has well experienced staff in the trading business of iron and coal. Notwithstanding the JV Group has well experienced staff, the JV Group also seeks consultancy services from experts who are also experienced in the trading business related to iron and coal.

The JV Group is governed by the JV Agreement and any change to the JV Agreement will require consent from the parties to the JV Agreement. The board of the JV Company will oversee the operation of the JV Company. The operation of the JV will be based in Hong Kong which is the regional office of the JV Group. Apart from the regional office in Hong Kong, the JV Group also has other operating offices in areas such as Vietnam, Indonesia and Malaysia. The trading team of the JV Group will monitor the risk of commodity price fluctuation, shipping index and customers' risk closely and will report to the directors on a weekly basis.

The following table summarises the capital injection and proposed capital injection of the JV Company since its establishment:

<b>Date</b>	<b>Event</b>	<b>Amount of capital</b>	<b>Intended use of capital</b>	<b>Actual use of capital</b>
18 January 2007	Establishment of the JV Company	US\$1	Set up the JV Company	All capital had been used as intended
15 September 2010	Formation of the JV Company	US\$1,999,999	Investment in subsidiaries	All capital had been used as working capital for Elternal and Sinowise
28 January 2011	Capital Injection	US\$48,000,000	Working capital for Elternal and Sinowise	Intend to apply as working capital for Elternal and Sinowise

Save and except for the Capital Injection, currently, the Directors do not foresee any future funding needs of the JV Company.

As referred to the Company's announcements dated 15 October 2010 and 12 November 2010, the Company entered into the S&P Agreement in relation to the Acquisition at the consideration of HK\$620 million. As at the Latest Practicable Date, the Company had paid a sum of HK\$72.25 million as part of the refundable deposit to Make Success Limited. According to the S&P Agreement, the refundable deposit was in the amount not exceeding HK\$100 million payable before completion of the Acquisition. As such, in accordance with the terms of the S&P Agreement, the Company will be required to pay a balance of not exceeding HK\$27.75 million to Make Success Limited before completion of the Acquisition.

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## LETTER FROM THE BOARD

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Taking into consideration that (i) the Company has yet to pay a sum of not exceeding HK\$27.75 million in cash pursuant to the terms of the S&P Agreement; (ii) it is the intention of the Company to retain some financial resources for working capital and possible acquisitions and investments in the future; (iii) the JV Company will continue to be accounted for using the equity accounting method, i.e. profits or loss base on capital contribution; and (iv) the board composition of the JV Company remains unchanged as detailed below, the Directors consider it is in the interests of the Company and the Shareholders as a whole to contribute capital of US\$19,000,000 (equivalent to approximately HK\$147,440,000) to the JV Company on a non pro-rata basis.

Set out below is a summary of the unaudited consolidated financial information of the JV Company for the two years ended 31 December 2010 and 2009:

	<b>For the year ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	9,881	–
Net profit	77	–
	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Cash	206	26
Accounts receivable	2,149	–
Deposit and prepayment	23,385	–
<b>Total assets</b>	<b>25,740</b>	<b>26</b>
Accounts payable	154	–
Other payable	209	–
Shareholders' Loans	22,000	–
Short term bank loans	1,300	–
<b>Total liabilities</b>	<b>23,663</b>	<b>–</b>
<b>Net assets</b>	<b>2,077</b>	<b>26</b>

As illustrated in the above table, the JV Group recorded net profit of approximately US\$77,000 (equivalent to approximately HK\$598,000) for the year ended 31 December 2010. The major assets of the JV Group comprised deposit and prepayment as at 31 December 2010, and the major liabilities of the JV Group were mainly the Shareholders' Loans as at 31 December 2010.

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## LETTER FROM THE BOARD

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### BOARD COMPOSITION OF THE JV COMPANY

As at the Latest Practicable Date, the board of directors of the JV Company comprised two directors. There will be no change to the composition of the board of directors of the JV Company upon completion of the Capital Injection. Upon completion of the Capital Injection, the Company and Taiwan Mayer shall each continue to have the right to nominate one director to the board of the JV Company.

### INFORMATION ON TAIWAN MAYER

Taiwan Mayer, the ultimate beneficial substantial Shareholder, through its wholly-owned subsidiary, Mayer Corporation Development, holds 200,000,000 Shares representing approximately 28.94% of the issued share capital of the Company as at the Latest Practicable Date.

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

### REASONS FOR THE CAPITAL INJECTION

The Group is principally engaged in manufacturing and trading of steel pipes, steel sheets and other products made of steel and leasing of aircrafts.

With the increase demand for non-ferrous metals and other minerals commodity worldwide as there has been imbalance of demand and supply and a prolonged rise of commodity prices in, particularly, the emerging markets such as China and India as a result of their flourishing development, the Capital Injection is favourable to the improvement of the financial position of the JV Company and to the sustained development of the JV Company. The disadvantages of the Capital Injection would be the profits generated in the future will be 40% instead of 50%. Although upon completion of the Capital Injection, the Company's equity interests in the JV Company will decrease from 50% to 40%, the Board considers that the Capital Injection will provide additional funding for the JV Company to further develop into non-ferrous metals and mineral resources and that the Capital Injection presents a valuable investment opportunity to the Group. Accordingly, the Board believes that such opportunity will further enhance the Shareholders' return.

Having considered the aforesaid reasons, the Directors (excluding the independent non-executive Directors whose views are expressed in the section under "Letter from the Independent Board Committee") consider that the terms of the Capital Increase Agreement are fair and reasonable and on normal commercial terms, and the entering into of the Capital Increase Agreement is in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECT OF THE CAPITAL INJECTION

Upon completion of the Capital Injection, the Company's equity interests in the JV Company will decrease from 50% to 40% and continue to be accounted for using the equity accounting method.

Based on the existing financial information available to the Company, the Directors estimated the expected loss to be recorded in the Group's consolidated financial statements arising from the Capital

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## LETTER FROM THE BOARD

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Injection is approximately US\$38,670 (equivalent to approximately HK\$300,000), being the difference between the change in net asset value of the JV Company attributable to the Company (before and after the Capital Injection), and the total cost of investment in the JV Company and also taking into account the estimated expenses to be incurred (including but not limited to the relevant legal and professional fees). The expected loss was principally attributed to the estimated expenses to be incurred.

Upon Completion of the Capital Injection, it is expected that the earnings of the Group will be decreased by HK\$300,000. It is expected upon Completion of the Capital Injection that the total assets of the Group will be decreased by approximately HK\$1,224,800 and the total liabilities of the Group will be decreased by approximately HK\$924,800.

### FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As announced by the Company on 19 May 2010, the Company, through its wholly-owned subsidiary, disposed of its land situated at Land No. 14, Kuang Fu Sec., Hsinchu City, Taiwan and the Company's building erected thereon.

As announced by the Company on 18 August 2010, the Company, through its wholly-owned subsidiary, disposed the entire equity interest in Mei Kong Shih Ye Limited (美控實業股份有限公司), a company incorporated in Taiwan with limited liability and was principally engaged in investment holding and property investment.

As announced by the Company on 15 September 2010, the JV Company has been established for the purpose of carrying out trading of non-ferrous metals and other minerals resource worldwide. In addition, as announced by the Company on 12 November 2010, the Company entered into the S&P Agreement in relation to the Acquisition. The Yield Rise Group is principally engaged in the development of property, port and relevant logistic business in Vietnam. Save and except for having obtained a Vietnam legal opinion in such form and substance to its satisfaction from a qualified Vietnam legal adviser by the Company, no other conditions precedent to the completion of the S&P Agreement regarding the Acquisition had been fulfilled as at the Latest Practicable Date. Upon completion of the Acquisition, the Group will maintain its existing businesses as mentioned above and will be further engaged in the port development and logistic businesses, in particular for mineral resources. The Directors consider that the prospects of the import and export business in Vietnam is promising. In addition, the projects relating to Dan Tien Port (located in Mong Cai Town, Quang Ninh Province, Vietnam and is subject to further development and construction) and the property interest located at Hai Xuan Commune, Mong Cai Town, Quang Ninh Province, Vietnam (subject to further development and construction) are key plans authorized by the Vietnam government in the development of Mong Cai, which is likely to have a positive impact on the import and export industry in the Vietnam and possibly on the Group. Details of the Acquisition are set out in the announcement of the Company dated 12 November 2010.

In respect of the possible acquisition of the exploitation concessions in Argentina as announced by the Company on 8 December 2009, the Company has further announced on 31 December 2010 that the possible acquisition has lapsed. Accordingly, the Company is released from its rights and obligations under the agreement as announced on 8 December 2009.

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## LETTER FROM THE BOARD

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The Directors are confident that the existing business relating to the manufacturing and trading of steel in the PRC will remain strong in demand and the leasing of aircrafts will have stable rental returns, despite that the current economy is overshadowed by the uncertain global financial market. It is the intention of the Group to diversify its business and to seek new investment opportunities in stakes in potential growth and balanced return, thereby enhancing the Group's overall competitiveness and improving its business and financial performance.

### IMPLICATIONS OF THE LISTING RULES

As the Capital Injection when aggregated with the JV Formation exceeds 25% but less than 100% of the applicable percentage ratios under Rule 14.07 of the Listing Rules, the Capital Increase constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

Taiwan Mayer is the ultimate beneficial substantial Shareholder, through its wholly-owned subsidiary, Mayer Corporation Development Limited, holds 200,000,000 Shares representing approximately 28.94% of the issued share capital of the Company as at the Latest Practicable Date, thus, Taiwan Mayer is regarded as a connected person of the Company under the Listing Rules. Given the applicable percentage ratios (other than the profits ratio) are more than 25% and the consideration is more than HK\$10 million, the Capital Injection also constitutes a non-exempt connected transaction for the Company under Rule 14A.16(5) and is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the EGM by way of poll pursuant to Chapter 14A of the Listing Rules. In view of the interests of Taiwan Mayer in the Capital Increase Agreement, Taiwan Mayer and its associates will be required to abstain from voting at the resolution in relation to the Capital Increase Agreement and the transactions contemplated thereunder at the EGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save and except to the foregoing, no other Shareholder or Director has a material interest in the Capital Increase Agreement, as such, no other Shareholder or Director will be required to abstain from voting on the relevant resolution at the EGM to approve the Capital Increase.

### EGM

The EGM will be convened for the purpose of, among other things, approving the Capital Increase Agreement and the transactions contemplated thereunder. A notice convening the EGM to be held at 22/F, W Square, 314-324 Hennessy Road, Wanchai, Hong Kong on Thursday, 31 March 2011 at 2:30 p.m. is set out on pages 31 to 32 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, 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 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM must be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules after the EGM.

### RECOMMENDATION

The Independent Board Committee of the Company comprising Messrs. Lin Sheng-bin, Huang Jui-hsiang, Alvin Chiu and Peter V.T. Nguyen, being all independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and the reasonableness of the terms of the Capital Increase Agreement and the Capital Injection and as to how to vote at the EGM. Nuada Limited has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard. The letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser are set out on page 15 and pages 16 to 23 of this circular respectively. You are advised to read the letters carefully before making your voting decisions.

The Directors (excluding all independent non-executive Directors whose views are expressed in the section under “Letter from the Independent Board Committee”) consider that the terms of the Capital Increase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders and the Group as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Capital Increase Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Mayer Holdings Limited**  
**Hsiao Ming-chih**  
*Chairman*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.*



**美亞控股有限公司\***  
**MAYER HOLDINGS LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1116)**

16 March 2011

*To the Independent Shareholders*

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO CAPITAL INJECTION INTO A JOINT VENTURE COMPANY**

We refer to the circular from the Company to the Shareholders dated 16 March 2011 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee and to advise the Independent Shareholders on, the fairness and reasonableness of the terms of the Capital Increase Agreement and the Capital Injection. Nuada Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 14 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice in respect of the Capital Increase Agreement and the transaction contemplated thereunder set out on pages 16 to 23 of the Circular.

Having taken into account the advice of the Independent Financial Adviser, we consider the terms of the Capital Increase Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Capital Increase Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of the  
**Independent Board Committee**

**Mr. Lin Sheng-bin**

**Mr. Huang Jui-hsiang**

**Mr. Alvin Chiu**

**Mr. Peter V.T. Nguyen**

\* For identification purposes only

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Nuada Limited**

*Corporate Finance Advisory*

17th Floor, BLINK, 111 Bonham Strand  
Sheung Wan, Hong Kong  
香港上環文咸東街111號 BLINK 17字樓

16 March 2011

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

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO CAPITAL INJECTION INTO A JOINT VENTURE COMPANY**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Capital Increase Agreement, details of which are set out in the section headed “Letter from the Board” (the “Letter”) in the Company’s circular dated 16 March 2011 (the “Circular”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

The Board announced on 28 January 2011 that after trading hours on 28 January 2011, the Company and Taiwan Mayer entered into the Capital Increase Agreement pursuant to which (i) the registered capital of the JV Company will be increased from US\$2,000,000 (equivalent to approximately HK\$15,520,000) to US\$50,000,000 (equivalent to approximately HK\$388,000,000); and (ii) the Company will further contribute US\$19,000,000 (equivalent to approximately HK\$147,440,000) by cash which includes capitalisation of the Shareholder’s Loans of US\$11,000,000 (equivalent to approximately HK\$85,360,000) and Taiwan Mayer will further contribute US\$29,000,000 (equivalent to approximately HK\$225,040,000) by cash which includes capitalisation of the Shareholder’s Loans of US\$11,000,000 (equivalent to approximately HK\$85,360,000) on a non pro-rata basis. As a result, the Company’s equity interest in the JV Company will be decreased from 50% to 40% while Taiwan Mayer’s equity interest in the JV Company will be increased from 50% to 60% upon completion of the Capital Injection.

As the Capital Injection when aggregated with the JV Formation exceeds 25% but less than 100% of the applicable percentage ratios under Rule 14.07 of the Listing Rules, the Capital Injection constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Moreover, since Taiwan Mayer is the ultimate beneficial controlling Shareholder which holds 200,000,000 Shares, representing approximately 28.94% of the issued share capital of the Company, through its wholly-owned subsidiary, Mayer Corporation Development Limited, as at the Latest Practicable Date, Taiwan Mayer is regarded as a connected person of the Company under the Listing Rules. Given the applicable percentage ratios (other than the profits ratio) are more than 25% and the consideration is more than HK\$10 million, the Capital Injection also constitutes a non-exempt connected transaction for the Company under Rule 14A.16(5) and is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the EGM by way of poll pursuant to Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In view of the interests of Taiwan Mayer in the Capital Increase Agreement, Taiwan Mayer and its associates will be required to abstain from voting at the resolution in relation to the Capital Increase Agreement and the transactions contemplated thereunder at the EGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save and except to the foregoing, no other Shareholder or Director has a material interest in the Capital Increase Agreement, as such, no other Shareholder or Director will be required to abstain from voting on the relevant resolution at the EGM to approve the Capital Increase Agreement.

The Independent Board Committee which comprises Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang, Mr. Alvin Chiu and Mr. Peter V.T. Nguyen, all being the independent non-executive Directors, has been established to (i) advise the Independent Shareholders as to whether the terms of the Capital Increase Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) advise the Independent Shareholders on how to vote in respect of the Capital Increase Agreement at the EGM.

Our role as the independent financial adviser is to (i) give our independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Capital Increase Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) advise the Independent Shareholders on how to vote at the EGM in relation to the Capital Increase Agreement.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the information, opinion and representations contained or referred to in the Circular and the information, opinion and representations provided to us by the management of the Company and the Directors. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the management of the Company and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so as at the date of the EGM.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations contained in the Circular, or the reasonableness of the opinions expressed by the management of the Company and the Directors provided to us. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the 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 the Circular misleading. Furthermore, we relied on the Company that it has provided us with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such information and opinions but have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the terms of the Capital Increase Agreement, we have considered the following principal factors and reasons.

#### 1. Background information of the Group

The Group is principally engaged in manufacturing and trading of steel pipes, steel sheets and other products made of steel and leasing of aircrafts.

The table below summarised the financial results of the Group for the two years ended 31 December 2008 and 31 December 2009 as extracted from the annual report of the Company for the year ended 31 December 2009 (the “Annual Report”).

	For the year ended 31 December	
	2008	2009
	(audited)	(audited)
	RMB'000	RMB'000
Revenue	667,193	435,585
Profit (loss) for the year	10,548	1,271
attributable to:		
Owners of the Company	7,222	(510)
Minority interest	3,326	1,781
Earnings (loss) per share – basic	RMB 1.25 cents	RMB (0.09) cents

As shown in the above table, the revenue decreased by approximately 34.71% in 2009 to approximately RMB 435.6 million. The profit for the year ended 31 December 2009 decreased by approximately 87.95% to approximately RMB 1.3 million.

The Group had an earnings per share of approximately RMB1.25 cents for the year ended 31 December 2008, but a loss per share of approximately RMB 0.09 cents for the year ended 31 December 2009.

According to the Company’s interim report for the six months ended 30 June 2010 (the “Interim Report”), the audited net current assets as at 31 December 2009 was approximately RMB 135.7 million and the unaudited net current assets as at 30 June 2010 was approximately RMB 147.9 million. The audited cash and cash equivalents as at 31 December 2009 was approximately RMB 98.7 million and the unaudited cash and cash equivalents as at 30 June 2010 was approximately RMB 133.4 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The main demand creators for Steel Industry are automobile industry, construction industry, infrastructure industry, etc. According to the Annual Report, the average selling price of the Group's steel products during 2009 decreased by approximately 26% compared with that of 2008 because of the economic slowdown in 2009. The decrease in market demand and overall prices of steel products has been dropped in the first half of 2009, causing extreme difficulties to the steel business segment. According to the Interim Report, the overcapacity problem in the steel industry in the PRC causes the excess supply of steel to exist continuously. Therefore, even though the demand for steel has increased because of the economic recovery, there is still imbalance between demand for and supply of steel and increase the operating pressure of the steel business segment.

The Group is determined to capitalise the opportunities arising from the growth of the economies of Taiwan, PRC and other countries and continue to seek new investment opportunities and therefore enhance its potential growth and future returns.

### 2. Background information of the JV Company

As announced by the Company on 15 September 2010, the JV Company has been established by the Company and Taiwan Mayer for the purpose of carrying out trading of non-ferrous metals and other minerals resources worldwide. The JV Company is established in the British Virgin Islands with limited liability on 18 January 2007 and it is currently owned as to 50% by the Company and 50% by Taiwan Mayer respectively. The JV Group is principally engaged in the storage, sourcing, distribution and trading of non-ferrous metals and other minerals commodity worldwide.

The JV Company has commenced operation since September 2010. The JV Company is an investment holding company and currently has three subsidiaries, namely Elternal, Sinowise and Grace Capital. Elternal is principally engaged in trading of iron while Sinowise is principally engaged in trading of coal. Grace Capital is currently dormant.

Set out below is the summary of the unaudited consolidated financial information of the JV Company for the two years ended 31 December 2009 and 31 December 2010:

	<b>For the year ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
Revenue	US\$9,881,000	–
Net profit	US\$(77,000)	–
	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
Total assets	US\$25,740,000	US\$26,000
Net assets	US\$2,077,000	US\$26,000

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We notice that the net profit of the JV Group is relatively small when compared with its revenue in 2010. However, since the JV Company commenced operation since September 2010, there is only a three-month record which is too short to reflect the future profitability of the JV Group's business. Moreover, as advised by the Directors, the initial start up cost involved in the JV Group is the main reason for the low profit margin in the year ended 31 December 2010. Therefore, although the net profit margin for 2010 was low, after taking into consideration of the future market conditions and the demands for the goods traded by the JV Group, which are elaborated in the section "Benefits to the Group" below, we consider that the Capital Injection is in the interests of the Company and the Independent Shareholders as a whole.

### **3. Benefits to the Group**

The JV Group is principally engaged in the storage, sourcing, distribution and trading of non-ferrous metals and other minerals commodity worldwide.

As advised by the Directors, recently, the JV Group is mainly engaged in the businesses related to trading of iron and coal in PRC and it is continuously seeking other profitable investment opportunities such as trading of molybdenum, nickel and other metals. We have also discussed with the management of the Company about the daily operation of the JV Group. The JV Group will search for potential suppliers first. If there are potential buyers, the JV Group will enter into contracts with both the suppliers and the buyers and acts as a middleman. The JV Group will pay the suppliers and sell the goods to the buyers. As the JV Group has to spend resources on (i) matching buyers and sellers; (ii) preparing contracts and determining the terms; (iii) providing delivery services and bearing the related expenses; and (iv) settling the payment to the sellers before delivery, there will be a difference between the buying price and the selling price in order to cover the costs of providing such value added services by the JV Group.

Since (i) the JV Group only buys the goods from suppliers after confirming the existence of the buyers; and (ii) while signing the contracts, the JV Group will receive a bill issued by a bank which the buyer promises to pay for the goods, therefore the risk of accumulating inventories and the credit risk associated with the JV Group are minimised. A relatively large amount of fund is needed for the development of the JV Group, which is mainly engaged in the trading business, as fund has to be paid to the suppliers to settle the purchase prior to the receiving of funds from the buyers during the trading.

Pursuant to the articles published on (i) Bloomberg on 14 December 2010; (ii) NPR on 14 January 2011; and (iii) Hellenic Shipping News Worldwide on 20 January 2011, with an increasing demand for coal in China, and decrease in supply of coal in Australia caused by flood, the international coal price is expected to keep on rising. Moreover, according to the data provided by Steelonthenet, the coal price and iron price kept increasing from 2009 to 2010.

The data published by Global InfoMine also shows the prices of molybdenum and nickel kept increasing in the past two years respectively. The ability of molybdenum to withstand extreme temperatures without significantly expanding or softening causes wide range of applications of molybdenum including the manufacture of aircraft parts, electrical contacts, industrial motors and filaments. Nickel is used in many industrial and consumer products, including stainless steel, magnets, coinage and rechargeable batteries. By considering the fast growing China economy and the Twelfth Five-year Plan, demand for metals in PRC is expected to keep increasing in these years because of significant

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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amount of infrastructure projects including investments in railway, and increase in use of machines in different industries. Infrastructure projects and demand for industrial machines will probably drive the demand for molybdenum, nickel and other metals.

The JV Group, which acts as a middleman to match the suppliers and buyers, will probably benefit from the strong demands for coal, iron, molybdenum, nickel and other metals, therefore the future prospect of the JV Group's trading business of these goods is expected to be positive. As advised by the Directors, since there is an increasing demand for non-ferrous metals and other minerals commodity worldwide as there has been imbalance of demand and supply and a prolonged rise of commodity prices in, particularly, the emerging markets such as China and India as a result of their flourishing developing, further capital is needed to further enhance the development of the JV Group and hence to help the JV Group to grasp the investment opportunities.

Since manufacturing and trading of steel pipes, steel sheets and other products made of steel are the main business of the Group while the JV Company and its subsidiaries are principally engaged in the storage, sourcing, distribution and trading of non-ferrous metals and other minerals commodity worldwide, further development of the JV Group into the non-ferrous metals and mineral resources sectors can probably help the Group to expand its business. The Capital Injection can provide mutual benefits for both the Company and the JV Group and therefore can further enhance the return to the Shareholders in the future.

The JV Group is managed by a trading team located in Hong Kong who in turn will report to the board of directors of the JV Company. The JV Group has well experienced staff in the trading business of iron and coal. As advised by the Directors, although the business of the JV Group is new to the Group, the Group has sought consultancy services from experts who are also experienced in the trading business related to iron and coal. These experts have solid knowledge in the aforesaid markets including the demand and price of the goods, therefore they give advices to both the Company and the JV Group such as finding buyers and sellers and determining the trading terms. If the JV Group expands its business to non-ferrous metal field in the future, the Group will also get consultation from experts with relevant experience.

By considering (i) the future prospect of the JV Group's business is expected to be positive; (ii) the Group has consulted experienced experts in the relevant fields; and (iii) funds are needed for the trading business, although a significant amount of fund will be invested to a new business, we concur with the Directors' view that the Capital Injection is in the interest of the Company and the Independent Shareholders as a whole.

#### **4. Terms of the Capital Increase Agreement**

The Capital Injection is on a non pro-rata basis. The consideration of the Capital Injection has been arrived at after arm's length negotiations between the Company and Taiwan Mayer with reference to the expected future fund requirements of the JV Company and the existing financial resources of the Company.

The registered capital of the JV Company will be increased from US\$2,000,000 (equivalent to approximately HK\$15,520,000) to US\$50,000,000 (equivalent to approximately HK\$388,000,000).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company will further contribute US\$19,000,000 (equivalent to approximately HK\$147,440,000) by cash which includes capitalisation of the Shareholder's Loans of US\$11,000,000 (equivalent to approximately HK\$85,360,000) and Taiwan Mayer will further contribute US\$29,000,000 (equivalent to approximately HK\$225,040,000) by cash which includes capitalisation of the Shareholder's Loans of US\$11,000,000 (equivalent to approximately HK\$85,360,000) on a non pro-rata basis. As a result, the Company's equity interest in the JV Company will be decreased from 50% to 40% while Taiwan Mayer's equity interest in the JV Company will be increased from 50% to 60% upon completion of the Capital Injection.

### *Capital Injection on a non pro-rata basis*

Pursuant to the Company's announcement dated 12 November 2010, on 8 November 2010, the Company entered into an acquisition agreement with Make Success Limited and conditionally agreed to acquire 100% equity interest in Yield Rise Limited at an aggregate consideration of HK\$620 million. Dan Tien Port Development Joint Venture Company Limited, which is a member of the target group, has two proposed business plans related to property, port and relevant logistic business in Vietnam, namely, the Dan Tien Port Project and the Phoenix Trade and Tourism Urban Area Project.

As advised by the Directors, since (i) a consideration has to be paid for the aforesaid acquisition of Yield Rise Limited; and (ii) the Company intends to retain some financial resources for working capital and possible acquisitions or investments in the future, the Company considers it is optimal to contribute US\$19,000,000 (equivalent to approximately HK\$147,440,000) by cash which includes capitalisation of the Shareholder's Loans of US\$11,000,000 (equivalent to approximately HK\$85,360,000) to the JV Company on a non pro-rata basis after considering the cost and benefit of the Capital Injection. Upon completion of the Capital Injection, the Company's equity interest in the JV Company will be decreased from 50% to 40%.

As advised by the Directors, upon completion of the Capital Injection, the composition of the board of directors of the JV Company will remain unchanged and the Company shall continue to have the right to nominate one director while Taiwan Mayer shall have the right to nominate one director to the board of directors of the JV Company.

### *Capitalisation of the Shareholder's Loans*

According to the Company's announcement dated 23 November 2010, the Shareholder's Loans of carry interest rate of 1.5% per annum and will be repayable by the JV Company to the Company and Taiwan Mayer within one year, i.e. 22 November 2011. Therefore, no interest and repayment of principal will be collected by the Company because of the capitalization of the Shareholder's Loans of US\$11,000,000 (equivalent to approximately HK\$85,360,000).

By considering (i) the existing financial resources of the Company; and (ii) the capitalization of the Shareholder's Loans will provided an investment opportunity for the Company and hence enhance the return to Shareholders in the future years as mentioned above, we consider the terms of the Capital Increase Agreement are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. Possible financial effects to the Company

The Company will further contribute US\$19,000,000 (equivalent to approximately HK\$147,440,000) by cash which includes capitalisation of the Shareholder's Loans of US\$11,000,000 (equivalent to approximately HK\$85,360,000).

Upon completion of the Capital Injection, the Company's equity interest in the JV Company will be decreased from 50% to 40% while Taiwan Mayer's equity interest in the JV Company will be increased from 50% to 60%.

Based on the existing financial information available to the Company, the Directors estimated the expected loss to be recorded in the Group's consolidated financial statements arising from the Capital Injection is approximately US\$38,670 (equivalent to approximately HK\$300,000), being the difference between the change in net asset value of the JV Company attributable to the Company (before and after the Capital Injection), and the total cost of investment in the JV Company and also taking into account the estimated expenses to be incurred (including but not limited to the relevant legal and professional fees).

By considering the expected benefits from the Capital Injection mentioned above, although there will be an expected loss to be recorded in the Group's consolidated financial statements arising from the Capital Injection, we still consider the Capital Injection is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

### RECOMMENDATION

Taking into account the factors and reasons as mentioned above, which include (i) background information of the Group; (ii) background information of JV Company; (iii) benefits to the Group; (iv) terms of the Capital Increase Agreement; and (v) possible financial effects to the Company, the Capital Injection is on normal commercial terms, in the ordinary and usual course of business, in the interests of the Company and the Shareholders as a whole, and the terms of the Capital Increase Agreement are fair and reasonable so far as the Independent Shareholders are concerned. We would advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolution to approve the Capital Increase Agreement at the EGM.

Yours faithfully,  
For and on behalf of  
**Nuada Limited**  
**Kevin Chan**  
*Director*

**STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 January 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group (including the Yield Rise Group) had the following borrowings:

- (i) short term unsecured bank loan of RMB66,186,000 (equivalent to approximately HK\$78,099,000);
- (ii) short term secured bank loan of RMB46,242,000 (equivalent to approximately HK\$54,566,000) which were secured by corporate guarantee;
- (iii) short term loan provided by ultimate shareholder of RMB10,504,000 (equivalent to approximately HK\$12,395,000).

At the close of business on 31 January 2011, the banking facilities of the Group (including the Yield Rise Group) were supported by charges over pledged bank deposits of the Group (including the Yield Rise Group) with book value of RMB3,964,000 (equivalent to approximately HK\$4,678,000) and corporate guarantees executed by certain entities in the Group.

At the close of business on 31 January 2011, the Group (including the Yield Rise Group) had given corporate guarantees in certain banks to secure banking facilities of approximately RMB42,939,000 (equivalent to approximately HK\$50,668,000) granted to the subsidiary. RMB33,030,000 (equivalent to approximately HK\$38,975,000) of these banking facilities were utilised.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 January 2011, the Group (including the Yield Rise Group) did not have any outstanding indebtedness, any loan capital issued and outstanding or agreed to be issued, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, material guarantees or material contingent liabilities. As at the close of business on 31 January 2011, the Group (including the Yield Rise Group) did not have any debt securities issued and outstanding, and authorized or otherwise created but unissued, and term loans. The Directors are not aware of any material adverse changes in the Group's (including the Yield Rise Group) indebtedness position and contingent liabilities since 31 January 2011.

**WORKING CAPITAL SUFFICIENCY**

The Directors are of the opinion that, after taking into account the financial resources and banking facilities available to the Group, the Capital Injection and the Acquisition, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

**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 2009, the date to which the latest audited consolidated financial statements of the Group were made up.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company 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 (including interests and short positions which they are taken or deemed or have taken under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

#### *Taiwan Mayer*

Name of Director	Number of ordinary shares in Taiwan Mayer					Total	Approximate % of shareholding
	Personal	Family	Corporate	Other			
Mr. Chiang Jen-chin	7,261	-	-	-	7,261	0.00%	

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company (i) had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO); and (ii) held any directorship in the Company or 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 (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

**(b) Substantial shareholders' and other persons' interests and short positions in the Shares and underlying Shares**

As at the Latest Practicable Date, so far as are known to the Directors and chief executives of the Company, the following persons (other than the Directors or chief executives of the Company), had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (together with any option in respect of such capital) carrying rights to vote in all circumstances at general meetings of any member of the Group, were as follows:

Name of substantial shareholder	Capacity	Nature of interest	Number of shares	Approximate % of the Company's issued share capital
Taiwan Mayer ( <i>Note 1</i> )	Interest of controlled corporation	Corporate	200,000,000	28.94%
Mayer Corporation Development International Limited ( <i>Note 1</i> )	Beneficial owner	Beneficial	200,000,000	28.94%
Mr. Liu Qing ( <i>Note 2</i> )	Interest of controlled corporation	Corporate	115,200,000	16.67%
Valley Park Global Corporation ( <i>Note 2</i> )	Beneficial owner	Beneficial	115,200,000	16.67%
Mr. Lee Kwok Leung ( <i>Note 3</i> )	Interest of controlled corporation	Corporate	69,332,000	10.03%
Capital Wealth Finance Company Limited ( <i>Note 3</i> )	Beneficial owner	Beneficial	41,620,000	6.02%

*Notes:*

1. Mayer Corporation Development Limited is a wholly-owned subsidiary of Taiwan Mayer. Taiwan Mayer is deemed to be interested in the 200,000,000 Shares held by Mayer Corporation Development Limited under the SFO.
2. Valley Park Global Corporation is wholly owned by Mr. Liu Qiong. Mr. Liu is deemed to be interested in the 115,200,000 Shares held by Valley Park Global Corporation.
3. Capital Wealth Finance Company Limited is wholly owned by Mr. Lee Kwok Leung. Mr. Lee is deemed to be interested in the 41,620,000 Shares held by Capital Wealth Finance Company Limited.

Save as disclosed above, as far as the Directors and chief executives of the Company are aware, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executives of the Company), who had an interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (together with any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any member of the Group.

**3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group other than contracts expiring or determinable by the Company or the relevant member of the Group within one year without payment of compensations (other than statutory compensations).

**4. DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which have been, since 31 December 2009 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired (including Yield Rise) or disposed of by or leased to any member of the Group.

**5. DIRECTORS' INTERESTS IN CONTRACTS**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and the Yield Rise Group subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group and the Yield Rise Group.

**6. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interest in any business which competes or likely to compete, either directly or indirectly, with the business of the Group.

## 7. LITIGATION

As at the Latest Practicable Date, no member of the Group and the Yield Rise 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 and the Yield Rise Group.

## 8. EXPERT AND CONSENT

- (a) The following is the qualification of the expert who has given opinion, letter or advice which is contained or referred to in this circular:

Name	Qualification
Nuada Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, Nuada Limited did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, Nuada Limited did not have any direct or indirect interest in any assets which have been since 31 December 2009 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired including Yield Rise or disposed of by or leased to any member of the Group.
- (d) Nuada Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter or references to its name in the form and context in which they are included.

## 9. MATERIAL CONTRACTS

Save as disclosed below, none of the members of the Group and the Yield Rise 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 date of this circular:

- (a) the agreement dated 26 November 2009 entered into among the Company, Mr. Hector Daniel Lalin, Mr. Nereo Nestor Martin and Maxipetrol-Petroleros de Occidente S.A. in relation to the acquisition of the entire issued share capital of Maxipetrol HK, a company incorporated in the British Virgin Islands, at a consideration of HK\$1,264,000,000;
- (b) the agreement dated 21 January 2010 entered into between Guangzhou Mayer Corporation Limited, a non-wholly owned subsidiary of the Company, as vendor and Taiwan Mayer, the ultimate controlling Shareholder, as purchaser in respect of the disposal of 50% issued share capital of Vietnam Mayer Company Limited (an indirect non wholly-owned subsidiary of the Company) (“Vietnam Mayer”), at a total consideration of US\$2,100,000;

- (c) the agreement dated 12 May 2010 entered in between Mei Kong Shih Ye Limited, a wholly-owned subsidiary of the Company, as vendor and China Life Insurance Co., Ltd., an independent third party of the Company, as purchaser in respect of the disposal of Property and the land situated at Land No. 14, Kuang Fu Sec., Hsinchu City, Taiwan, of which the Property is erected, at a total consideration of NT\$1,230,000,000;
- (d) the sale and purchase agreement dated 13 August 2010 entered into between Sunbeam Group Limited (新光集團有限公司), a wholly-owned subsidiary of the Company, as vendor and Taiwan Mayer, as purchaser, in respect of the disposal of Mei Kong Shih Ye Limited (美控實業股份有限公司), then wholly-owned subsidiary of the Company, at a total consideration of NT\$260,473,851;
- (e) the JV Agreement;
- (f) the capital increase agreement dated 5 November 2010 entered into between Guangzhou Mayer Corporation Limited (a non wholly-owned subsidiary of the Company), Taiwan Mayer and Winner Industrial Corporation (a substantial shareholder of Vietnam Mayer) in respect of the increase of the charter capital of Vietnam Mayer of US\$2,700,000 (equivalent to approximately HK\$20,952,000);
- (g) the loan agreement dated 13 September 2010 entered into between the Company and the JV Company pursuant to which the Company agreed to provide a loan of US\$6,000,000 (equivalent to approximately HK\$46,560,000) to the JV Company at an interest rate of 1.5% per annum with repayment date of 14 September 2011;
- (h) the loan agreement dated 13 September 2010 entered into between the Company and the JV Company pursuant to which the Company agreed to provide a loan of US\$3,000,000 (equivalent to approximately HK\$23,280,000) to the JV Company at an interest rate of 1.5% per annum with repayment date of 4 October 2011;
- (i) the S&P Agreement;
- (j) the loan agreement dated 23 November 2010 entered into between the Company and the JV Company pursuant to which the Company agreed to provide a loan of US\$2,000,000 (equivalent to approximately HK\$15,520,000) to the JV Company at an interest rate of 1.5% per annum with repayment date of 22 November 2011; and
- (k) the Capital Increase Agreement.

**10. MISCELLANEOUS**

- (a) Mr. Chan Lai Yin, Tommy, a qualified accountant, is the company secretary 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 17 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 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands, British West Indies and its principal office in Hong Kong is situated at 22/F., W Square, 314-324 Hennessy Road, Wanchai, Hong Kong. The address of the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, is at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The English text of this circular prevails over Chinese Text.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of the Company at 22/F., W Square, 314-324 Hennessy Road, Wanchai, Hong Kong during normal business hours on any business day for a period of 14 days commencing from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the service contracts and the material contracts referred to under the paragraphs headed "Service Contracts" and "Material Contracts" in this appendix respectively;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 15 in this circular;
- (d) the letter from Nuada Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 23 in this circular;
- (e) the written consent as referred to in the paragraphs headed "Expert and Consent" in this appendix;
- (f) the published audited consolidated accounts of the Group for each of the two financial years ended 31 December 2008 and 31 December 2009; and
- (g) a copy of this circular.



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## NOTICE OF EGM

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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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Mayer Holdings Limited (the “Company”) will be held at 22/F., W Square, 314-324 Hennessy Road, Wanchai, Hong Kong, on Thursday, 31 March 2011 at 2:30 p.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution (unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 16 March 2011 (the “Circular”)) as ordinary resolution of the Company:

### ORDINARY RESOLUTION

**“THAT:**

- (a) the Capital Increase Agreement (a copy of which has been produced to the meeting and marked “A”, and initialed by the chairman of the meeting for the purpose of identification) and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified, and
- (b) any one director of the Company be and is hereby authorized for and on behalf of the Company to do all such acts and things, to sign, execute and deliver all such other documents, deeds, instruments and agreements and to take such steps as he may consider necessary, desirable or expedient to give effect to or in connection with the Capital Increase Agreement or any of the transactions contemplated under the Capital Increase Agreement and all other matters incidental thereto.”

For and on behalf of the Board  
**Mayer Holdings Limited**  
**Hsiao Ming-chih**  
*Chairman*

Hong Kong, 16 March 2011

*Registered office:*  
P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands  
British West Indies

*Head office and principal place of  
business in Hong Kong*  
22nd Floor, W Square  
314-324 Hennessy Road  
Wanchai  
Hong Kong

\* For identification purposes only

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## NOTICE OF EGM

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*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 (or any adjournment thereof) should he so wishes and in such event, the form of proxy shall be deemed to have been revoked.
4. The resolution will be voted by way of poll.
5. As at the date thereof, the executive Directors are Messrs. Hsiao Ming-chih, Lai Yueh-hsing, Chiang Jen-chin, Lu Wen-yi and Cheng Koon Cheung; the non-executive Directors are Messrs. Chan Kin Sang, Chen Guoxiang and Li Deqiang; and the independent non-executive Directors are Messrs. Lin Sheng-bin, Huang Jui-hsiang, Alvin Chiu and Peter V.T. Nguyen.