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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)

**PROPOSED CONNECTED AND DISCLOSEABLE TRANSACTION
GRANTING OF GUARANTEE IN RESPECT OF LOAN FACILITIES
FROM A BANK TO AN ASSOCIATE OF A CONNECTED PERSON**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders of Mayer Holdings Limited**



South China Capital Limited

A letter from the board of directors of Mayer Holdings Limited is set out on pages 4 to 10 of this circular. A letter from the Independent Board Committee of Mayer Holdings Limited is set out on page 11 of this circular. A letter from South China Capital Limited containing its advice to the independent board committee and the Independent Shareholders of Mayer Holdings Limited is set out on pages 12 to 22 of this circular.

A notice convening the EGM of Mayer Holdings Limited to be held at Room 501, 5th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong on Friday, 29 April 2005 at 4:30 p.m. is set out on page 29 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:

“associate”	as defined under the Listing Rules
“Board”	the board of Directors
“Borrower”	Shanghai Fervent Alloy Wheel Manufacturing Co., Ltd. (上海金合利鋁輪轂製造有限公司), a 60% owned subsidiary of Taiwan Mayer
“Company”	Mayer Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 9 October 2003, the shares of which are listed on the Stock Exchange
“connected persons”	as defined under the Listing Rules
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve, amongst other things, the Guarantee or any adjournment thereof
“Group”	the Company and its subsidiaries
“Guangzhou Mayer”	Guangzhou Mayer Corp., Ltd. (廣州美亞金屬製品有限公司), a joint stock limited liability company established under the laws of the PRC and a subsidiary of the Company
“Guarantee”	the corporate guarantee in respect of the Loan Facilities to be provided by Guangzhou Mayer to the Lender guaranteeing the performance by the Borrower of its obligations under the Loan Agreement(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	comprising Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu, independent non-executive Directors of the Company

DEFINITIONS

“Independent Shareholders”	Shareholders (other than Taiwan Mayer and its associates which will abstain from voting) who are not required to abstain from voting with regards to the ordinary resolution in connection with the Guarantee to be proposed at the EGM
“Latest Practicable Date”	4 March 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lender”	Bank of Shanghai (上海銀行), a bank established under the laws of the PRC which intends to provide the Loan Facilities to the Borrower
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan(s)”	the loan(s) which may be drawn by the Borrower under the Loan Facilities
“Loan Agreement(s)”	the loan agreement(s) to be entered into between the Lender and the Borrower in respect of the Loan(s)
“Loan Facilities”	revolving banking facilities up to a maximum amount of RMB60 million (HK\$56.60 million) (final amount of not more than RMB60 million to be determined by the Lender) to be granted by the Lender to the Borrower in April or May 2005
“Macau”	the Macau Special Administrative Region of the PRC
“Market Capitalisation”	the market capitalisation of the Company of approximately HK\$232 million based on the average closing price of HK\$0.58 per Share for the five business days including and up to 14 February, 2005
“PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), as amended from time to time

DEFINITIONS

“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“South China Capital”	South China Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, a deemed licensed corporation to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan Mayer”	Mayer Steel Pipe Corporation, the ultimate controlling shareholder of the Company, a company incorporated in Taiwan, the shares of which are listed on the Taiwan Stock Exchange Corporation

The exchange rate used for reference purpose in this announcement is HK\$1 to RMB1.06.

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. Shen Heng-chiang
Mr. Wu Kuo-lung
Mr. Cheng Dar-terng
Mr. Chiang Jen-chin

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

9 March 2005

To the Shareholders

Dear Sir or Madam,

PROPOSED CONNECTED AND DISCLOSEABLE TRANSACTION GRANTING OF GUARANTEE IN RESPECT OF LOAN FACILITIES FROM A BANK TO AN ASSOCIATE OF A CONNECTED PERSON

INTRODUCTION

The Board of the Company announced on 16 February 2005 that the Borrower proposed to obtain the Loan Facilities from the Lender and Guangzhou Mayer shall provide the Lender with the Guarantee.

The Borrower is a 60% owned subsidiary of Taiwan Mayer. As Taiwan Mayer is a substantial shareholder of the Company, the Borrower is an associate of a connected person of the Company. Accordingly, the granting of the Guarantee constitutes a connected transaction of the Company. In addition, the granting of the Guarantee also constitutes a discloseable transaction of the Company.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information regarding the Loan Facilities and the Guarantee, the recommendation of the Independent Board Committee and the opinion of South China Capital in relation to the granting of the Guarantee and to give you notice of EGM whereat the approval of the Independent Shareholders for the Guarantee will be sought.

THE PROPOSED LOAN FACILITIES

- Borrower** : Shanghai Fervent Alloy Wheel Manufacturing Co., Ltd. (上海金合利鋁輪轂製造有限公司), a 60% owned subsidiary of Taiwan Mayer. For the relationship between the Company and the Borrower, please refer to the shareholding structure of the Borrower as shown in the section headed “Shareholding Structure of the Borrower” below
- Lender** : Bank of Shanghai (上海銀行), a bank established under the laws of the PRC
- Loan Facilities** : revolving banking facilities up to a maximum amount of RMB60 million (HK\$56.60 million) (final amount of not more than RMB60 million to be determined by the Lender) for not more than 24 months commencing from the date of execution of the Guarantee to be granted by the Lender to the Borrower in April or May 2005 pursuant to which respective Loan(s) will be drawn by the Borrower and relevant Loan Agreement(s) will be entered into between the Lender and the Borrower setting out the amount and maturity of and the interest rates applicable to the Loan(s), and a guarantee, i.e. the Guarantee, will also be executed by Guangzhou Mayer upon the grant of the Loan Facilities
- Maturity of Loan** : as agreed between the Lender and the Borrower for each Loan to be drawn under the Loan Facilities
- Purpose** : to re-finance the existing bank term loans provided by the Lender to the Borrower used as working capital of the Borrower (which are not secured by any guarantees, warranties or indemnities provided by the Group)
- Securities** : the Guarantee

LETTER FROM THE BOARD

- Interest : subject to the interest rates applicable to the Loan as to be agreed between the Lender and the Borrower on normal commercial terms after arm's length negotiation between the Borrower and the Lender upon each drawing of the Loan
- Guarantee : a guarantee to be provided by Guangzhou Mayer which will incorporate repayment guarantee on all indebtedness under the Loan(s)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Lender and its ultimate beneficial controlling owners are third parties independent of the Company, Taiwan Mayer, and the other connected persons of the Company.

THE GUARANTEE

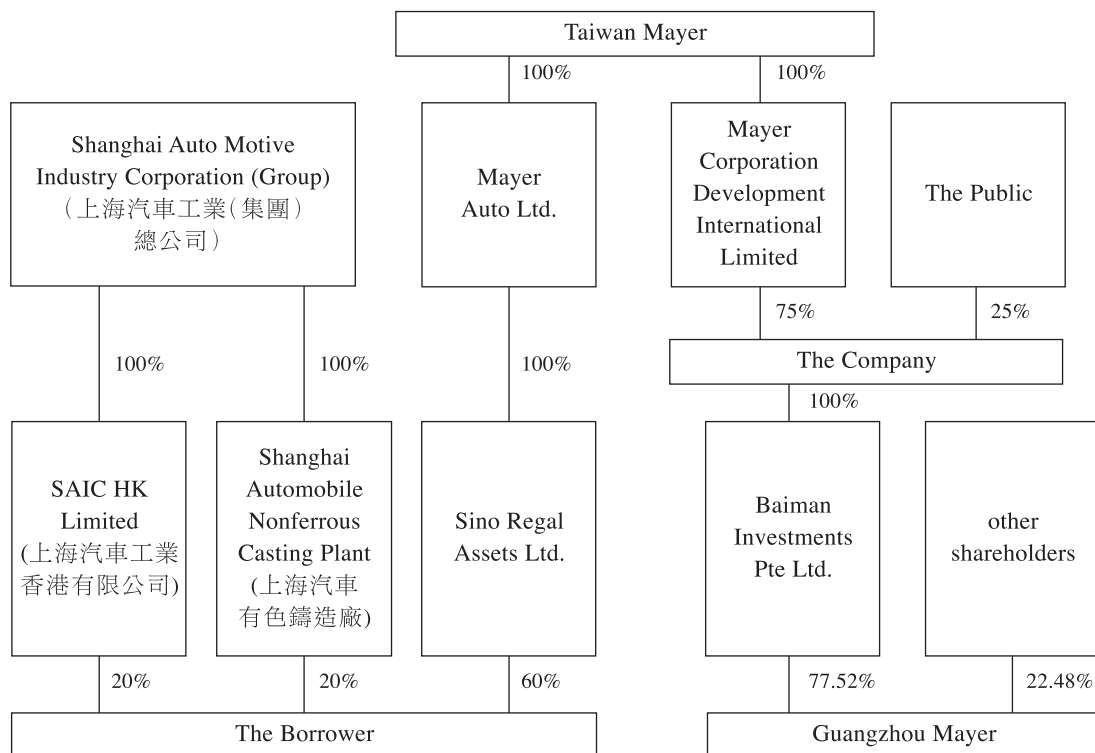
Guangzhou Mayer shall provide the Lender with a guarantee to secure the obligations of the Borrower in respect of the Loans to be drawn by the Borrower under the Loan Facilities for not more than 24 months commencing from the date of execution of the Guarantee, which shall include repayment guarantee on all indebtedness under the Loan Agreements. The Guarantee is expected to be executed in April or May 2005 and would take effect until the expiration of two years from the repayment date of the Loan(s). The maximum exposure of Guangzhou Mayer will be the principal, the interests accrued, fees or otherwise which are, or may become payable under the Loan Agreements as to be agreed between the Lender and the Borrower.

Guangzhou Mayer will receive a back-to-back guarantee from Taiwan Mayer in respect of the granting of the Guarantee, pursuant to which in the event that the Guarantee is enforced by the Lender as a result of the default of the Borrower under the Loan Agreements, Guangzhou Mayer shall have the right to be fully indemnified by Taiwan Mayer. The Borrower will also pay an annual guarantee fee in cash amounting to 0.75% of the total amount of the Loan Facilities to be granted by the Lender which is payable after every six months to Guangzhou Mayer as agreed between the Borrower and Guangzhou Mayer. The amount of the annual guarantee fee was determined after arm's length negotiation between the Borrower and Guangzhou Mayer which has taken account of the provision of a back-to-back guarantee from Taiwan Mayer and the opportunity of business co-operation with the Borrower.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE BORROWER

Set out below is the existing shareholding relationship between the Company and the Borrower:



REASONS FOR AND BACKGROUND OF THE GRANTING OF THE GUARANTEE

The principal activities of the Group are processing and manufacture of different kinds of steel sheets and steel pipes which are used by its customers in the manufacture 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.

The principal business of Taiwan Mayer is processing and manufacture of steel pipes mainly for the domestic market in Taiwan.

The current principal business of the Borrower is manufacture of alloy wheel and related accessories in the PRC for the domestic and overseas markets.

Prior to the solicitation of the Loan Facilities, the Borrower had entered into 5 loan agreements with the Lender for a total sum of RMB60 million (HK\$56.60 million) which is secured by a guarantee granted by a supplier of the Borrower to the Lender in consideration of the grant of guarantees by the Borrower to secure loans of a total sum of RMB71.5 million (HK\$67.45 million) from a bank in the PRC to the supplier (and its associate) of the Borrower.

LETTER FROM THE BOARD

As the repayment dates of the above loans of RMB60 million (HK\$56.60 million) to the Borrower are in April 2005 and the Borrower would not intend to grant a guarantee in favour of any other third parties in return for a grant of guarantee in its favour, it intends to obtain the Loan Facilities with the Lender which will be secured by the Guarantee.

In respect of the benefits of the Group, Guangzhou Mayer will receive an annual guarantee fee in cash amounting to 0.75% of the total amount of the Loan Facilities to be granted by the Lender which is payable after every six months as agreed between the Borrower and Guangzhou Mayer. If the total amount of the Loan Facilities to be granted by the Lender amounts to RMB60 million, the annual guarantee to be received by Guangzhou Mayer will amount to RMB450,000. The guarantee fee was arrived at after arm's length negotiations and on commercial basis. The Group has not received or paid any other guarantee fees from or to other parties and as the Directors consider that there is no established market practice as to whether the guarantee fee shall be charged by the guarantor, and as to what the basis/method of calculation should be, the Directors found no market rates for use as comparables in determining the amount of the guarantee fee to be received.

The Directors further believe that the granting of the Guarantee (which forms part of the terms agreed under the Loan Agreement) will only involve obligation of Guangzhou Mayer upon default of the Borrower. Moreover a back-to-back guarantee will also be granted by Taiwan Mayer in consideration of the grant of the Guarantee by Guangzhou Mayer. Though the Company has no concrete plan at this moment, the board of Directors is studying the feasibility of establishing business co-operation with the Borrower pursuant to which the Borrower may assist the Group to broaden its client base and introduce business opportunities to the Group. The executive Directors and the non-executive Directors consider that the terms of the Guarantee are on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned.

LISTING RULES REQUIREMENTS

The commitment of Guangzhou Mayer under the Guarantee represents approximately 24.40% of the Market Capitalisation. As a result, the grant of the Guarantee will constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules. If, on the date of the execution of the Guarantee, the commitment of Guangzhou Mayer under the Guarantee represents 25% or more of the total market capitalisation of the Company based on the average closing price per Share for the five business days immediately preceding such date and the grant of Guarantee constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, the Company will (i) issue an announcement in relation to such alteration of classification of the grant of the Guarantee under Chapter 14 of the Listing Rules and (ii) send a supplementary circular in respect of the grant of the Guarantee prepared pursuant to Rule 14.66 of the Listing Rules to the Shareholders as soon as possible. The Company will also fulfil the continuing disclosure obligation under Rule 13.20 of the Listing Rules so long as circumstances giving rise to such disclosure obligation continue to exist.

LETTER FROM THE BOARD

The Borrower is a subsidiary of Taiwan Mayer, and Taiwan Mayer is a substantial shareholder of the Company. As the commitment of Guangzhou Mayer under the Guarantee represents more than 2.5% of the total asset value of the Group as at 30 June 2004 and the Market Capitalisation, the granting of the Guarantee by the Company will constitute a connected transaction of the Company under Rules 14A.14 of the Listing Rules, which will be subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

EFFECT OF THE GRANTING OF THE GUARANTEE ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE COMPANY

As discussed, the granting of the Guarantee does not have any immediate effect on the assets and liabilities of Guangzhou Mayer and the Company. The guarantee fee up to RMB450,000 (based on the maximum total amount of RMB60 million of the Loan Facilities to be granted by the Lender) is not expected to have any significant impact on the earnings of Guangzhou Mayer.

EXTRAORDINARY GENERAL MEETING

The EGM is convened to be held on Friday, 29 April 2005 at Room 501, 5th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong at 4:30 p.m. for the purpose of considering and, if thought fit, passing the ordinary resolution to approve the Guarantee. The notice of EGM is set out on page 29 of this circular.

Taiwan Mayer, as controlling shareholder of the Borrower (being interested in 75% of the issued share capital of the Company as at the Latest Practicable Date), is interested in the Guarantee, and accordingly, it and its associates will abstain from voting to approve the Guarantee at the EGM. Pursuant to Rule 14.46 of the Listing Rules, as Taiwan Mayer is required to abstain from voting, the vote of the Independent Shareholders taken at the EGM on the resolution to approve the Guarantee must be taken on a poll.

There is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Taiwan Mayer; and (ii) no obligation or entitlement of Taiwan Mayer as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

There is also no discrepancy between the beneficial shareholding interest of Taiwan Mayer in the Company as disclosed in this circular and the numbers of Shares in respect of which it will control or will be entitled to exercise control over the voting rights at the EGM.

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

LETTER FROM THE BOARD

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 the reasons stated in the paragraph headed "**Reasons for and background of the granting of the Guarantees**" above, the executive Directors and the non-executive Directors consider that the terms of the Guarantee are on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned and recommend the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM to approve the Guarantee.

INDEPENDENT BOARD COMMITTEE

An independent board committee of the Company comprising Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu, independent non-executive Directors of the Company, has been formed for the purpose of advising the Shareholders (other than Taiwan Mayer and its associates) who are entitled to attend and vote at the EGM on the Guarantee.

INDEPENDENT FINANCIAL ADVISER

South China Capital has been appointed as the independent financial adviser to give advice to the Independent Board Committee and the Independent Shareholders in respect of the granting of the Guarantee.

GENERAL

Your attention is drawn to the letter from Independent Board Committee set out in this circular. Further, your attention is also drawn to the letter from South China Capital set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the granting of the Guarantee and the principal factors and reasons considered by South China Capital in arriving at its advice.

Your attention is also drawn to the general information set out in the Appendix to this circular.

Yours faithfully,
By Order of the Board
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)

9 March 2005

To: *The Independent Shareholders of the Company*

Dear Sir or Madam,

**PROPOSED CONNECTED AND DISCLOSEABLE TRANSACTION
GRANTING OF GUARANTEE IN RESPECT OF LOAN FACILITIES
FROM A BANK TO AN ASSOCIATE OF A CONNECTED PERSON**

We refer to the circular issued by the Company to the Shareholders dated 9 March 2005 (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 whether the terms of the Guarantee 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 10 and the letter from South China Capital as set out on pages 12 to 22 of the Circular respectively.

Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in its letter of advice, we consider that the grant of the Guarantee is not in the interest of the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote against the ordinary resolution which will be proposed at the EGM to approve the Guarantee.

Yours faithfully,
For and on behalf of

the Independent Board Committee

Lin Sheng-bin

Huang Jui-hsiang

Alvin Chiu

Independent Non-executive Directors

* For identification purpose only

LETTER FROM SOUTH CHINA CAPITAL

Set out below is the text of the letter from South China Capital containing its opinion and recommendations to the Independent Board Committee and the Independent Shareholders regarding the Guarantee, which is prepared for inclusion into this Circular.



South China Capital Limited
28th Floor, Bank of China Tower
No. 1 Garden Road Central
Hong Kong

9 March 2005

*To the Independent Board Committee and
the Independent Shareholders of*

Mayer Holdings Limited
Room 501, 5th Floor
Aon China Building
19 Queen's Road Central
Hong Kong

Dear Sir or Madam,

PROPOSED CONNECTED AND DISCLOSEABLE TRANSACTION GRANTING OF GUARANTEE IN RESPECT OF LOAN FACILITIES FROM A BANK TO AN ASSOCIATE OF A CONNECTED PERSON

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Guarantee, details of which are set out in the letter from the Board (the "Letter from the Board") in the circular (the "Circular") of the Company dated 9 March 2005 to the Shareholders, of which this letter forms part. Unless otherwise defined herein, terms used in this letter shall have the same meanings as defined in the Circular.

The Borrower, a 60% owned subsidiary of Taiwan Mayer (a substantial Shareholder), proposed to obtain the Loan Facilities from the Lender and Guangzhou Mayer, an approximately 77.52% owned subsidiary of the Company, will provide the bank with the Guarantee. Under Rule 14A.63 of the Listing Rules, the granting of the Guarantee by Guangzhou Mayer amounts to financial assistance to be given to an associate of a substantial Shareholder and hence will constitute a connected transaction of the Company. The granting of the Guarantee is subject to the approval of the Independent Shareholders by poll.

Taiwan Mayer, being the controlling Shareholder holding approximately 75% of the issued share capital of the Company, and its associates will abstain from voting with regard to the ordinary resolution in connection with the Guarantee to be proposed at the EGM.

LETTER FROM SOUTH CHINA CAPITAL

The Independent Board Committee, comprising Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu, has been formed to make a recommendation to the Independent Shareholders as regards the terms of the Guarantee. South China Capital has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion in relation to the granting of the Guarantee, we have relied on the statements, information, opinion, assessment and representations provided to us by the Company, its Directors and management. We have also assumed that all statements of belief and intention made by the Directors in the Circular were reasonably made after due enquiry. We have assumed that all information, representations and opinion made or referred to in the Circular were true at the time they were made and continued to be true at the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company and its Directors and management and have been advised by the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted any form of in-depth investigation into the business affairs, financial position or future prospects of the Company, the Group and their respective associates nor have carried out any independent verification of the information supplied.

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

In arriving at our opinions, we have taken the following principal factors and reasons into consideration:

1. Background of the Loan Facilities and Guarantee

The Group is principally engaged in processing and manufacturing of different kinds of steel sheets and steel pipes which are used by its customers in the manufacture 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.

The principal business of Taiwan Mayer is processing and manufacture of steel pipes mainly for the domestic market in Taiwan.

The current principal business of the Borrower is manufacture of alloy wheel and related accessories in the PRC for domestic and overseas markets.

LETTER FROM SOUTH CHINA CAPITAL

Prior to the solicitation of the Loan Facilities, the Borrower had entered into five loan agreements with the Lender for a total sum of RMB60 million (equivalent to approximately HK\$56.60 million) which is secured by a guarantee granted by a supplier of the Borrower to the Lender in consideration of the grant of guarantees by the Borrower to secure loans of a total sum of RMB71.5 million (equivalent to approximately HK\$67.45 million) from a bank in the PRC to the supplier (and its associate) of the Borrower. As the repayment dates of the above loans of RMB60 million (equivalent to approximately HK\$56.60 million) to the Borrower are in April 2005 respectively and the Borrower would not intend to grant a guarantee in favour of any other third parties in return for a grant of guarantee in its favour, it intends to obtain the Loan Facilities with the Lender which will be secured by the Guarantee.

Guangzhou Mayer shall provide the Lender with a guarantee to secure the obligations of the Borrower in respect of the Loans to be drawn by the Borrower under the Loan Facilities for not more than 24 months commencing from the date of execution of the Guarantee, which shall include repayment guarantee on all indebtedness under the Loan Agreements. The Guarantee is expected to be executed in April or May 2005 and would take effect until the expiration of two years from the repayment date of the Loan. The maximum exposure of Guangzhou Mayer will be the principal, the interests accrued, fees or otherwise which are, or may become payable under the Loan Agreements as to be agreed between the Lender and the Borrower.

The Borrower will pay an annual guarantee fee in cash amounting to 0.75% of the total amount of the Loan Facilities to be granted by the Lender which is payable after every six months to Guangzhou Mayer as agreed between the Borrower and Guangzhou Mayer.

Guangzhou Mayer will receive a back-to-back guarantee from Taiwan Mayer in respect of the granting of the Guarantee, pursuant to which in the event that the Guarantee is enforced by the Lender as a result of the default of the Borrower under the Loan Agreements, Guangzhou Mayer shall have the right to be fully indemnified by Taiwan Mayer.

2. Reasons for granting of the Guarantee

The followings are the reasons for the Company to grant the Guarantee:

Guarantee fee income to the Company

As stated in the Letter from the Board, the Borrower will pay an annual guarantee fee in cash amounting 0.75% of the total amount of the Loan Facilities to be granted by the Lender which is payable for every six months to Guangzhou Mayer as agreed between the Borrower and Guangzhou Mayer. If the total amount of the Loan Facilities to be granted by the Lender amounts to RMB60 million (equivalent to approximately HK\$56.60 million), the annual guarantee fee to be

LETTER FROM SOUTH CHINA CAPITAL

received by Guangzhou Mayer will be in the amount of RMB450,000 (equivalent to approximately HK\$424,500). We are advised that the amount of the guarantee fee was arrived after arm's length negotiation and the Group has no other guarantee fees paid to or received from other parties and no comparables for the Group can be found. As advised by the Directors, there is no established market practice as to whether the guarantee fee shall be charged by the guarantor, and as to what the basis/method of calculation should be.

We note from the comparable transactions as shown in Table 1 below that no guarantee fees were charged in eight out of eleven of these transactions, while annual guarantee fees ranged from 0.25% to 2% per annum of the aggregate amount of banking or loan facilities utilized and 0.5% per annum on 50% of the aggregate amount of the loan facilities were levied for the remaining transactions. The guarantee fee of 0.75% per annum on the total amount of the Loan Facilities charged by the Company is higher than that of the comparable transaction which were based on the aggregate amount of loan facilities.

We consider that it is in the interest of the Company and the Independent Shareholders as a whole to grant the Guarantee to the Borrower since the guarantee fee will bring income and positive cashflow to the Company.

Business co-operation opportunities with the Borrower

As stated in the Letter from the Board, the Company is evaluating the possibility to establishing business co-operation with the Borrower pursuant to which the Borrower may assist the Group to broaden its client base and introduce business opportunities to the Group but the Company has no concrete plan at this moment. Thus, we cannot at this stage estimate the economic benefit from the granting of the Guarantee save the annual guarantee fee in the amount of RMB450,000 (equivalent to approximately HK\$424,500) if the total amount of the Loan Facilities to be granted by the Lender is RMB60 million (equivalent to approximately HK\$56.60 million). Given that the Guarantee will pose a contingent obligation of RMB60 million (equivalent to approximately HK\$56.60 million) (plus any interest expenses and associated costs) (upon default by the Borrower of the Loan Facilities) to the Company as described in the section headed "Financial Impact on the Group" below, we consider that it is not in the interest of the Company and the Independent Shareholders to grant the Guarantee to the Borrower given the Group does not have any interest in the Borrower as at the date of this letter.

LETTER FROM SOUTH CHINA CAPITAL

3. Benefits for the Group arising from granting of the Guarantee

We have reviewed the following granting of guarantees to secure banking facilities or loans (the “Comparable Transactions”) to other parties by listed issuers on the Main Board of the Stock Exchange which are not principally engaged in provision of loans and guarantees to their customers which were announced during the past six months prior to the Latest Practicable Date. We cannot state with certainty that the list is exhaustive. Brief details of these Comparable Transactions are set out as follows:

Table 1

Name of guarantor	Date of announcement	Relationship with the borrower(s) as at the date of the respective announcement	Guarantee fee	Guarantee amount
E2-Capital (Holdings) Limited (Stock code: 378)	1 September 2004 and 21 October 2004	Independent third parties (<i>Note 1</i>)	2% p.a. of the monthly utilization of the banking facilities covered by the guarantees	HK\$146.8 million
E2-Capital (Holdings) Limited (Stock code: 378)	21 October 2004	The guarantor beneficially owned 34.3% equity interests in each of the borrowers	Nil	HK\$143 million
Singamas Container Holdings Limited (Stock code: 716)	17 November 2004	Jointly controlled entities	Nil	HK\$714,963,600
Paladin Limited (Stock code: 495)	3 December 2004	Independent third party (<i>Note 2</i>)	Nil	HK\$80 million plus interest and all other charges
New World China Land Limited (Stock code: 917)	15 December 2004	An indirectly non-wholly owned subsidiary	0.25% p.a. in aggregate on the amount of the banking facilities of HK\$80 million being utilized	HK\$80 million

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Name of guarantor	Date of announcement	Relationship with the borrower(s) as at the date of the respective announcement	Guarantee fee	Guarantee amount
Cheung Kong (Holdings) Limited (Stock code: 1)	30 December 2004	Indirect non-wholly owned subsidiaries	0.5% p.a. on 50% of the aggregate amount of relevant loan facilities of HK\$1,340 million	HK\$670 million
GR Investment International Limited (Stock code: 310)	4 January 2005	The guarantor beneficially owned 25% equity interests in the borrower	Nil	HK\$4.75 million
China Overseas Land & Investment Ltd. (Stock code: 688)	10 January 2005	The guarantor beneficially owned 65% and 35.5% equity interests respectively in each of the borrowers	Nil	HK\$489.3 million
Chinese Estates Holdings Limited (Stock code: 127)	18 February 2005	The guarantor beneficially owned 50% equity interest in each of the borrowers upon completion of the privatization exercise	Nil	HK\$990 million
Mirabell International Holdings Limited (Stock code: 1179)	18 February 2005	The guarantor beneficially owned 30% equity interest in the borrower	Nil	HK\$46.5 million
Tian An China Investments Company Limited (Stock code: 28)	2 March 2005	Indirect wholly owned subsidiary	Nil	HK\$100 million

Source: <http://www.hkex.com.hk>

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Notes:

1. As disclosed in the respective announcement dated 21 October 2004, the directors of E2-Capital (Holdings) Limited (“E2-Capital”) considered that after granting the guarantee to the borrower, E2-Capital enjoyed the following benefits:
 - in view of the profitability of the borrower, the default risk is relatively low;
 - the guarantee will generate positive cashflow to E2-Capital due to the fees received by the company and nil cashflow involved in the provision of the guarantees; and
 - E2-Capital, which principally engaged in investment holding, property development, consulting, marketing and technology services, direct investments, industrial and management operation services and provision of financial services, will work closely with the borrower, which is specialized in design, development, manufacturing and distribution of high quality internet related consumer products and is principally engaged in trading and development of computer-related communication and consumer electronics products, on its financial and operational aspects as part of its risk monitoring/management. Such close working relationship will provide an opportunity for the staff of E2-Capital to acquire the necessary skill and business knowledge of how to operate in the consumer electronic market with ease and it will greatly facilitate E2-Capital to diversify its business into the consumer electronic market in future.
2. As disclosed in the respective announcement dated 3 December 2004, the borrower has agreed to offer a loan to a subsidiary of the guarantor with the same amount and terms offered by the lender for repaying the term loan due to another bank by that subsidiary of the guarantor. The guarantor received the shares of the borrower as securities and in return that subsidiary of the guarantor obtained banking facilities for the borrower.

We note from the above table that each of the guarantors of the Comparable Transactions either has beneficially shareholding interest in the respective borrower(s) or enjoys benefits, save as the guarantee fees, from the respective borrower(s). As discussed with the Directors, the Group does not have any interest in the Borrower and any concrete plan for establishing business co-operation with the Borrower as at the date of this letter. In this regard, we consider it is not in the interest of the Company and the Independent Shareholders to grant the Guarantee to the Borrower.

4. Risk exposure on the Group and financial impact of providing the Guarantee

1. Repayment ability of the Borrower

With reference to the audited accounts of the Borrower for the year ended 31 December 2003 and the latest management accounts for the year ended 31 December 2004, total assets of the Borrower amounted to approximately RMB503 million and RMB603 million respectively and net tangible assets amounted to approximately RMB133 million and RMB125 million respectively as at 31 December 2003 and 2004. As at 31 December 2003 and 2004, the Borrower had current assets of approximately RMB264 million and RMB332 million respectively, most of which were bank balances and cash, account receivables and inventories. The Borrower had sufficient current assets to meet the obligations arising from the Loan Facilities with reference to its financial positions as at 31 December 2003 and 2004 if we assume the exposure of the Loan Facilities is RMB60 million. Given the bank balances and cash of the Borrower of

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approximately RMB56 million and RMB55 million on hand as at 31 December 2003 and 2004 respectively which cannot cover all its obligations arising from the Loan Facilities together with interest thereof if we assume the exposure of the Loan Facilities is RMB60 million, the repayment ability of the Borrower depends on its ability to realize the account receivables and the inventories.

The Borrower's gearing ratios (total liabilities excluding account payables and bills payables over total assets) were about 0.39 and 0.42, the current ratios (current assets/current liabilities) were about 0.89 and 0.86 and quick ratios (current assets – inventories/current liabilities) were about 0.61 and 0.57 as at 31 December 2003 and 2004 respectively which suggested that the Borrower may not have sufficient liquidity to cover its liabilities and current liabilities. With the cash ratios (cash and cash equivalents/current liabilities) of about 0.18 and 0.14 as at 31 December 2003 and 2004 and given the majority of the liabilities of the Borrower were short term loans of approximately RMB172 million and RMB199 million as at 31 December 2003 and 2004 respectively, the repayment ability of the Borrower depends on its ability to realize the account receivables and the inventories.

2. *Repayment ability of Taiwan Mayer*

With reference to the audited accounts of Taiwan Mayer for the year ended 31 December 2003 and the latest management accounts of Taiwan Mayer for the period ended 30 September 2004, which are prepared in accordance with accounting principles generally accepted in Taiwan, total assets of Taiwan Mayer amounted to approximately NTD2,895 million (equivalent to approximately RMB695 million) and NTD5,318 million (equivalent to approximately RMB1,276 million) respectively and net tangible assets amounted to approximately NTD1,513 million (equivalent to approximately RMB367 million) and NTD2,308 million (equivalent to approximately RMB554 million) respectively as at 31 December 2003 and 30 September 2004. As at 31 December 2003 and 30 September 2004, current assets of Taiwan Mayer amounted to approximately NTD1,462 million (equivalent to approximately RMB351 million) and NTD3,391 million (equivalent to approximately RMB814 million) respectively, most of which were accounts receivable and inventories. Taiwan Mayer had sufficient current assets to meet the obligations arising from the Loan Facilities with reference to its financial positions as at 31 December 2003 and 30 September 2004. Given the bank balances and cash of Taiwan Mayer of approximately NTD54 million (equivalent to approximately RMB13 million) and NTD43 million (equivalent to approximately RMB10 million) on hand as at 31 December 2003 and 30 September 2004 respectively cannot cover its obligations to repay the Loan(s) made under the Loan Facilities together with the interest thereon by virtue of the back-to-back guarantee if we assuming the exposure of the Loan Facilities is RMB60 million, the repayment ability of Taiwan Mayer depends on its ability to realize the accounts receivables and the inventories in the future.

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Taiwan Mayer's gearing ratios were about 0.40 and 0.52, the current ratios were about 1.38 and 1.50 and quick ratios were about 0.97 and 0.63 as at 31 December 2003 and 30 September 2004 respectively which suggested that Taiwan Mayer may not have sufficient liquidity to cover its liabilities. With the cash ratios of about 0.05 and 0.02 as at 31 December 2003 to 30 September 2004, we consider Taiwan Mayer may not have sufficient cashflow once Taiwan Mayer cannot refinance its debts with regard to lack of cash in its hand and a high proportion of inventories held by them which may not be realized immediately to meet the current liabilities.

To conclude, we consider it is not in the interests of the Company and Independent Shareholders as a whole to grant the Guarantee to the Company since the ability of the Borrower and Taiwan Mayer to fulfill their obligations respectively under the Loan Facilities and the back-to-back guarantee depend on their ability to realize the accounts receivables and the inventories.

Back-to-back guarantee

Guangzhou Mayer will receive a back-to-back guarantee from Taiwan Mayer in respect of the granting of the Guarantee, pursuant to which in the event that the Guarantee is enforced by the Lender as a result of the default of the Borrower under the Loan Agreements, Guangzhou Mayer shall have the right to be fully indemnified by Taiwan Mayer. Moreover, if the Borrower defaults on the loans under the Loan Facilities and Guangzhou Mayer receives the payment requisition letter pursuant to the Guarantee, Taiwan Mayer should repay Guangzhou Mayer all debts and monies which arise from the obligation under the Guarantee within seven business days. Given Taiwan Mayer has to realize its accounts receivables and inventories to meet its obligation arising from the Loan Facilities, we consider Taiwan Mayer may not have sufficient liquidity to fulfill its obligations within seven business days pursuant to the back-to-back guarantee.

The Directors believe that the granting of the Guarantee (which forms part of the terms agreed under the Loan Agreement) will only involve obligation of Guangzhou Mayer (upon default of the Borrower). A back-to-back guarantee will also be granted by Taiwan Mayer in consideration of the grant of the Guarantee by Guangzhou Mayer. We concur with the Directors' view that the back-to-back guarantee can protect the Company from obligation of Guangzhou Mayer (upon default of the Borrower). We consider it is not in the interests of the Company and Independent Shareholders as a whole to grant the Guarantee to the Borrower as Taiwan Mayer may not have sufficient liquidity to fulfill its obligations within seven business days pursuant to the back-to-back guarantee.

3. *Financial impact on the Group*

The provision of the Guarantee will involve a contingent obligation of the Group of RMB60 million (plus any interest expenses or associated costs) (upon default by the Borrower of the repayment obligations under the Loan Facilities). In the event that the Borrower fails to meet its obligation under the Loan Facilities, the Group shall, by virtue of the provision of the Guarantee, assume such obligation under the Loan Facilities. On such basis, we envisage that a contingent liability of RMB\$60 million (plus any interest expenses or associated costs) will be incurred by the Group upon default by the Borrower of the repayment obligations under the Loan Facilities. We note that this contingent liability represents approximately 42.6% of the audited consolidated net tangible assets of the Group of approximately RMB140.9 million as at 31 December 2003 and approximately 27.1% of the unaudited consolidated net tangible assets of the Group of approximately RMB221.6 million as at 30 June 2004. Further, according to the interim report of the Company for the six months ended 30 June 2004, the sum of bank balances and cash as at 30 June 2004 amounted to approximately RMB94.8 million, representing a level higher than the said contingent liability under the provision of the Guarantee. However, we note that the Group also has a sum of approximately RMB212.2 million interest-bearing bank borrowings are repayable within one year and there is a deficiency of RMB117.4 million to cover the contingent obligation. The Group will have a tight cashflow position once it shall, by virtue of the provision of the Guarantee, assume the obligations under the Loan Facilities in the event that the Borrower fails to meet the obligation to repay the Loan(s) together with interest thereof and Taiwan Mayer fails to honour the back-to-back guarantee granted to Guangzhou Mayer.

RECOMMENDATION

Having taken into account the aforementioned principal factors and reasons in respect of the Guarantee, and in particular,

1. that the Company does not have any shareholding interests in the Borrower nor enjoy any immediate benefits from the granting of the Guarantee, save as the guarantee fee up to RMB450,000 (equivalent to approximately HK\$424,500) (based on the maximum total amount of RMB60 million of the Loan Facilities to be granted by the Lender);
2. that repayment ability of the Borrower depends on its ability to realize the accounts receivables and the inventories in the future;
3. that ability of Taiwan Mayer to honour the back-to-back guarantee depends on its ability to realize the accounts receivables and the inventories within 7 business days as provided under the obligation arising from the back-to-back guarantee; and
4. the substantial contingent liability of RMB 60 million (plus any interest expenses or associated costs) the Company may incur once the Borrower defaults on the loans from the Lender.

LETTER FROM SOUTH CHINA CAPITAL

We are of the opinion that the provision of the Guarantee is not fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote against the ordinary resolution to be proposed at the EGM to approve the Guarantee.

Yours faithfully,
For and on behalf of
South China Capital Limited
Christina Cheung
Director

For the purpose of this letter, unless otherwise indicated, the amount of RMB have been translated, for the purpose of illustration only, using the following rate:

RMB1.06 = HK\$1.00

RMB0.24 = NTD1.00

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	171,311	923	8,829,200	–	9,001,434	6.55%
Chang Dar-terng	973,769	29,298	–	–	1,003,067	0.73%
Chiang Jen-chin	792	–	–	–	792	0.00%
Shen Heng-chiang	–	3,000	–	–	3,000	0.00%
Wu Kuo-lung	3,141,164	49,607	–	–	3,190,771	2.32%

(II) *Guangzhou Mayer*

Name of Director	Number of ordinary shares in Guangzhou Mayer				Total	Approximate % of shareholding
	Personal	Family	Corporate	Other		
Lo Haw	–	–	8,160,000	–	8,160,000	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 Mode 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 of Shareholder	Number of Shares held	Percentage of shareholding
Taiwan Mayer (<i>Note</i>)	300,000,000	75%
Mayer Corporation Development International Limited	300,000,000	75%

Note: Mayer Corporation Development International Limited (“Mayer Corporation”) is a wholly owned subsidiary of Taiwan Mayer. Taiwan Mayer is deemed to be interested in the 300,000,000 Shares held by Mayer Corporation under 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 of the Company.

- (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. CONSENT OF EXPERT

South China Capital is a deemed licensed corporation under the SFO to perform types 4, 6 and 9 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.)

South China Capital has on 9 March 2005 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.

4. SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company commencing from the Listing Date 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, each of Mr. Lo Haw and Mr. Shen Heng-chiang is entitled to an annual fee of HK\$350,000 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).

5. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular:

- (a) a sale and purchase agreement dated 12 December, 2003 entered into between the Company and Taiwan Mayer, whereby the Company acquired the entire issued share capital of Bamian Investments Pte Ltd. from Taiwan Mayer, in consideration of the allotment and issue of one Share to Mayer Corporation credited as fully paid;
- (b) a deed of non-competition and business opportunity option dated 9 June, 2004, given by Taiwan Mayer in favour of the Company (for itself and as trustee for its subsidiaries) under which Taiwan Mayer has irrevocably undertaken, among other things, (i) not to engage in any business, which competes or is likely to compete; either directly or indirectly, with the Group's business; and (ii) to grant a business opportunity option to the Company;
- (c) a deed of indemnity dated 9 June, 2004 given by Taiwan Mayer and Mayer Corporation in favour of the Group under which each of Taiwan Mayer and Mayer Corporation has given certain indemnities in favour of the Group containing, among other things, the estate duty and tax indemnities; and
- (d) the underwriting and placing agreement dated 9 June 2004 entered into among the Company, Taiwan Mayer, Mayer Corporation, the executive Directors, the joint sponsors, the joint lead managers and the underwriters in respect of the share offer of the Company in June 2004.

6. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st December 2003, the date to which the latest published audited financial statements of the Group were made up.

7. 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.

8. MISCELLANEOUS

- (a) So far as the Company is aware, none of the Directors or South China Capital 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 31st December 2003, being the date to which the latest published audited accounts of the Company were made up.

- (b) 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. Tsang Hung Kei is the qualified accountant of the Group. He is an associate member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Tsang obtained a bachelor degree in computer science and accounting from the Victoria University of Manchester.

- (c) 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.
- (d) None of the Directors or their respective associates have personal interests in companies engaged in businesses, which compete or may compete with the Group.
- (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 Messrs. Dibb Lupton Alsop of 41/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong during normal business hours up to and including 31 March 2005 (being a period of not less than 14 days from the date of this circular):

- (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 11 of this circular;
- (c) the service contracts and the material contracts referred to in paragraphs 4 and 5 in this appendix respectively;
- (d) the letter from South China Capital, the text of which is set out on pages 12 to 22 of this circular;
- (e) the written consent referred to in paragraph 3 in this appendix; and
- (f) the Guarantee (in the form to be executed).

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 Friday, 29 April 2005 at 4:30 p.m. 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 resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the guarantee to be entered into by Guangzhou Mayer Corp., Ltd. in favour of Bank of Shanghai to secure the obligations of Shanghai Ferrent Alloy Wheel Manufacturing Co., Ltd. (上海金合利鋁輪轂製造有限公司), a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for the purpose of identification be and is hereby approved and any one director of the Company be and is hereby authorised to execute any documents and do all such acts and things as he may in his discretion consider necessary or expedient or desirable in connection with or to give effect to the guarantee.”

By order of the Board
Lai Yueh-hsing
Chairman

Hong Kong, 9 March 2005

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 resolution will be voted by way of poll.

As at the date hereof, the executive directors of the Company are Lai Yueh-hsing, Lo Haw, Shen Heng-chiang, Wu Kuo-lung, Cheng Dar-terng, Chiang Jen-chin, the non-executive directors of the Company are Hsiao Ming-chih, Huang Chun-fa and the independent non-executive directors are Lin Sheng-bin, Huang Jui-hsiang and Alvin Chiu.

* For identification purpose only