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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**

The Borrower proposes to obtain the Loan Facilities from a bank in the PRC and Guangzhou Mayer, a 77.52% owned subsidiary of the Company, will provide the bank 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 a connected person of the Company. Accordingly, the granting of the Guarantee by Guangzhou Mayer amounts to financial assistance to be given to an associate of a substantial shareholder of the Company and hence will constitute a connected transaction of the Company. The granting of the Guarantee is subject to the approval of the Independent Shareholders under Rule 14A.63 of the Listing Rules.

The Board has formed an independent board committee to consider and advise the Independent Shareholders on the terms of the Guarantee, and an independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders. The Company will send to the Shareholders a circular containing, amongst other things, details of the Guarantee, a letter from the independent board committee of the Company (setting out their views on the Guarantee), a letter from the independent financial adviser to the independent board committee and the Independent Shareholders, and the notice of EGM which will be held to approve the Guarantee as soon as possible.

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

The Guarantee may or may not be approved by the Independent Shareholders. Shareholders and potential Shareholders are advised to exercise caution when dealing in the Shares.

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 (HKD56.60 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 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
- 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 Loan
- Guarantee** : a guarantee to be provided by Guangzhou Mayer which will incorporate repayment guarantee on all indebtedness under the Loan

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.

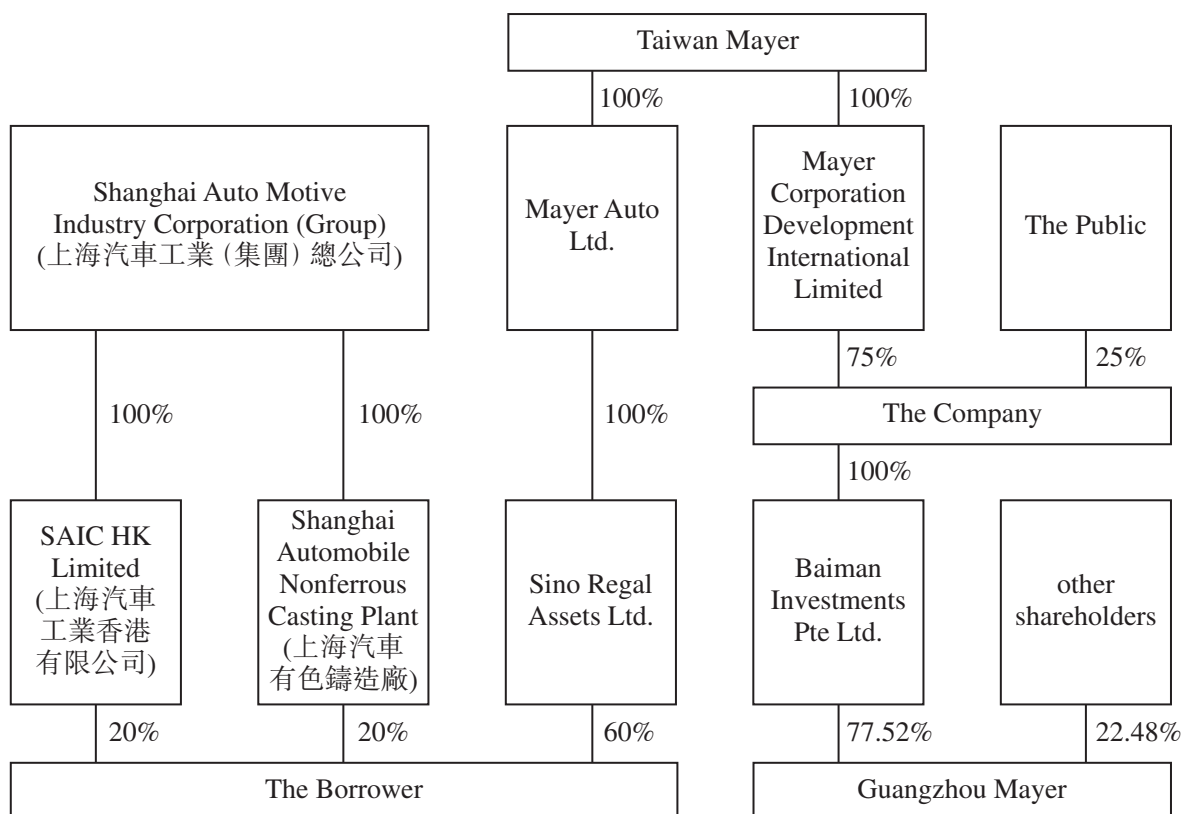
THE GUARANTEE

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. 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 amount of the Loan Facilities 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.

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.

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 (HKD56.60 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 for loans of a total sum of RMB71.5 million (HKD67.45 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 (HKD56.60 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.

The Directors consider the granting of the Guarantee would facilitate the obtaining of the Loan Facilities by the Borrower without the need to execute another guarantee in favour of a third party company outside the same group under the control of Taiwan Mayer. The Directors believe that it is not an

uncommon industry practice but also a normal and commercial means for a company to provide corporate guarantee to financial institutions to facilitate the granting of loan to an associate of that company. As the Borrower has been informed by the Lender which is a bank in the PRC that it could only accept guarantees granted by a PRC company and Guangzhou Mayer is the only PRC fellow subsidiary of the Borrower within the same group under the control of Taiwan Mayer, the Borrower has requested Guangzhou Mayer to provide the Guarantee. Guangzhou Mayer will receive an annual guarantee fee in cash amounting to 0.75% of the amount of the Loan Facilities which is payable after every six months as agreed between the Borrower and Guangzhou Mayer. The guarantee fee was arrived at after arm's length negotiations and on commercial basis.

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 and it is one of the reasons considered by the Directors for providing the Guarantee. The board of Directors, including the independent non-executive Directors, considers that the terms of the Guarantee are on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned.

GENERAL

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.

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.

An independent board committee 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 by poll at the EGM on the terms of the Guarantee. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders on the same.

The Company will send to the Shareholders for their information a circular containing, amongst other things, details of the granting of the Guarantee, the letter from the independent board committee, the letter from the independent financial adviser to the independent board committee and the Independent Shareholders, and a notice of EGM which will be held to approve the Guarantee as soon as possible, in any event within 21 days after the publication of this announcement.

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

The Guarantee may or may not be approved by the Independent Shareholders. Shareholders and potential Shareholders are advised to exercise caution when dealing in the Shares.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate”	as defined under the Listing Rules
“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
“connected person”	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)
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“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 resolutions in connection with the Guarantee to be proposed at the EGM
“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 Facilities”	revolving banking facilities up to a maximum amount of RMB60 million (HKD56.60 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

“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)
“Macau”	the Macau Special Administrative Region of the PRC
“Market Capitalisation”	the market capitalisation of the Company of approximately HKD232 million based on the average closing price of HKD0.58 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
“Share(s)”	share(s) of HKD0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“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
“USD”	US dollars, the lawful currency of the United States of America

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

LAI Yueh-hsing
Chairman

Hong Kong, 15 February 2005

As at the date of this announcement, 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*