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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)

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Financial Adviser to the Company



粵海證券有限公司
GUANGDONG SECURITIES LIMITED

THE TRADING AGREEMENTS

On 22 May 2009, Guangzhou Mayer (a non wholly-owned subsidiary of the Company) entered into the Trading Agreements (comprising the Purchase Agreement and the Sale Agreement) with Taiwan Mayer (the ultimate controlling shareholder of the Company) in relation to the Purchase Transactions and the Sale Transactions, as the case may be.

Pursuant to the Purchase Agreement, the parties thereto have conditionally agreed that the proposed annual caps for the Purchase Transactions for the six months ending 31 December 2009 and the two years ending 31 December 2011 will be approximately USD1.56 million (equivalent to approximately HK\$12.17 million), USD2.34 million (equivalent to approximately HK\$18.25 million) and USD2.34 million (equivalent to approximately HK\$18.25 million) respectively.

Pursuant to the Sale Agreement, the parties thereto have conditionally agreed that the proposed annual caps for the Sale Transactions for the six months ending 31 December 2009 and the two years ending 31 December 2011 will be approximately USD1.837 million (equivalent to approximately HK\$14.33 million), USD3.675 million (equivalent to approximately HK\$28.67 million) and USD5.512 million (equivalent to approximately HK\$42.99 million) respectively.

IMPLICATION UNDER THE LISTING RULES

Taiwan Mayer, the ultimate controlling shareholder of the Company, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. Accordingly, the Trading Transactions contemplated under the Trading Agreements constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As certain percentage ratios (other than the profits ratio) of the Trading Agreements on an annual basis is more than 2.5% but less than 25% and each of the annual considerations for the Purchase Transactions and the Sale Transactions under the Trading Agreements are more than HK\$10 million, the Trading Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements and the annual review requirements by the independent non-executive Directors and the auditors of the Company under the Listing Rules.

The Company will seek approval of the Independent Shareholders by way of poll on the entering into of the Trading Agreements and the proposed annual caps for the Trading Transactions at the EGM. Since Taiwan Mayer is the ultimate controlling Shareholder and has material interests in the Trading Agreements, Taiwan Mayer and its associates are required to abstain from voting on the relevant resolutions approving the Trading Agreements and the proposed annual caps for the Trading Transactions at the EGM.

The EGM will be held to consider and, if thought fit, approve the ordinary resolutions in respect of the Trading Agreements and the transactions contemplated thereunder.

GENERAL

An Independent Board Committee comprising Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu (all being independent non-executive Directors) has been established to (i) advise the Independent Shareholders as to whether the terms of the Trading Agreements are fair and reasonable so far as the Independent Shareholders are concerned and whether the Trading Transactions are in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in respect of the Trading Transactions after taking into account the recommendation of the independent financial adviser to be appointed by the Company.

A circular containing, among other things, (i) further details of the Trading Agreements and the proposed annual caps for the Trading Transactions; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Trading Transactions; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Trading Transactions; and (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

THE TRADING AGREEMENTS

The Purchase Agreement

On 22 May 2009, Guangzhou Mayer (a non wholly-owned subsidiary of the Company) entered into the Purchase Agreement with Taiwan Mayer (the ultimate controlling shareholder of the Company) in relation to the Purchase Transactions (the purchase of Raw Materials from Taiwan Mayer by Guangzhou Mayer) for the period from 1 July 2009 to 31 December 2011.

Pursuant to the Purchase Agreement, the parties thereto have conditionally agreed that the proposed annual caps for the Purchase Transactions for the six months ending 31 December 2009 and the two years ending 31 December 2011 will be approximately USD1.56 million (equivalent to approximately HK\$12.17 million), USD2.34 million (equivalent to approximately HK\$18.25 million) and USD2.34 million (equivalent to approximately HK\$18.25 million) respectively.

The Sale Agreement

On 22 May 2009, Guangzhou Mayer also entered into the Sale Agreement with Taiwan Mayer in relation to the Sale Transactions (the sale of Finished Goods to Taiwan Mayer by Guangzhou Mayer) for the period from 1 July 2009 to 31 December 2011.

Pursuant to the Sale Agreement, the parties thereto have conditionally agreed that the proposed annual caps for the Sale Transactions for the six months ending 31 December 2009 and the two years ending 31 December 2011 will be approximately USD1.837 million (equivalent to approximately HK\$14.33 million), USD3.675 million (equivalent to approximately HK\$28.67 million) and USD5.512 million (equivalent to approximately HK\$42.99 million) respectively.

Historical transactions and the proposed annual caps

On 13 April 2007, in accordance with Chapter 14A of the Listing Rules, Guangzhou Mayer entered into a master agreement with Taiwan Mayer pursuant to which Guangzhou Mayer agreed to purchase and Taiwan Mayer agreed to sell the Raw Materials for the period commencing from 1 April 2007 to 31 March 2010. Details of the said agreement (including the relevant annual capped amounts) were included in the circular of the Company dated 7 May 2007. The Directors confirmed that the Company has complied with relevant requirements under Chapter 14A of the Listing Rules in this regard. Nevertheless, in view of the entering into of the Sale Agreement and in order to align the end dates of the Purchase Agreement with the Sale Agreement to facilitate the Trading Transactions and reduce the possible administrative costs, the Company decided to revise (i) the period set for; and (ii) the original capped amounts for the Purchase Transactions, for the two years ending 31 March 2010.

Guangzhou Mayer and Taiwan Mayer have not conducted any Sale Transactions in the past.

Set out below is a summary of the actual amounts of the Purchase Transactions which took place during each of the two years ended 31 December 2008 and the four months ended 30 April 2009 between Guangzhou Mayer and Taiwan Mayer and the proposed annual caps for the Trading Transactions for the six months ending 31 December 2009 and the two years ending 31 December 2011:

	Actual amount for the year ended 31 December		Actual amount for the four months ended 30 April	Proposed annual caps for the year ending 31 December		
	2007	2008	2009	2009	2010	2011
Purchase Transactions <i>(in terms of USD)</i>	1,400,000	Nil <i>(Note 2)</i>	492,221	1,560,000	2,340,000	2,340,000
<i>(in terms of HK\$)</i>	10,920,000	Nil	3,839,324	12,168,000	18,252,000	18,252,000
Sale Transactions <i>(in terms of USD)</i>	N/A	N/A	N/A	1,837,000	3,675,000	5,512,000
<i>(in terms of HK\$)</i>	N/A	N/A	N/A	14,328,600	28,665,000	42,993,600

Notes:

- (1) The Trading Agreements will be effective from 1 July 2009 to 31 December 2011.
- (2) Due to the substantial increase in price of the Raw Materials and the unstable market demand in 2008, the Company reduced its overall purchase of the Raw Materials and thus the purchase of the Raw Materials from Taiwan Mayer; temporarily ceased in 2008.

The proposed annual caps for the Purchase Transactions were determined with reference to (i) Guangzhou Mayer's historical demand for the Raw Materials; (ii) Guangzhou Mayer's expected demand for the Raw Materials based on its production scale from 1 July 2009 to 31 December 2011; (iii) the expected selling price of the Raw Materials as quoted by Guangzhou Mayer; and (iv) the buffer amount for the Purchase Transactions.

The proposed annual caps for the Sale Transactions were determined with reference to (i) the estimated market requirement on pieces of the Finished Goods by Taiwan Mayer plus the expected increment in the coming years based on the projected sales and marketing capacity of Taiwan Mayer; (ii) the expected selling price of the Finished Goods as estimated from the current market trend in Taiwan; and (iii) the buffer amount for the Sale Transactions.

Guangzhou Mayer and Taiwan Mayer agreed that the Trading Transactions shall be conducted on normal commercial terms, in particular: (i) the Trading Transactions will be on terms no less favorable to the Company than terms available to or from other Independent Third Parties; (ii) the Trading Transactions will be in the ordinary and usual course of business of the Company and conducted after arm's length negotiations; and (iii) the Trading Transactions will not exceed the proposed annual caps for the six months ending 31 December 2009 and the two years ending 31 December 2011.

Reason for the Trading Transactions

The Group is principally engaged in the manufacture and trading of steel pipes, steel sheets and other products made of steel, property investment and leasing of aircrafts.

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

Taiwan Mayer is the first specialized manufacturer of steel pipes and tubular products in Taiwan and is principally engaged in the manufacture and trading of steel pipes, steel sheets and other products made of steel.

Pursuant to the Purchase Agreement, the subject Raw Materials to be purchased by Guangzhou Mayer are electrolytic zinc-coated steel sheets (“EG”), which is a kind of steel raw materials used in the production process; while pursuant to the Sale Agreement, the subject Finished Goods to be sold by Guangzhou Mayer are stainless steel pressed pipe connectors, which are parts used to connect pipes.

Guangzhou Mayer has been purchasing EG from a sole leading supplier in Taiwan (the “**Leading Supplier**”), being an Independent Third Party, on normal commercial terms. Guangzhou Mayer expects that the existing purchase quota which it has obtained from the Leading Supplier will be inadequate to meet the customers’ orders for the year ending 31 December 2009. The Leading Supplier is the sole EG supplier in the Taiwan market and most of other wholesalers of EG and manufacturers also purchase EG with purchase quotas from the Leading Supplier. Guangzhou Mayer could choose to purchase the Raw Materials from other EG wholesalers but with a higher price as the price quoted by other EG wholesalers would likely be marked up. Accordingly, Guangzhou Mayer will purchase the Raw Materials from Taiwan Mayer, as Taiwan Mayer has unused quota to purchase the Raw Materials from the Leading Supplier after taking into account its own consumption. Given that Taiwan Mayer would mark-up 1.85% on the costs of the Raw Materials purchased from the Leading Supplier before selling them to Guangzhou Mayer, the Directors are of the view that the price from Taiwan Mayer is reasonable and lower than those quoted from other EG wholesalers.

Taiwan Mayer is one of the reputable suppliers of stainless steel products in the Taiwan market and has developed an effective sale and distribution channel and brand name in Taiwan. In the course of enlargement of Guangzhou Mayer’s production scale and sale

and distribution network of stainless steel products, the Directors consider that the sale of Finished Goods to Taiwan Mayer is an appropriate way to penetrate into and promote the brand name of “Guangzhou Mayer” and its products in the Taiwan’s stainless steel products market, as well as, to boost the competitiveness of Guangzhou Mayer. On the other hand, the Sale Transactions will widen the variety of stainless steel products of Taiwan Mayer, thereby increasing its market share in Taiwan. The Directors believe that the Sale Transactions will bring along a win-win situation to both Guangzhou Mayer and Taiwan Mayer.

The Directors consider that the Trading Transactions are in the interests of the Company and the Shareholders as a whole. The Trading Agreements have been entered into in the ordinary and usual course of business of the Group. The terms of the Trading Agreements were arrived at after arm’s length negotiation between Guangzhou Mayer and Taiwan Mayer. The Directors (excluding the independent non-executive Directors) also consider that the terms of the Trading Agreements and the proposed annual caps for the Trading Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

LISTING RULES IMPLICATION

Taiwan Mayer, the ultimate controlling shareholder of the Company, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. Accordingly, the Trading Transactions contemplated under the Trading Agreements constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As certain percentage ratios (other than the profits ratio) of the Trading Agreements on an annual basis is more than 2.5% but less than 25% and each of the annual considerations for the Purchase Transactions and the Sale Transactions under the Trading Agreements are more than HK\$10 million, the Trading Transactions are subject to the reporting, announcement and Independent Shareholders’ approval requirements and the annual review requirements by the independent non-executive Directors and the auditors of the Company under the Listing Rules.

The Company will seek approval of the Independent Shareholders by way of poll on the entering into of the Trading Agreements and the proposed annual caps for the Trading Transactions at the EGM. Since Taiwan Mayer is the ultimate controlling Shareholder and has material interests in the Trading Agreements, Taiwan Mayer and its associates, which are interested in a total of 300,000,000 Shares (representing approximately 52.08% of the Company’s existing issued share capital as at the date of this announcement), are required to abstain from voting on the relevant resolutions approving the Trading Agreements and the proposed annual caps for the Trading Transactions at the EGM.

The EGM will be held to consider and, if thought fit, approve the ordinary resolutions in respect of the Trading Agreements and the transactions contemplated thereunder.

GENERAL

An Independent Board Committee comprising Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu (all being independent non-executive Directors) has been established to (i) advise the Independent Shareholders as to whether the terms of the Trading Agreements are fair and reasonable so far as the Independent Shareholders are concerned and whether the Trading Transactions are in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in respect of the Trading Transactions after taking into account the recommendation of the independent financial adviser to be appointed by the Company.

A circular containing, among other things, (i) further details of the Trading Agreements and the proposed annual caps for the Trading Transactions; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Trading Transactions; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Trading Transactions; and (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Company”	Mayer Holdings Limited (Stock code: 1116), a company incorporated in the Cayman Islands with limited liabilities and the shares of which are listed on the main board of the Stock Exchange
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve by the Independent Shareholders the Trading Agreements and the transactions contemplated thereunder
“Finished Goods”	the subject finished goods to be sold to Taiwan Mayer by Guangzhou Mayer, being the stainless steel pressed pipe connectors, pursuant to the Sale Agreement

“Group”	the Company and its subsidiaries
“Guangzhou Mayer”	Guangzhou Mayer Corporation Limited, a company incorporated in the PRC and a non wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board comprising the independent non-executive Directors, namely Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu to advise the Independent Shareholders regarding the Trading Transactions
“Independent Shareholders”	Shareholders other than Taiwan Mayer and its associates
“Independent Third Party(ies)”	third parties and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchase Agreement”	the purchase agreement dated 22 May 2009 entered into between Guangzhou Mayer and Taiwan Mayer in respect of the Purchase Transactions
“Purchase Transactions”	the transactions contemplated under the Purchase Agreement in relation to the purchase of Raw Materials from Taiwan Mayer by Guangzhou Mayer
“Raw Materials”	the subject raw materials to be purchased from Taiwan Mayer by Guangzhou Mayer, being the electrolytic zinc-coated steel sheets, pursuant to the Purchase Agreement
“Sale Agreement”	the sale agreement dated 22 May 2009 entered into between Guangzhou Mayer and Taiwan Mayer in respect of the Sale Transactions
“Sale Transactions”	the transactions contemplated under the Sale Agreement in relation to the sale of Finished Goods to Taiwan Mayer by Guangzhou Mayer

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan Mayer”	Mayer Steel Pipe Corporation, a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange Corporation, and the ultimate controlling shareholder of the Company
“Trading Agreements”	the Purchase Agreement and the Sale Agreement
“Trading Transactions”	the Purchase Transactions and the Sale Transactions
“USD”	US dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
Mayer Holdings Limited
Hsiao Ming-chih
Chairman

Hong Kong, 22 May 2009

For the purpose of this announcement, all amounts denominated in USD has been translated (for information only) into HK\$ using the exchange rate of USD1.00:HK\$7.80. Such translation shall not be construed as a representation that amounts of USD were or may have been converted.

As at the date of this announcement, the executive directors of the Company are Mr. Hsiao Ming Chih, Mr. Lai Yueh-hsing, Mr. Lo Haw, Mr. Cheng Dar-terng, Mr. Chiang Jen-chin and Mr. Lu Wen-yi; the non-executive director of the Company is Mr. Huang Chun-fa; and the independent non-executive directors of the Company are Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu respectively.

If there is any inconsistency between the Chinese names of the PRC entitles mentioned in this announcement and their English translations, the Chinese names shall prevail.

This announcement will remain on the “Latest Company Announcements” page of the website of the Stock Exchange and the website of the Company for at least 7 days from the date of its posting.

* *For identification purpose only.*