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**美亞控股有限公司\***  
**MAYER HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1116)**

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

**Financial adviser to the Company**



**新鴻基金融集團**  
**SUN HUNG KAI FINANCIAL**  
**Sun Hung Kai International Limited**

**CAPITAL INJECTION**

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

The Board is pleased to announce that, after trading hours on 28 January 2011, the Company entered into the Capital Increase Agreement with Taiwan Mayer pursuant to which the (i) registered capital of the JV Company will be increased from US\$2,000,000 (equivalent to approximately HK\$15,560,000) to US\$50,000,000 (equivalent to approximately HK\$389,000,000); and (ii) the Company agrees to further contribute on a non pro-rata basis of US\$19,000,000 (equivalent to approximately HK\$147,820,000) by cash which includes capitalisation of shareholder's loan of US\$11,000,000 (equivalent to approximately HK\$85,580,000) while Taiwan Mayer agrees to further contribute on a non pro-rata basis of US\$29,000,000 (equivalent to approximately HK\$225,620,000) by cash which includes capitalisation of shareholder's loan of US\$11,000,000 (equivalent to approximately HK\$85,580,000). Upon completion of the Capital Injection, the Company's equity interest in the JV Company will be decreased from 50% to 40% and the remaining 60% will be owned by Taiwan Mayer.

\* For identification purposes only

## **IMPLICATIONS OF THE LISTING RULES**

As the Capital Injection when aggregated with the JV Formation exceeds 25% but less than 100% of the applicable percentage ratios under Rule 14.07 of the Listing Rules, the Capital Injection constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Taiwan Mayer is the ultimate beneficial substantial Shareholder, through its wholly-owned subsidiary, Mayer Corporation Development Limited, holds 200,000,000 Shares representing approximately 28.94% of the issued share capital of the Company as at the date of this announcement, thus, Taiwan Mayer is regarded as a connected person of the Company under the Listing Rules. Given the applicable percentage ratios (other than the profits ratio) are more than 25% and the consideration is more than HK\$10 million, the Capital Injection also constitutes a non-exempt connected transaction for the Company under Rule 14A.16(5) of the Listing Rules and is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the EGM by way of poll pursuant to Chapter 14A of the Listing Rules. In view of the interests of Taiwan Mayer in the Capital Increase Agreement, Taiwan Mayer and its associates will be required to abstain from voting at the resolution in relation to the Capital Increase Agreement and the transactions contemplated thereunder at the EGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save and except to the foregoing, no other Shareholder has a material interest in the Capital Increase Agreement, as such, no other Shareholder will be required to abstain from voting on the relevant resolution at the EGM to approve the Capital Increase Agreement.

## **GENERAL**

The Independent Board Committee has been established to consider and to advise the Independent Shareholders, on the fairness and reasonableness of the terms of the Capital Increase Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Capital Injection; (ii) the recommendation from the Independent Board Committee in relation to the Capital Injection; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Capital Injection; and (iv) a notice convening the EGM to approve the Capital Increase Agreement is expected to be despatched to the Shareholders no later than 22 February 2011.

## **INTRODUCTION**

### **Background**

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

As stated in the JV Announcement, prior to the entering into of the Joint Venture Agreement, the JV Company was a wholly-owned subsidiary of the Company. The entering into of the JV Agreement constituted a deemed disposal pursuant to Rule 14.29 of the Listing Rules and a connected transaction pursuant to Chapter 14A of the Listing Rules, as after completion of the JV Agreement, the JV Company was owned as to 50% by the Company and 50% by Taiwan Mayer, and ceased to be a subsidiary of the Company and was to be accounted for using the equity accounting method. As referred to the Shareholders' Loans Announcements, on 16 September 2010 and 23 November 2010, the Company and Taiwan Mayer each provided shareholders' loans in an aggregate amount of US\$11,000,000 (equivalent to approximately HK\$85,580,000) to the JV Company which are in proportion to their respective equity interests in the JV Company of 50% each.

### **Capital Injection**

The Board is pleased to announce that, after trading hours on 28 January 2011, the Company entered into the Capital Increase Agreement with Taiwan Mayer pursuant to which the (i) registered capital of the JV Company will be increased by US\$48,000,000 (equivalent to approximately HK\$373,440,000) from US\$2,000,000 (equivalent to approximately HK\$15,560,000) to US\$50,000,000 (equivalent to approximately HK\$389,000,000); and (ii) the Company agrees to further contribute on a non pro-rata basis US\$19,000,000 (equivalent to approximately HK\$147,820,000) by cash which includes capitalisation of shareholder's loans of US\$11,000,000 (equivalent to approximately HK\$85,580,000) while Taiwan Mayer agrees to further contribute on a non pro-rata basis of US\$29,000,000 (equivalent to approximately HK\$225,620,000) by cash which includes capitalisation of shareholder's loan of US\$11,000,000 (equivalent to approximately HK\$85,580,000). Upon completion of the Capital Injection, the Company's equity interest in the JV Company will be decreased from 50% to 40% and the remaining 60% will be owned by Taiwan Mayer.

## CAPITAL INCREASE AGREEMENT

### Date:

28 January 2011 (after trading hours)

### Parties:

- (1) Company
- (2) Taiwan Mayer

### Subject matter:

As at the date of this announcement, the JV Company has total amount of registered capital of US\$2,000,000 (equivalent to approximately HK\$15,560,000) which has been fully paid up. Pursuant to the Capital Increase Agreement, the total registered capital of the JV Company will be increased by US\$48,000,000 (equivalent to approximately HK\$373,440,000) from US\$2,000,000 (equivalent to approximately HK\$15,560,000) to US\$50,000,000 (equivalent to approximately HK\$389,000,000).

### Consideration:

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

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

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

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

In the event any party to the Capital Increase Agreement cannot fulfil its proportionate capital injection commitment, the failing party(ies) shall promptly notify all the shareholders of the JV company. In addition, in the event any party to the Capital Increase Agreement fails to fulfil its obligations or both parties to the Capital Increase Agreement have not obtained prior approvals from their respective general meetings as stipulated in the Capital Increase Agreement, both parties to the Capital Increase Agreement agree that an Independent Third Party shall be invited to inject capital into the JV Company and the party which fails its obligations under the Capital Increase Agreement shall not be subject to any retroactive liability for damages.

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

**Conditions:**

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

**Rights and obligations:**

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

**INFORMATION OF THE JV COMPANY**

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

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

	<b>For the year ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
Revenue	US\$– (equivalent to approximately HK\$–)	US\$– (equivalent to approximately HK\$–)
Net profits/(loss)	US\$(172,017) (equivalent to approximately HK\$(1,338,000))	US\$200 (equivalent to approximately HK\$2,000)
	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
Total assets	US\$1,996,601 (equivalent to approximately HK\$(15,534,000))	US\$26,022 (equivalent to approximately HK\$202,000)
Net assets	US\$1,828,328 (equivalent to approximately HK\$14,224,000)	US\$26,022 (equivalent to approximately HK\$202,000)

#### **EFFECT OF THE CAPITAL INJECTION**

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

Based on the existing financial information available to the Company, the Directors estimated the expected loss to be recorded in the Group's consolidated financial statements arising from the Capital Injection is approximately US\$13,681 (equivalent to approximately HK\$106,000), being the difference between the change in net asset value of the JV Company attributable to the Company (before and after the Capital Injection), and the total cost of investment in the JV Company and also taking into account the estimated expenses to be incurred (including but not limited to the relevant legal and professional fees).

#### **REASONS FOR THE CAPITAL INJECTION**

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

With the increase demand for non-ferrous metals and other minerals commodity worldwide as there has been imbalance of demand and supply and a prolonged rise of commodity prices in, particularly, the emerging markets such as China and India as a result of their flourishing development, the Capital Injection is favourable to the improvement of the financial position of the JV Company and to the sustained development of the JV Company. The Board considers that the Capital Injection will provide additional funding for the JV Company to further develop into non-ferrous metals and mineral resources and that the Capital Injection presents a valuable investment opportunity to the Group and believe that such opportunity will further enhance the Shareholders' return.

Having considered the aforesaid reasons, the Directors (excluding the independent non-executive Directors) consider that the terms of the Capital Increase Agreement are fair and reasonable and on normal commercial terms, and the entering into of the Capital Increase Agreement is in the interests of the Company and the Shareholders as a whole.

### **INFORMATION OF TAIWAN MAYER**

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

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

### **IMPLICATIONS OF THE LISTING RULES**

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

Taiwan Mayer is the ultimate beneficial substantial Shareholder, through its wholly-owned subsidiary, Mayer Corporation Development Limited, holds 200,000,000 Shares representing approximately 28.94% of the issued share capital of the Company as at the date of this announcement, thus, Taiwan Mayer is regarded as a connected person of the Company under the Listing Rules. Given the applicable percentage ratios (other than the profits ratio) are more than 25% and the consideration is more than HK\$10 million, the Capital Injection also constitutes a non-exempt connected transaction for the Company under Rule 14A.16(5) of the Listing Rules and is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the EGM by way of poll pursuant to Chapter 14A of the Listing Rules. In view of the interests of Taiwan Mayer in the Capital Increase Agreement, Taiwan Mayer and its associates will be required to abstain from voting at the resolution in relation to the Capital Increase Agreement and the transactions contemplated thereunder at the EGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries,



save and except to the foregoing, no other Shareholder has a material interest in the Capital Increase Agreement, as such, no other Shareholder will be required to abstain from voting on the relevant resolution at the EGM to approve the Capital Increase Agreement.

## **GENERAL**

The Independent Board Committee has been established to consider and to advise the Independent Shareholders, on the fairness and reasonableness of the terms of the Capital Increase Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Capital Injection; (ii) the recommendation from the Independent Board Committee in relation to the Capital Injection; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Capital Injection; and (iv) a notice convening the EGM to approve the Capital Increase Agreement is expected to be despatched to the Shareholders no later than 22 February 2011.

## **DEFINITIONS**

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

“associate”	has the meaning ascribed in the Listing Rules
“Board”	the board of Directors
“Capital Increase Agreement”	the capital increase agreement dated 28 January 2011 entered into between the Company and Taiwan Mayer
“Capital Injection”	the proposed contribution to the registered share capital of the JV Company of US\$48,000,000 (equivalent to approximately HK\$373,440,000) by the Company and Taiwan Mayer on a non pro-rata basis of which US\$19,000,000 (equivalent to approximately HK\$147,820,000) will be contributed by the Company and Taiwan Mayer will contribute US\$29,000,000 (equivalent to approximately HK\$225,620,000) pursuant to the terms of the Capital Increase Agreement
“Company”	Mayer Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange



“connected person(s)”	has the meaning ascribed in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving the Capital Increase Agreement by the Independent Shareholders
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Messrs. Lin Sheng-bin, Huang Jui-hsiang, Alvin Chiu and Peter V.T. Nguyen has been established for the purpose of advising and giving recommendation to the Independent Shareholders, among other things, the Capital Injection
“Independent Shareholders”	Shareholders other than Taiwan Mayer and its associates
“Independent Third Party”	a party and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company or any of its connected persons
“JV Agreement”	the joint venture agreement dated 15 September 2010 entered into by the Company and Taiwan Mayer in relation to the formation of the JV Company
“JV Announcement”	the announcement of the Company dated 15 September 2010 in respect of the formation of the JV Company pursuant to the Joint Venture Agreement
“JV Company”	Glory World Development Limited, a company established in the British Virgin Islands with limited liability and is owned as to 50% by the Company and 50% by Taiwan Mayer for the purpose of carrying out trading of nonferrous metals and other minerals resource worldwide

“JV Formation”	the formation of the JV Company between the Company and Taiwan Mayer pursuant to the joint venture agreement dated 15 September 2010 of which the Company had contributed US\$999,999 (equivalent to approximately HK\$7,780,000) as capital investment to the JV Company, detail of which are set out in the Company’s announcement dated 15 September 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shareholders’ Loans Announcements”	the announcements of the Company dated 3 November 2010 and 23 November 2010 in respect of the provision of the Shareholder’ Loans by the Company to the JV Company in an agreement amount of US\$11,000,000 (equivalent to approximately HK\$85,360,000)
“Shareholder(s)’ Loans”	each of the Company and Taiwan Mayer had provided an aggregate amount of shareholder’s loans of US\$11,000,000 (equivalent to approximately HK\$85,580,000) on 16 September 2010 and 23 November 2010
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan Mayer”	Mayer Steel Pipe Corporation (美亞鋼管廠股份有限公司), an ultimate beneficial substantial Shareholder of the Company and a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange Corporation
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*For the purpose of this announcement, all amounts denominated in US\$ has been translated (for information only) into HK\$ using the exchange rates of US\$1.00: HK\$7.78. Such translation shall not be construed as a representation that amounts of US\$ were or may have been converted.*

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

Hong Kong, 28 January 2011

*As at the date of this announcement, the executive Directors of the Company are Messrs. Hsiao Ming-chih, Lai Yueh-hsing, Lo Haw, Chiang Jen-chin, Lu Wen-yi and Cheng Koon Cheung; the non-executive Directors are Messrs. Chan Kin Sang, Chen Guoxiang and Li Deqiang; and the independent non-executive Directors are Messrs. Lin Sheng-bin, Huang Jui-hsiang, Alvin Chiu and Peter V.T. Nguyen respectively*