THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Mayer Holdings Limited** (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale was affected for transmission to the purchaser or transferee.

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

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN MEI KONG SHIH YE LIMITED AND (2) REFRESHMENT OF GENERAL MANDATE

Financial Adviser to the Company

Baron Capital Limited

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

Mitsubishi UFJ Securities (HK) Capital, Limited

A letter from the Board is set out on pages 4 to 14 of this circular.

A notice convening the EGM to be held at 22/F, W Square, 314-324 Hennessy Road, Wanchai, Hong Kong on Friday, 24 September 2010 at 2:30 p.m. is set out on pages 68 to 70 of this circular.

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

* *For identification purposes only*

8 September 2010

CONTENTS

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

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"China Life"	中國人壽保險股份有限公司 (China Life Insurance Co., Ltd.)
"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
"Completion"	completion for the sale and purchase of the Sale Shares pursuant to the terms of the Disposal Agreement
"Completion Date"	the date of Completion, being completion for the sale and purchase of the Sale Shares
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	NT$260,473,851 (equivalent to approximately HK$63,399,000), being the consideration for the Disposal
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
"Disposal Agreement"	the conditional sale and purchase agreement dated 13 August 2010 entered into between the Vendor and the Purchaser in relation to the sale and purchase of 100% issued share capital of Mei Kong
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving the Disposal Agreement and the transactions contemplated thereunder, and the refreshment of the Existing General Mandate
"Existing General Mandate"	the general mandate granted to the Directors by the Shareholders at the 2010 AGM to allot, issue and deal up to 20% of the then issued share capital of the Company as at the date of the 2010 AGM
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board comprising the independent non-executive Directors, namely Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang, Mr. Alvin Chiu and Mr. Peter V.T. Nguyen, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Disposal Agreement and the Disposal, and the refreshment of the Existing General Mandate
"Independent Financial Adviser" or "Mitsubishi UFJ"	Mitsubishi UFJ Securities (HK) Capital, Limited, a registered institution to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal Agreement and the transactions contemplated thereof, and the refreshment of the Existing General Mandate
"Independent Shareholders"	Shareholders other than the Purchaser 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
"Latest Practicable Date"	7 September 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mei Kong"	Mei Kong Shih Ye Limited (美控實業股份有限公司), a company incorporated in Taiwan with limited liability, and a wholly-owned subsidiary of the Company
"New General Mandate"	the general mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and otherwise deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Property"	德安科技園區八期 (Durban Technology Park Phase VIII), a building erected on the land situated at Land No. 14, Kuang Fu Sec., Hsinchu City, Taiwan and with address as No. 156, 158, 158-1 and 160 Section 2, Gongdao 5th Road, East District, Taiwan

"Property Agreement"	the conditional sale and purchase agreement dated 12 May 2010 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
"Purchaser"	Mayer Steel Pipe Corporation (美亞鋼管廠股份有限公司), a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange Corporation, and the ultimate controlling Shareholder
"Remaining Group"	the Group subsequent to the Disposal
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Sale Shares"	the 32,891,718 shares representing the entire 100% issued share capital of Mei Kong
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Shareholder(s)"	the holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"Vendor"	Sunbeam Group Limited (新光集團有限公司), a company incorporated in British Virgin Islands with limited liability, and a directly wholly-owned subsidiary of the Company
"Warrants"	115,200,000 non-listed warrants carrying the rights to subscribe for 115,200,000 new Shares to be allotted and issued upon exercise of the subscription rights attaching to the 115,200,000 non-listed warrants at an exercise price of HK$0.54 per share for a term of one year
"2010 AGM"	the annual general meeting of the Company held on 19 June 2010
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"NT$"	New Taiwan dollars, the lawful currency of Taiwan
"RMB"	renminbi, the lawful currency of the PRC
"%"	per cent

For the purpose of this circular, all amounts denominated in NT$ has been translated (for information only) into HK$ using the exchange rates of NT$1.00: HK$0.2434 and RMB1: HK$1.142. Such translation shall not be construed as a representation that amounts of NT$ and RMB were or may have been converted.

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

Executive Directors:
Mr. Hsiao Ming-chih
Mr. Lai Yueh-hsing
Mr. Lo Haw
Mr. Cheng Dar-terng
Mr. Chiang Jen-chin
Mr. Lu Wen-yi
Mr. Cheng Koon Cheng

Non-executive Directors:
Mr. Huang Chun-fa
Mr. Chan Kin Sang

Independent non-executive Directors:
Mr. Lin Sheng-bin
Mr. Huang Jui-hsiang
Mr. Alvin Chiu
Mr. Peter V.T. Nguyen

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

Principal Office in Hong Kong:
22/F, W Square
314-324 Hennessy Road
Wanchai
Hong Kong

8 September 2010

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN MEI KONG SHIH YE LIMITED AND (2) REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

The Company announced on 18 August 2010 (i) that the Vendor, a directly wholly-owned subsidiary of the Company, entered into the Disposal Agreement on 13 August 2010 with the Purchaser, an ultimate beneficial controlling Shareholder, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 100% equity interest in Mei Kong, at the Consideration of NT$260,473,851 (equivalent to approximately HK$63,399,000) in cash; and (ii) the proposed refreshment of the Existing General Mandate to issue and allot Shares.

* *For identification purposes only*

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal Agreement, the Disposal, and the refreshment of the Existing General Mandate; (ii) the financial information of Mei Kong; (iii) the management discussion and analysis of the financial information of the Remaining Group; (iv) the unaudited pro forma financial information of the Remaining Group; (v) the recommendation from the Independent Board Committee; (vi) the letter of advice from Mitsubishi UFJ; (vii) the notice of the EGM; and (viii) other disclosure requirements under the Listing Rules.

THE DISPOSAL AGREEMENT

Set out below are the principal terms of the Disposal Agreement:

Date: 13 August 2010 (after trading hours)

Parties:

(1) Vendor: Sunbeam Group Limited (新光集團有限公司), a directly wholly-owned subsidiary of the Company

(2) Purchaser: Mayer Steel Pipe Corporation (美亞鋼管廠股份有限公司), the ultimate controlling Shareholder

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 100% equity interest in Mei Kong.

Consideration

The Consideration for the Disposal is NT$260,473,851 (equivalent to approximately HK$63,399,000) which shall be satisfied in cash by the Purchaser to the Company upon the Completion of transfer of the Sale Shares. If the Purchaser fails to settle the Consideration on the Completion Date, the Purchaser shall be subject to overdue charges calculated at the rate of 0.05% per day in respect of the Consideration for the period commencing from the date when the amount payable was due.

Basis of the Consideration

The Consideration of the Disposal was agreed between the Vendor and the Purchaser after arm's length negotiations and on normal commercial terms by reference to the net asset value of Mei Kong as at 31 July 2010.

Given that the Consideration represents Mei Kong's net asset value of approximately NT$317,369,384 (equivalent to approximately HK$77,248,000) after deducting the withholding tax based on the management accounts of Mei Kong for the seven months ended 31 July 2010, whereas the withholding tax rate is 20% to be levied mainly on retained profit. The Directors consider that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Disposal shall be conditional upon:

(a) obtaining the approval by all relevant local government and local regulatory authorities in relation to the execution of the Disposal Agreement and transfer of the Sale Shares; and

(b) obtaining the Shareholders' approval at the Company's Shareholder meeting in relation to the Disposal Agreement and the transactions contemplated under the Disposal Agreement.

None of the above conditions are capable of being waived. If the conditions above have not been satisfied on or before 15 December 2010, the Disposal Agreement shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

Completion

Completion shall take place upon the Completion of title ownership transfer of the Sale Shares after the conditions precedent in the Disposal Agreement have been fulfilled.

Other conditions

Other major conditions to the Disposal Agreement to indemnify the Purchaser are set out as below:

(a) all costs and expenses incurred by the Purchaser in connection with any claim or action commenced at any time before or on the date of the Disposal Agreement against the Vendor in relation to Mei Kong; and

(b) any due or undue guarantee, liability or tax liability at any time before or on the date of the Disposal Agreement against the Vendor in relation to Mei Kong.

The above indemnities do not cover any liability as a result of the Completion of title ownership transfer of the Sale Shares. Both parties to the Disposal Agreement shall perform their obligations to bear their respective levies and applicable stamp duties in accordance with the law and regulations of Taiwan.

INFORMATION ON MEI KONG

Mei Kong was incorporated in Taiwan with limited liability in 28 May 2007 and is an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, Mei Kong is principally engaged in investment holding and was principally engaged in property investment. As at the Latest Practicable Date, major asset of Mei Kong is cash. According to the management accounts of Mei Kong as at 31 July 2010, its cash balance as at 31 July 2010 is NT$358,664,631 (equivalent to approximately

HK$87,299,000), amounting to approximately 99.96% of the total assets. On 12 May 2010, Mei Kong entered into a conditional sale and purchase agreement with China Life, an independent third party and not connected with the Company and any of its connected persons, pursuant to which Mei Kong had conditionally agreed to sell and China Life had conditionally agreed to purchase the Property (the "Property Agreement"). The completion of the disposal of the Property took place on 12 July 2010. Prior to completion of the abovementioned agreement, Mei Kong's principal asset was the Property.

Pursuant to the terms of the Property Agreement, Mei Kong warrants China Life that within three years commencing from the day after the point of delivery date (the "Rent Commencement Date"), the minimum annual rental to be generated from the Property shall be NT$56,100,000 (equivalent to approximately HK$13,806,000) (the "Guarantee Income") and if the actual rental income is less than the Guarantee Income, Mei Kong shall compensate the difference to China Life. Both parties to the Property Agreement shall calculate the annual rental income at the anniversary of each relevant year. In the event the Guarantee Income for a particular year cannot be reached, Mei Kong shall compensate the shortfall within two months after settlement of the actual annual rental income.

The Guarantee Income of NT$56,100,000 (equivalent to approximately HK$13,806,000) was determined based on 85% of the total estimated annual rental income of NT$66,000,000 (equivalent to approximately HK$16,243,000) expected to be generated from the Property. In the event the Guarantee Income cannot be reached during a particular year, Mei Kong shall compensate such shortfall on a dollar-to-dollar basis and shall be settled by cash.

The warranty of Guarantee Income would be a contingent liability to be retained and borne by the Remaining Group as it may be interpreted as part of the due or undue guarantee, liability or tax liability incurred at any time on or before the date of Disposal Agreement against the Vendor in relation to Mei Kong.

Given (i) the earlier gain on disposal by Mei Kong of the Property to China Life; (ii) Mei Kong had entered into a separate reimbursement and custodian agreement dated 12 May 2010 with a rental/real estate agent, who also acted as the real estate agent for Mei Kong's disposal of the Property to China Life. The agent agreed to bear the difference between the actual rental income and the Guarantee Income within three years commencing from the Rent Commencement Date if the actual rental income is less than the Guarantee Income. The estimated difference amounted to a total of TW$19,544,545 (approximately equal to HK$4,757,000) according to a rental income valuation report prepared by the valuer appointed by the Company,; and (iii) the Consideration did not take into account of the contingent liabilities in relation to the Guarantee Income, the Directors consider that the Remaining Group to bear and retain the warranty of Guarantee Income to be fair and reasonable.

Set out below is a summary of the audited financial information on Mei Kong for the two years ended 31 December 2008 and 2009 prepared in accordance with the Hong Kong Financial Reporting Standard:

	For the year ended 31 December	
	2009	**2008**
	RMB	*RMB*
Income Statement		
Revenue	8,330,000 (equivalent to approximately HK$9,513,000)	3,977,000 (equivalent to approximately HK$4,542,000)
Net profit/(loss) before taxation	4,519,000 (equivalent to approximately HK$5,161,000)	34,566,000 (equivalent to approximately HK$39,474,000)
Net profit/(loss) after taxation	5,585,000 (equivalent to approximately HK$6,378,000)	26,119,000 (equivalent to approximately HK$29,828,000)

	As at 31 December	
	2009	**2008**
	RMB	*RMB*
Statement of financial position		
Total assets	223,084,000 (equivalent to approximately HK$254,762,000)	220,053,000 (equivalent to approximately HK$251,301,000)
Total liabilities	174,300,000 (equivalent to approximately HK$199,050,000)	178,058,000 (equivalent to approximately HK$203,342,000)
Net asset value	48,784,000 (equivalent to approximately HK$63,623,000)	41,995,000 (equivalent to approximately HK$54,768,000)

REASONS FOR THE DISPOSAL

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

Mei Kong was established in May 2007 to explore suitable investment opportunities in property investment in Taiwan. With reference to the Company's announcement and the circular dated 19 May 2010 and 21 June 2010 respectively, taking into consideration that the Group had disposed of the sole asset of Mei Kong, being the Property, the Directors consider that the Disposal to be in the commercial interest of the Group having regard to the discontinuation of property investment activity of the Group.

Furthermore, the Directors consider that the Disposal will enable the Company to improve the cashflow and liquidity position of the Group and increase the general working capital and cash resources for any future potential investment opportunities that may arise from time to time. After the Disposal, save as property investment, the Company intends to continue to operate the rest of its remaining principal businesses.

The Directors have considered the following alternatives besides the Disposal in order to free the cash resources of Mei Kong to the Group:

(1) Inter-company transfer from Mei Kong to other Group member company;

(2) Dividend declared by Mei Kong to the Group; and

(3) Voluntary wind-up of Mei Kong.

For the first alternative, it is the Taiwan regulator's practice to request full settlement on outstanding balance of any current account between member companies of the same Group within a reasonable period of time and any inter-company balance between Mei Kong and other Group members is subject to law and regulations of Taiwan.

For the second alternative, there will be 20% withholding tax levied on the dividend paid and the share capital of Mei Kong will be locked-up.

For the third alternative, it will approximately take Mei Kong more than six months to complete its wind-up procedures in Taiwan and it is subject to 20% withholding tax to be levied on retained profit.

After taking into account of the above alternatives, the Directors consider that the Disposal is a more efficient and timely method to free the cash resources into the Group.

Save and except for the Disposal, as at Latest Practicable Date, the Directors have no intention, negotiation or agreement to dispose or scale-down of the Group's existing businesses.

The Directors consider that the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Disposal of approximately NT$257.2 million (equivalent to approximately HK$62.6 million) will be used for general working capital purposes and, where appropriate, future acquisitions (if any) where suitable opportunities arise in future. The Company does not have any plan, discussion or negotiation for further acquisitions as at the Latest Practicable Date.

POSSIBLE FINANCIAL EFFECTS

Upon Completion, Mei Kong will cease to be a subsidiary of the Company. The financial results, assets, liabilities and cash flows of Mei Kong will be deconsolidated from the Group's consolidated financial statements.

Based on the existing information available to the Company, the Directors estimated that the expected loss to be recorded in the Group's consolidated financial statements arising from the Disposal is approximately HK$14,649,000, being the difference between the Consideration of NT$260,473,851 (equivalent to approximately HK$63,399,000) and the net asset value of Mei Kong of approximately NT$317,369,384 (equivalent to approximately HK$77,248,000) as at 31 July 2010 based on the Mei Kong's management accounts and taking into account the estimated expenses to be incurred (including but not limited to the relevant taxation, agency commission, and legal and professional fees).

Based on the unaudited pro forma financial position of the Remaining Group as illustrated in Appendix III to this circular which has been prepared as if the Disposal had been completed on 31 December 2009, the total consolidated net assets attributable to the equity holders of the Company would increase from approximately RMB295,510,000 to approximately RMB301,612,000.

Based on the unaudited pro forma financial position of the Remaining Group as illustrated in Appendix III to this circular which has been prepared as if the Disposal had been completed on 31 December 2009, (i) the total assets of the Remaining Group would be decreased by approximately RMB168,198,000 (equivalent to approximately HK$192,082,000); and (ii) the total liabilities of the Remaining Group would be decreased by approximately RMB174,300,000 (equivalent to approximately HK$199,051,000).

As illustrated in the unaudited pro forma consolidated income statement and consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2009 as set out in Appendix III to this circular which has been prepared as if the Disposal had been completed on 1 January 2009, the total comprehensive income of the Remaining Group would be decreased by approximately RMB686,000 (equivalent to approximately HK$783,400) for the year ended 31 December 2009.

The Directors consider that the asset position of the Remaining Group will improve as a result of the Disposal and the Disposal will not have any material adverse effect on the turnover, profitability and the business operation of the Remaining Group.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Board is in the view that the Group, after the Disposal, will have its principal business diversified into two major business segments, which shall include: (i) the manufacturing and trading of steel sheets, steel pipes and other products made of steel; and (ii) the leasing of aircrafts and the provision of related consultancy services.

The Directors are confident that the existing business relating to the manufacturing and trading of steel in the PRC will remain strong in demand and the leasing of aircrafts will have stable rental returns, despite that the current economy is overshadowed by the uncertain global financial market.

The Group will continue to seek new investment opportunities within Taiwan or other Asian countries, such as the PRC and Hong Kong, thereby enhancing the Group's overall competitiveness and improving its business and financial performance.

Based on the above, the Directors consider that the terms of the Disposal are fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PURCHASER

The Purchaser, the ultimate controlling Shareholder, is principally engaged in the processing and manufacture of steel pipes substantially for the domestic market in Taiwan. As at the Latest Practicable Date, the Purchaser through its wholly-owned subsidiary, Mayer Corporation Development International Limited, holds 200,000,000 Shares (representing approximately 34.72% of the existing issued share capital of the Company). The Purchaser is incorporated in Taiwan and the shares of which are listed on the Taiwan Stock Exchange Corporation.

LISTING RULES IMPLICATIONS ON THE DISPOSAL

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules. The Purchaser is the ultimate beneficial controlling Shareholder and thus, the Purchaser, is regarded as a connected person of the Company. Accordingly, the Disposal contemplated under the Disposal Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios (other than the profits ratio) is more than 25% and the Consideration is more than HK$10 million, the Disposal also constitutes a non-exempt connected transaction of 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 voting at a general meeting pursuant to Rules 14A.17 and 14A.18 of the Listing Rules. In view of the interests of the Purchaser in the Disposal Agreement, the Purchaser and its associates will be required to abstain from voting on the resolution in relation to the Disposal Agreement and the transactions contemplated thereunder at the EGM.

As at the Latest Practicable Date, the Purchase, through its wholly-owned subsidiary, Mayer Corporation Development Limited holds 200,000,000 Shares (representing approximately 34.72% of the existing issued share capital of the Company). Save and except to the foregoing, no other shareholder will be required to abstain from voting on the relevant resolution at the EGM to approve the Disposal.

REFRESHMENT OF GENERAL MANDATE

The Existing General Mandate

At the 2010 AGM, the Shareholders passed among others, ordinary resolutions to grant the Directors the Existing General Mandate to issue, allot and otherwise deal with a maximum of 115,200,000 Shares, representing 20% of the total nominal amount of the issued share capital of the Company as at the date 2010 AGM.

During the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate has been fully utilised.

There has been no refreshment of general mandate since the 2010 AGM.

The following table summaries the use of the Existing General Mandate since the 2010 AGM:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
12 July 2010	Subscription of Warrants	(i) Approximately HK$1 million under the subscription of Warrants; and (ii) a maximum of approximately HK$62.2 million upon the exercise of the subscription rights attached to the Warrants in full.	General working capital and funds for future development of the Group.	Currently, all the gross proceeds from the issue of Warrants has been used as general working capital.

Proposed grant of the New General Mandate

As at the Latest Practicable Date, the Company had an aggregate of 576,000,000 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the New General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable date and the date of the EGM, the Directors will be authorised to allot, issue or otherwise deal with a maximum of 115,200,000 Shares under the New General Mandate.

Period during which the New General Mandate will remain effective

The New General Mandate is valid until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Company's articles of association to be held; or

(iii) the passing of an ordinary resolution by the Shareholders of the Company in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

Reasons for the refreshment of the Existing General Mandate

As the Existing General Mandate has been fully utilised, in order to maintain flexibility and provide discretion to the Directors to issue new Shares in the future which is necessary for the Group's funding needs and future business development, the Directors propose to the Independent Shareholders a resolution to grant the New General Mandate such that the Directors can exercise the power of the Company to issue new Shares up to 20% of the issued share capital of the Company as at the date of the EGM. The refreshment of the Existing General Mandate provides a means for the Company to raise funds expeditiously for its operations and future development when investment opportunities arise. Accordingly, the Board considers that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

Other than raising fund by way of issuing equity capital, the Directors consider other financing methods such as bank financing, debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group, depending on the financial position, capital structure and cost of funding of the Group and the market condition. The Directors consider that the ability for the Group to obtain bank borrowings usually depends on the Group's profitability, financial position and the prevailing market condition. In addition, such alternative may be subject to lengthy due diligence and negotiations with the banks. Due to these reasons, the Directors consider that debt financing would be relatively uncertain, impracticable and time-consuming as compared to equity financing, such as placement of new Shares, for the Group to obtain additional funding.

As for other forms of pro rata equity financing methods such as rights issue or open offer, most would result in substantial costs including but not limited to legal costs and underwriting commissions and the Company may not be able to procure favourable terms in commercial underwriting. While the grant of specific mandate is subject to approval of the Independent Shareholders which may cause undue delay if the Group wishes to carry out timely acquisitions. If the Existing General Mandate is refreshed, the Group will be in a better bargaining position in the negotiation of potential investments or acquisitions.

In view of the above, the Directors consider the refreshment of the Existing General Mandate, which may or may not be utilized, is in the best interests of the Company and the Shareholders as a whole. The Company therefore proposes to seek the approval of the Independent Shareholders to refresh the Existing General Mandate at the EGM.

LISTING RULES IMPLICATIONS ON THE GRANT OF THE NEW GENERAL MANDATE

As the grant of the New General Mandate is being proposed prior to the next annual general meeting of the Company, it is therefore subject to the requirements under Rule 13.36(4) of the Listing Rules. Pursuant to Rule 13.36(4)(a) of the Listing Rules, the grant of the New General Mandate requires the approval of the independent shareholders and the controlling shareholders and their associates. As at the Latest Practicable Date, the Purchaser, through its wholly-owned subsidiary, Mayer Corporation Development Limited, holds 200,000,000 Shares (representing approximately 34.72% of the existing issued share capital of the Company). The Purchaser, being the ultimate beneficial controlling Shareholder, and its associates would abstain from voting in favour of the relevant resolution in approving the refreshment of the General Mandate pursuant to Rule 13.36(4) of the Listing Rules. Save and except to the foregoing, no other Shareholder will be required to abstain from voting on the relevant resolution at the EGM to approve the Disposal.

EGM

The EGM will be convened for the purpose of, among other things, approving the Disposal Agreement and the transactions contemplated thereunder, and the refreshment of the Existing General Mandate. A notice convening the EGM to be held at 22/F, W Square, 314-324 Hennessy Road, Wanchai, Hong Kong on Friday, 24 September 2010 at 2:30 p.m. is set out on pages 68 to 70 of this circular.

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

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

RECOMMENDATION

An independent board committee of the Company comprising Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang, Mr. Alvin Chiu and Mr. Peter V.T. Nguyen, being all independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and the reasonableness of the terms of the Disposal Agreement, the Disposal and the refreshment of the Existing General Mandate and as to how to vote at the EGM. Mitsubishi UFJ has been appointed as the Independent Financial Adviser to the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal Agreement, the Disposal and the refreshment of the Existing General Mandate in this regard. The letter of recommendation from the Independent Board Committee and the letter of advice from the Mitsubishi UFJ are set out on page 15 and pages 16 to 28 of this circular respectively. You are advised to read the letters carefully before making your voting decisions.

The Directors (excluding all independent non-executive Directors) consider that the terms of the Disposal Agreement and the Disposal, and the refreshment of the Existing General Mandate are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders and the Group as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Disposal Agreement, and the transactions contemplated thereunder, and the refreshment of the Existing General Mandate.

ADDITIONAL INFORMATION

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

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

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

8 September 2010

To the Independent Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN MEI KONG SHIH YE LIMITED AND (2) REFRESHMENT OF GENERAL MANDATE

We refer to the circular from the Company to the Shareholders dated 8 September 2010 (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee and to advise the Independent Shareholders on, the fairness and reasonableness of the terms of the Disposal Agreement and the Disposal, and the refreshment of the Existing General Mandate. Mitsubishi UFJ has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 14 of the Circular, and the letter from Mitsubishi UFJ to the Independent Board Committee and the Independent Shareholders which contains its advice in respect of the Disposal Agreement and the Disposal, and the refreshment of the Existing General Mandate set out on pages 16 to 28 of this Circular.

Having taken into account the advice of Mitsubishi UFJ, we consider the terms of the Disposal Agreement and the Disposal, and the refreshment of the Existing General Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the (i) Disposal Agreement and the transactions contemplated thereunder, and (ii) the refreshment of the Existing General Mandate.

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

Mr. Lin Sheng-bin	**Mr. Huang Jui-hsiang**	**Mr. Alvin Chiu**	**Mr. Peter V.T. Nguyen**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

* *For identification purposes only*

Mitsubishi UFJ Securities (HK) Capital, Limited

8 September 2010

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION AND (2) REFRESHMENT OF THE EXISTING GENERAL MANDATE

INTRODUCTION

We refer to our engagement as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company in respect of the terms of (i) the Disposal Agreement and (ii) the refreshment of the Existing General Mandate, particulars of which are set out in the circular (the "Circular") of the Company dated 8 September 2010 and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in the Circular.

As set out in the letter from the Board (the "Letter from the Board"),

(i) the Vendor (a wholly-owned subsidiary of the Company) entered into the Disposal Agreement with the Purchaser (an ultimate beneficial controlling Shareholder), pursuant to which the Vendor has conditionally agreed to sell to the Purchases the Sale Shares, representing 100% equity interest in Mei Kong, at the Consideration of NT$260,473,851 (approximately HK$63,399,000) in cash. The Disposal contemplated under the Disposal Agreement constitutes a non-exempt connected transaction of the Company under the Listing Rules and is therefore subject to the approval of the Independent Shareholders by way of poll; and

(ii) since the granting of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate has been utilized as to 115,200,000 Shares, representing 100% of the aggregate number of Share which may be allotted and issued under the Existing General Mandate. The Company proposes to seek the approval of the Independent Shareholders to grant the New General Mandate at the EGM.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Group and the Disposal Agreement and the refreshment of the General Mandate, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group and their respective associates nor have we carried out any independent verification of the information supplied.

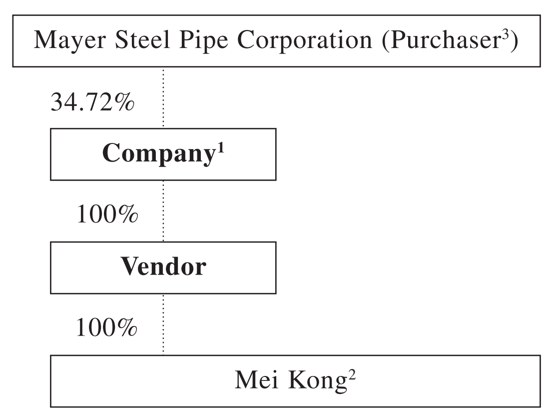
PRINCIPAL FACTORS AND REASONS CONSIDERED ON THE DISPOSAL AGREEMENT

In arriving at our opinion regarding the terms of the Disposal Agreement, we have considered the following principal factors and reasons:

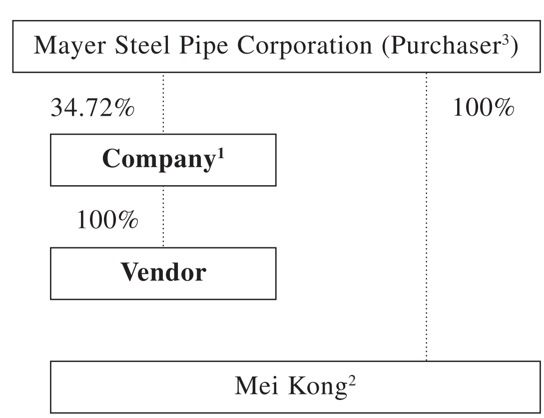
1. Background of, and reasons for, entering into the Disposal Agreement

We summarise below the simplified shareholding structure of Mei Kong, which is the target to be disposed of by the Group pursuant to the Disposal:

- *Existing*



- *Assuming completion of the Disposal*



Note:

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

2 As at the Latest Practicable Date, Mei Kong is principally engaged in investment holding and was principally engaged in property investment in Taiwan.

3 The Purchaser (the ultimate controlling Shareholder) is principally engaged in the processing and manufacture of steel pipes substantially for the domestic market in Taiwan. The Purchaser is incorporated in Taiwan, the shares of which are listed on the Taiwan Stock Exchange Corporation.

(i) Discontinuation of property investment segment of the Group

As set out in the Letter from the Board, Mei Kong was established in May 2007 as a wholly-owned subsidiary of the Company to explore suitable investment opportunities in property investment in Taiwan. To this end, we note that Mei Kong acquired the Property (being an investment property) pursuant to a sale and purchase agreement dated 12 July 2007 for a total consideration of NT$880,000,000 (approximately HK$212,256,000), details of which were set out in the circular and announcement of the Company dated 10 July 2007 and 12 July 2007 respectively. Upon reviewing the said circular, we note that the Property represents two industrial/ office buildings (11-storey and 2-storey respectively) erected upon a 3-level common basement and is named as 德安科技園區八期 (Durban Technology Park Phase VIII) in Taiwan.

As disclosed in the announcement and the circular of the Company dated 19 May 2010 and 21 June 2010 respectively, Mei Kong disposed of its sole key asset, being the Property located in Taiwan, to China Life (an independent third party not connected with the Company and any of its connected persons), taking into account (amongst other things) the premium of the consideration receivable over the cost of the acquisition of the Property and given the uncertainty in the property market in Taiwan as well as the development of the then debt crisis in Europe. It was expected that the Group would record a gain from the said disposal of approximately HK$25,662,000, being the difference between the consideration receivable of NT$1,230,000,000 (approximately HK$296,676,000) and the carrying value of the Property of approximately NT$1,034,993,000 (approximately HK$249,640,000) as at 31 December 2009 and after accounting for the estimated expenses to be incurred (including tax, agency commission, legal and professional fees).

Mei Kong's entire asset is virtually cash, subsequent to its disposal of the Property as announced earlier in May 2010. By way of the proposed Disposal of Mei Kong, and taking into account of the alternatives ways to be discussed below, we understand from the Company that the Disposal represents a final step to complete the full discontinuation of the Group's property investment activity in Taiwan. As the consideration receivable by the Vendor for the Disposal is benchmarked to Mei Kong's prevailing level of net asset value (after deducting the withholding tax), we understand from the Company that the Group is able to retain the earlier gain on disposal by Mei Kong of the Property to China Life fully except for the withholding tax.

In line with the objective of the Disposal, we have been advised by the Company that it is no longer the Group's intention to explore property investment opportunities in Taiwan. As set out in the Letter from the Board, after the Disposal, save as property investment, the Company intends to continue to operate the rest of its remaining principal businesses.

(ii) Alternative ways to the Disposal

According to the management accounts of Mei Kong as at 31 July 2010, Mei Kong's cash balance as at 31 July 2010 is NT$358,664,631 (approximately HK$87,299,000), amounting to approximately 99.96% of its total assets. As Mei Kong is a company incorporated in Taiwan, we have been advised by the Company that Mei Kong's cash balance is restricted for Mei Kong's own use merely in Taiwan geographically. The Directors consider that the Disposal of Mei Kong in consideration for NT$ receivable by the Vendor (which is incorporated in the British Virgin Islands) which is exchangeable into US$ upon remittance will enable the Group to improve its cashflow and liquidity position and increase its general working capital and cash resources for any future potential investment opportunities that may arise from time to time.

In this connection, we have enquired and discussed with the Company on a number of alternative ways to the Disposal, which could possibly serve the same purpose of freeing up Mei Kong's available cash resources to the Group, details of which are set out below:

	Alternatives ways to the Disposal	**Limitation**
1	Inter-company transfer from Mei Kong to other Group member company	• Mei Kong is a company incorporated in Taiwan, whereas the ultimate beneficial controlling shareholder of the Company is a company listed on the Taiwan Stock Exchange Corporation • Hence, any inter-company balance from Mei Kong to other Group members is ultimately subject to reporting and compliance issue to Taiwan regulator • It is Taiwan regulator's practice to request the full settlement of any current account balance outstanding between member companies within the same group (if not within its normal business activity) within a reasonable period of time (even though the member companies are 100% held within the same group)
2	Dividend payout by Mei Kong to the Group	• The original share capital will still be locked-up within Mei Kong • Still subject to 20% withholding tax to be levied on dividend portion
3	Voluntary wind-up of Mei Kong	• Timing wise, it will approximately take Mei Kong more than six months to complete its wind-up procedures in Taiwan • Still subject to 20% withholding tax to be levied on retained profit portion (similar to the case of the Disposal)

Source: the Company

As illustrated in the above table, each of the three alternative ways to the Disposal has its own limitation. We understand from the Company that it is after assessing the demerits of the aforesaid alternative ways that the Directors resort to put forward the Disposal as the preferred means to freeing up Mei Kong's available cash resources to the Group

(a) in a more efficient manner (when compared with dividend payout by Mei Kong to the Group) and

(b) in a more timely manner (when compared with voluntary wind-up of Mei Kong).

2. Key terms of the Disposal Agreement

(i) Consideration

As set out in the Letter from the Board, the Consideration of the Disposal of NT$260,473,851 (approximately HK$63,399,000) in cash was agreed between the Vendor and the Purchaser after arm's length negotiations and on normal commercial terms by reference to the net asset value of Mei Kong as at 31 July 2010.

The Consideration represents (a) Mei Kong's net asset value of approximately NT$317,369,384 (approximately HK$77,248,000) based on the management accounts of Mei Kong for the seven months ended 31 July 2010 as deducted by (b) the withholding tax to be levied mainly on retained profit portion. Upon our enquiry, we have been advised by the Company that it is the Purchaser's own obligation (rather than the Vendor's) to fully pay the withholding tax for the Disposal. Based on the aforesaid two points, and given that the Group is able to retain the earlier gain on disposal by Mei Kong of the Property to China Life fully except for the withholding tax which is inevitable upon any sale or voluntary wind-up of Taiwan-incorporated company, we concur with the Directors' view that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

(ii) Warranty of the Guarantee Income to be generated from the Property

Pursuant to the terms of the Property Agreement, Mei Kong warrants China Life that within three years commencing from the day after the point of delivery date, the minimum annual rental to be generated from the Property shall be NT$56,100,000 (approximately HK$13,806,000) (the "Guarantee Income") and if the actual rental income is less than the Guarantee Income, Mei Kong shall compensate the difference to China Life.

The Guarantee Income of NT$56,100,000 (approximately HK$13,806,000) was determined based on 85% of the total estimated annual rental income of NT$66,000,000 (approximately HK$16,243,000) expected to be generated from the Property. Upon our enquiry, we understand from the Company that the prevailing space leased by the Property to tenants in consideration for rental income is over 70% (but less than 85%) of the total lettable space of the Property. In the event the Guarantee Income cannot be reached during a particular year, Mei Kong shall compensate such shortfall on a dollar-to-dollar basis and shall be settled by cash.

We note that the warranty of the Guarantee Income would be a contingent liability to be borne by the Vendor (i.e. within the Group) as it may be interpreted as part of any due or undue guarantee, liability or tax liability incurred at any time on or before the date of Disposal Agreement against the Vendor in relation to Mei Kong. Purely on such basis, we do not consider that the warranty of the Guarantee Income to be borne by the Vendor is in the interests of the Independent Shareholders, given that it is Mei Kong itself (rather than the Vendor) which specifically warrants China Life in the first place. However, taking into account of wider perspectives that:

(a) the net asset value of Mei Kong of approximately NT$317,369,384 (approximately HK$77,248,000) as at 31 July 2010 (which is gauged for arriving at the Consideration) had not included nor reflected the contingent liabilities of the Guarantee Income (which in other words is not recognised on Mei Kong's balance sheet), and hence the level of Consideration receivable by the Group had not been subject to any reduction by the negative impact of contingent liabilities of the Guarantee Income;

(b) the Group is able to retain the earlier gain on disposal by Mei Kong of the Property to China Life fully (except for the withholding tax which is inevitable upon any sale or voluntary wind-up of Taiwan-incorporated company; and

(c) in any event, as advised by the Company, the warranty of the Guarantee Income is subject to reimbursement by a rental/real estate agent named 天廈廣告事業股份有限公司, which was the same agent appointed by Mei Kong for its disposal of the Property to China Life in May 2010 and which entered into a supplemental agreement dated 12 May 2010 with Mei Kong whereby the said agent agreed to reimburse any shortfall amount arising from the warranty of the Guarantee Income in the next three years up to a total of NT$19,544,545 (approximately HK$4,757,000) by way of deferring to receive an equivalent amount of agency commission income due from Mei Kong.

    In other words, Mei Kong has assigned the contingent liabilities to the said agent and the Company expects the risk of the Group to pay the shortfall amount arising from the warranty of the Guarantee Income to be minimal (taking into further account that Mei Kong shall still be controlled by the same parent of the Group immediately after the Disposal). Upon enquiry, we understand from the Company that the said agent was willing to commit such reimbursement obligation because

    (i) it is a part and partial service to the basic agency service for the sale and purchase of the Property (in which case the size of the agency commission income receivable by the said agent was nearly two-fold higher than the expected shortfall amount arising from the warranty of the Guarantee Income in the next three years of a total of NT$19,544,545 (approximately HK$4,757,000); and

    (ii) in turn, the said expected shortfall amount is supported by and represents the difference between

        a. the Guarantee Income of NT$56,100,000 (approximately HK$13,806,000) as multiplied by 3 years; and

b. the fair market rental income receivable by the Property for the next three years as assessed under a rental valuation report by an independent professional valuer appointed by Mei Kong (named Taiwan Dawa Real Estate Appraiser & Associates) of a total of NT$148,755,455 (approximately HK$36,207,000) inclusive of 5% turnover tax, which is roughly achievable (at least in the first year) based on the level of over 70% (but less than 85%) of the total lettable space of the Property already leased by the Property to tenants in consideration for rental income,

we concur with the Directors' view that barring unforeseen circumstances (such as another global financial crisis causing exceptional loss of tenants of the Property), the warranty of the Guarantee Income to be borne by the Vendor (i.e. within the Group) can still be regarded as fair and reasonable so far as the Independent Shareholders are concerned.

3. Financial effects of the Acquisition on the Group

(i) Cashflow

(1) Impact from the mode of settlement

The Consideration for the Disposal is NT$260,473,851 (equivalent to approximately HK$63,399,000) which shall be satisfied in cash by the Purchaser to the Company upon the Completion of transfer of the Sale Shares. If the Purchaser fails to settle the Consideration on the Completion Date, the Purchaser shall be subject to overdue charges calculated at the rate of 0.05% per day in respect of the Consideration for the period commencing from the date when the amount payable was due.

The net proceeds from the Disposal of approximately NT$257.2 million (approximately HK$62.6 million) will be used for general working capital purposes and, where appropriate, future acquisitions (if any) where suitable opportunities arise in future.

As illustrated in the unaudited pro forma financial position of the Remaining Group as set out in appendix III to this circular which has been prepared as if the Completion had taken place on 31 December 2009, upon Completion, the total consolidated cash and cash equivalents of the Remaining Group would increase from approximately RMB98,736,000 to approximately RMB153,125,000.

Upon our analysis, we note that the said increment is the exact summation of

(1) the estimated net proceeds arising from completion of the Disposal of approximately RMB55,585,000; minus

(2) the estimated expenses for the Disposal of approximately RMB700,000; minus

(3) the cash and bank balance of Mei Kong of RMB496,000.

(2) Impact from the operating requirements of Mei Kong

After Completion, Mei Kong will cease to be a subsidiary of the Company. The financial results, assets, liabilities and cash flows of Mei Kong will be deconsolidated from the Group's consolidated financial statements. The Group is expected to enjoy cost saving from ceasing to incur operating and other expenses for Mei Kong (in terms of administration expenses and finance cots to be incurred in future), which are estimated at roughly RMB4,173,000.

(ii) Earnings

Based on the existing information available to the Company, the Directors estimated that the expected loss to be recorded in the Group's consolidated financial statements arising from the Disposal is approximately HK$14,649,000, being the difference between the Consideration of NT$260,473,851 (approximately HK$63,399,000) and the net asset value of Mei Kong of approximately NT$317,369,384 (approximately HK$77,248,000) as at 31 July 2010 based on the Mei Kong's management accounts and taking into account the estimated expenses to be incurred (including but not limited to the relevant taxation, agency commission, and legal and professional fees).

Based on the unaudited pro forma consolidated income statement of the Remaining Group as set out in appendix III to this circular which has been prepared as if the Completion had taken place on 1 January 2009, the consolidated loss of the Remaining Group attributable to Shareholders (exclusive of minority interests) for the year ended 31 December 2009 would worsen from approximately RMB510,000 to approximately RMB1,572,000 which is mainly due to the exact summation of

(1) the exclusion of the results of Mei Kong for the year ended 31 December 2009 of approximately RMB5,585,000, assuming the Disposal has been completed on 1 January 2009; and

(2) the estimated gain of approximately RMB5,223,000 resulting from the Disposal which is derived from the Consideration less the net asset value of Mei Kong to be disposed of and exchange reserve to be realised as at 31 December 2009; minus

(3) the estimated expenses for the Disposal of approximately RMB700,000.

(iii) Net assets

The Directors consider that the asset position of the remaining Group will improve as a result of the Disposal and the Disposal will not have any material adverse effect on the turnover, profitability and the business operation of the remaining Group.

As illustrated in the unaudited pro forma financial position of the Remaining Group as set out in appendix III to this circular which has been prepared as if the Completion had taken place on 31 December 2009, upon Completion, the total consolidated net assets attributable to the Shareholders would increase from approximately RMB295,510,000 to approximately RMB301,612,000.

(iv) Gearing

As illustrated in the unaudited pro forma financial position of the Remaining Group as set out in appendix III to this circular which has been prepared as if the Completion had taken place on 31 December 2009, upon Completion, the total liabilities of the Group would decrease from approximately RMB339,515,000 to approximately RMB165,215,000.

As the total liabilities of the Remaining Group is expected to reduce, and as the total consolidated net assets attributable to the Shareholders is expected to increase as set out in the preceding paragraph, the gearing ratio (based on the total liabilities as divided by the net assets attributable to the equity holders) of the Group is expected to improve upon Completion.

RECOMMENDATION ON THE DISPOSAL AGREEMENT

Having considered the above principal factors, we consider that the terms of the Disposal Agreement are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms, in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and we recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the Disposal Agreement.

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE REFRESHMENT OF THE EXISTING GENERAL MANDATE

1. Background of the refreshment of the Existing General Mandate

At the annual general meeting of the Company held on 19 June 2010, the Shareholders passed among others, ordinary resolutions to grant the Directors the Existing General Mandate to issue, allot and otherwise deal with a maximum of 115,200,000 Shares, representing 20% of the total nominal amount of the share capital of the Company in issue on the date of passing such resolutions.

Since the granting of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate has been utilised as to 115,200,000 Shares, representing 100% of the aggregate number of Shares which may be allotted and issued under the General Mandate, as a result of the issue of 115,200,000 warrants on 12 July 2010 to an independent subscriber.

There has been no refreshment of the Existing General Mandate since the said annual general meeting. Accordingly, after the issue of the aforesaid warrants, no further new Shares may be further issued and allotted under the General Mandate.

The Company therefore proposes to seek the approval of the Independent Shareholders to refresh the Existing General Mandate at the EGM. The Purchaser, being the ultimate beneficial controlling Shareholder, and its associates would abstain from voting in favour of the relevant resolution in approving the refreshment of the Existing General Mandate pursuant to Rule 13.36(4) of the Listing Rules.

2. Reasons of the refreshment of the Existing General Mandate

Given that the Existing General Mandate was granted in the last annual general meeting of the Company held on 19 June 2010, we have been advised by the Company that the next annual general meeting is not expected to be held until around June 2011, which is about nine months away from the Latest Practicable Date. If the Existing General Mandate is not to be refreshed in the EGM, the Company will not have any general mandate, if so required to be utilised, until the general mandate is approved in the next annual general meeting.

As the Existing General Mandate has been fully utilised, in order to maintain flexibility and provide discretion to the Directors to issue new Shares in the future which is necessary for the Group's funding needs and future business development, the Directors propose to the Independent Shareholders a resolution to grant the New General Mandate such that the Directors can exercise the power of the Company to issue new Shares up to 20% of the issued share capital of the Company as at the date of the EGM.

We understand that it is the Directors' belief that the refreshment of the Existing General Mandate will provide the Company with an additional alternative of equity funding when there is funding requirement or when any business opportunities arise in the future. In addition, the Directors consider that if investment or acquisition opportunities arise, it would be possible that decisions may have to be made within a limited period of time. The refreshment of the Existing General Mandate would provide the Group with higher degree of flexibility as allowed under the Listing Rules to issue new Shares or other convertible instruments to raise capital and strengthen the capital base of the Company as consideration or otherwise for such future potential investments or acquisitions opportunities.

On the above basis, despite our understanding from the Company that up to the Latest Practicable Date there was no concrete proposal for any new investment or acquisition for the Group, we consider there are acceptable grounds for the Directors to propose the refreshment of the Existing General Mandate to issue Shares in the EGM as it provides a means for the Company to raise funds expeditiously for its operations and future development when investment opportunities arise.

3. Other financing alternatives

Other than raising fund by way of issuing equity capital, we understand that the Directors will consider other financing methods such as bank financing, debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group, depending on the financial position, capital structure and cost of funding of the Group and the market condition. The Directors consider that the ability for the Group to obtain bank borrowings usually depends on the Group's profitability, financial position and the prevailing market condition. In addition, such alternative may subject to lengthy due diligence and negotiations with the banks. Due to these reasons, the Directors consider that debt financing would be relatively uncertain, impracticable and time-consuming as compared to equity financing, such as placement of new Shares, for the Group to obtain additional funding. As for other forms of pro rata equity financing methods such as rights issue or open offer, most would result in a substantial costs including but not limited to legal costs and underwriting commissions and the Company may not be able to procure favourable terms in commercial underwriting. While the grant of specific mandate is subject to approval of the Independent Shareholders which may cause undue delay if the Group wishes to carry out timely acquisitions.

We concur with the Directors' view that if the Existing General Mandate is refreshed, the Group will be in a better bargaining position in the negotiation of potential investments or acquisitions or fund raising by way of issuing equity capital.

4. Potential dilution to shareholding interests of the Independent Shareholders

The following table sets out the shareholding structure of the Company as at Latest Practicable Date and upon the possible full utilisation of the New General Mandate:

	As at the Latest Practicable Date		Assuming full utilisation of the New General Mandate — Before full exercise of the subscription rights attaching to the Warrants on or before the date of the EGM		Assuming full utilisation of the New General Mandate — After full exercise of the subscription rights attaching to the Warrants on or before the date of the EGM	
	(No. of Shares)	%	(No. of Shares)	%	(No. of Shares)	%
Mayer Corporation Development International Limited	200,000,000	34.72	200,000,000	28.94	200,000,000	24.11
Lee Kwok Leung	63,404,000	11.01	63,404,000	9.17	63,404,000	7.64
Valley Park Global Corporation	–	–	–	–	115,200,000	13.89
Public Shareholders	312,596,000	54.27	312,596,000	45.22	312,596,000	37.69
Shares issued under the New General Mandate	–	–	115,200,000	16.67	138,240,000	16.67
Total	576,000,000	100.00	691,200,000	100.00	829,440,000	100.00

As a result of possible full utilisation of the New General Mandate to be refreshed, the aggregate shareholding of the existing public Shareholders will be diluted from approximately 54.27% to approximately 45.22% (before full exercise of the subscription rights attaching to the Warrants).

Taking into consideration that the refreshment of the Existing General Mandate could increase the amount of capital which may be raised thereunder and provides more options to the Group for financing further development of its business as well as other investments/acquisitions as and when such opportunities arise, coupled with the fact that the shareholding of all the Shareholders will be diluted to the same extent upon any utilization of the New General Mandate, we consider that the potential dilution to the shareholding of the Shareholders is acceptable.

5. Equity fund raising activities in the past twelve months

Date of announcement	**Event**	**Net proceeds**	**Intended use of proceeds**	**Actual use of proceeds up to the Latest Practicable Date**
12 July 2010	Subscription of 115,200,000 non-listed warrants carrying the rights to subscribe for 115,200,000 new Shares at HK$0.54 per Share (subject to adjustments) for a term of one year	(i) Approximately HK$1 million under the subscription of Warrants; and (ii) a maximum of approximately HK$62.2 million upon the exercise of the subscription rights attached to the Warrants in full	General working capital and funds for future development of the Group	Currently, all the gross proceeds from the issue of Warrants has been used as general working capital

Save as disclosed above, the Company has not carried out any equity fund raising exercise in the 12-month period immediately preceding the Latest Practicable Date. As illustrated in the above table, the Company has successful track record of completing fund raising exercise involving issue of warrants under the General Mandate as approved by the Shareholders in the past 12 months immediately preceding the Latest Practicable Date. According to the latest published interim report of the Company, unaudited cash and cash equivalents of the Group amounted to HK$133,374,000 as at 30 June 2010, up from HK$98,736,000 as at 31 December 2009 (30 June 2009: HK$97,413,000).

The New General Mandate is valid until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Company's articles of association to be held; or

(iii) the passing of an ordinary resolution by the Shareholders of the Company in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

RECOMMENDATION FOR THE REFRESHMENT OF THE EXISTING GENERAL MANDATE

Having considered the above principal factors, we are of the opinion that the refreshment of the Existing General Mandate is fair and reasonable so far as the independent Shareholders are concerned and the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to, and we recommend the Independent Board Committee to advise the independent Shareholders to, vote in favour of the resolution approving the refreshment of the Existing General Mandate at the EGM.

Yours faithfully,
For and on behalf of
Mitsubishi UFJ Securities (HK) Capital, Limited
Harry Yu
Executive Director

REVIEWED FINANCIAL INFORMATION

Set out below are statements of comprehensive income, statement of financial position, statement of changes in equity, and statement of cash flows of Mei Kong for the period from 12 July 2007 (date of incorporation) to 31 December 2007, years ended 31 December 2008 and 2009 and for the six months ended 30 June 2009 and 2010 (the "Relevant Periods") (the "Financial Information"), which have been reviewed by the Company's auditors, Crowe Horwath (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2400 "Engagement to Review Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") without any qualifications or modifications in the review report.

STATEMENT OF COMPREHENSIVE INCOME

	For the period from 12 July 2007 (date of incorporation) to 31 December	For the year ended 31 December		For the six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	–	3,977	8,330	4,324	3,909
Other revenue and net income	161	123	362	93	15
Valuation gain on investment property	–	36,655	–	–	10,573
Administrative expenses	(87)	(2,257)	(1,394)	(927)	(693)
Profit from operation	74	38,498	7,298	3,490	13,804
Finance costs	–	(3,932)	(2,779)	(1,133)	(1,496)
Profit before taxation	74	34,566	4,519	2,357	12,308
Income tax credit/(expenses)	–	(8,447)	1,066	(589)	(987)
Profit for the period/year	74	26,119	5,585	1,768	11,321
Other comprehensive income/ (loss) for the period/year					
Exchange differences on translation of financial statements to presentation currencies	(4)	(2,778)	1,203	38	(278)
Total comprehensive income for the period/year (net of tax)	70	23,341	6,788	1,806	11,043

STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Investment property	–	215,589	220,867	215,589	227,724
Deposit paid for acquisition of property	192,142	–	–	–	–
	192,142	215,589	220,867	215,589	227,724
Current assets					
Prepayments, deposits and other receivables	6,925	4	5	77	28
Tax recoverable	–	7	8	7	–
Pledged bank deposit	–	1,458	–	–	21
Deposits with banks (maturity over 3 months)	–	–	1,707	–	–
Cash and cash equivalents	523	2,995	496	2,783	5,051
	7,448	4,464	2,216	2,867	5,100
Current liabilities					
Bank borrowings	–	12,557	5,122	4,999	18,900
Other payables and accruals	162,770	2,990	2,652	2,935	2,729
Deposit received from disposal of investment property	–	–	–	–	38,745
Amount due to immediate holding company	–	48,939	35,695	34,842	10,500
Current taxation	–	–	–	–	218
	(162,770)	(64,486)	(43,469)	(42,776)	(71,092)
Net current liabilities	(155,322)	(60,022)	(41,253)	(39,909)	(65,992)
Total assets less current liabilities	36,820	155,567	179,614	175,680	161,732
Non-current liabilities					
Bank borrowings	–	105,608	123,772	123,314	105,420
Deferred tax liabilities	–	7,964	7,059	8,565	7,696
	–	(113,572)	(130,831)	(131,879)	(113,116)
Net assets	36,820	41,995	48,783	43,801	48,616
Capital and reserves					
Share capital	36,750	18,584	18,584	18,584	7,374
Reserves	70	23,411	30,199	25,217	41,242
Total equity	36,820	41,995	48,783	43,801	48,616

STATEMENT OF CHANGES IN EQUITY

	Share capital *RMB'000*	Statutory surplus reserve *RMB'000*	Exchange reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 12 July 2007	–	–	–	–	–
Total comprehensive income for the period	–	–	(4)	74	70
Capital injection	36,750	–	–	–	36,750
At 31 December 2007	36,750	–	(4)	74	36,820
At 1 January 2008	36,750	–	(4)	74	36,820
Total comprehensive income for the year	–	–	(2,778)	26,119	23,341
Reduction of capital	(18,166)	–	–	–	(18,166)
Appropriations	–	4	–	(4)	–
At 31 December 2008	18,584	4	(2,782)	26,189	41,995
At 1 January 2009	18,584	4	(2,782)	26,189	41,995
Total comprehensive income for the year	–	–	1,203	5,585	6,788
At 31 December 2009	18,584	4	(1,579)	31,774	48,783
At 1 January 2009	18,584	4	(2,782)	26,189	41,995
Total comprehensive income for the period	–	–	38	1,768	1,806
At 30 June 2009	18,584	4	(2,744)	27,957	43,801
At 1 January 2010	18,584	4	(1,579)	31,774	48,783
Total comprehensive income for the period	–	–	(278)	11,321	11,043
Reduction of capital	(11,210)	–	–	–	(11,210)
Appropriations	–	141	–	(141)	–
At 30 June 2010	7,374	145	(1,857)	42,954	48,616

STATEMENT OF CASH FLOWS

	For the period from 12 July 2007 (date of incorporation) to 31 December 2007	For the year ended 31 December 2008	2009	For the six months ended 30 June 2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Operating activities					
Profit before taxation	74	34,566	4,519	2,357	12,308
Adjustments for:					
Interest income	(30)	(4)	(11)	(2)	(6)
Finance costs	–	3,932	2,779	1,133	1,496
Net valuation gain on investment property	–	(36,655)	–	–	(10,573)
Foreign exchange (gain)/loss	(129)	58	21	21	–
Operating (loss)/profit before changes in working capital	(85)	1,897	7,308	3,509	3,225
Decrease/(increase) in prepayments, deposits and others receivables	(6,925)	6,921	(1)	(73)	(23)
(Decrease)/increase in other payables and accruals	162,770	(159,780)	(338)	(55)	77
Increase/(decrease) in amount due to immediate holding company	–	30,773	(13,244)	(14,097)	(36,405)
Cash from/(used in) operation	155,760	(120,189)	(6,275)	(10,716)	(33,126)
Tax paid	–	(21)	(1)	–	(7)
Net cash from/(used in) operating activities	155,760	(120,210)	(6,276)	(10,716)	(33,133)
Investing activities					
Payment for the purchase of investment property	(192,142)	(2,621)	–	–	–
Proceeds received from the sale of investment property	–	–	–	–	38,745
(Increase)/decrease in deposits with bank (maturity over 3 months)	–	–	(1,707)	–	1,707
(Increase)/decrease in pledged bank deposits	–	(1,458)	1,458	1,458	(21)
Interest received	30	4	11	2	6
Net cash from/(used in) investing activities	(192,112)	(4,075)	(238)	1,460	40,437

	For the period from 12 July 2007 (date of incorporation) to 31 December	For the year ended 31 December		For the six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financing activities					
Proceeds from issue of shares	36,750	–	–	–	–
Proceeds from new bank borrowings	–	125,143	127,450	125,664	–
Repayment of bank loans	–	–	(119,854)	(115,726)	(2,568)
Interest paid	–	(3,932)	(2,779)	(1,133)	(1,496)
Net cash from/(used in) financing activities	36,750	121,211	4,817	8,805	(4,064)
(Decrease)/increase in cash and cash equivalents	398	(3,074)	(1,697)	(451)	3,240
Cash and cash equivalents at the beginning of the period/year	–	523	2,995	2,995	496
Effect of foreign exchange rates changes	125	5,546	(802)	239	1,315
Cash and cash equivalents at the end of the period/year	523	2,995	496	2,783	5,051

1. INDEBTEDNESS

At the close of business on 31 July 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following borrowings:

(i) short term unsecured bank loan of RMB99,796,000 (equivalent to approximately HK$114,579,000);

(ii) short term secured bank loan of RMB43,297,000 (equivalent to approximately HK$49,711,000) which were secured by corporate guarantee;

At the close of business on 31 July 2010, the banking facilities of the Group were supported by charges over pledged bank deposits of the Group with book value of RMB5,327,000 (equivalent to approximately HK$6,116,000) and corporate guarantees executed by certain entities in the Group.

At the close of business on 31 July 2010, the Group had given corporate guarantees in certain banks to secure banking facilities of approximately RMB33,826,000 (equivalent to approximately HK$38,837,000) granted to the subsidiary. All of these banking facilities were fully utilised.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 July 2010, the Group did not have any outstanding indebtedness, any loan capital issued and outstanding or agreed to be issued, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, material guarantees or material contingent liabilities.

As at the close of business on 31 July 2010, the Group did not have any debt securities issued and outstanding, and authorized or otherwise created but unissued, and term loans.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 July 2010.

2. WORKING CAPITAL

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

3. MATERIAL ADVERSE CHANGE

Up to the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2009, the date to which the latest audited consolidated financial statements of the Group were made up.

The following is the text of a report prepared for the sole purpose of incorporation in this circular, received from Crowe Horwath (HK) CPA Limited, the independent reporting accountants of the Company.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

8 September 2010

The Directors
Mayer Holdings Limited
22/F., W Square
314-324 Hennessy Road
Wanchai
Hong Kong

Dear Sirs

We report on the unaudited pro forma financial information of Mayer Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the very substantial disposal in relation to the disposal of Mei Kong Shih Ye Limited ("Mei Kong") might have affected the financial information presented, for inclusion in Appendix III to the circular dated 8 September 2010 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages 37 to 44 of the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Remaining Group as at 31 December 2009 or at any future date; or
- the results and cash flows of the Remaining Group for the year ended 31 December 2009 or for any future period.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 8 September 2010

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. Unaudited Pro Forma Consolidated Statement of Financial Position

The unaudited pro forma consolidated statement of financial position of the Remaining Group (the "Unaudited Pro Forma Consolidated Statement of Financial Position") has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating how the disposal of Mei Kong Shih Ye Limited (the "Disposal") might have affected the financial position of the Group as if the Disposal had been completed on 31 December 2009.

The Unaudited Pro Forma Consolidated Statement of Financial Position is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2009 as extracted from the published audited financial report of the Group for the year ended 31 December 2009, after giving effect to the pro forma adjustments relating to the Disposal that are (i) clearly shown and explained; (ii) directly attributable to the Disposal and not relating to future events or decisions; and (iii) factually supportable.

The Unaudited Pro Forma Consolidated Statement of Financial Position is prepared based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Consolidated Statement of Financial Position dose not purport to describe the actual financial position of the Remaining Group that would have been attained had the Disposal been completed on 31 December 2009, nor purport to predict the future financial position of the Remaining Group.

The Unaudited Pro Forma Consolidated Statement of Financial Position has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 31 December 2009, had the Disposal taken place on 31 December 2009, or at any future dates.

	The Group as at 31 December 2009	Pro forma adjustments		Pro forma Remaining Group as at 31 December 2009
		Note 1	*Note 2*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non current assets				
Fixed Assets				
– Investment property	220,867	(220,867)		–
– Other property, plant and equipment	103,773			103,773
	324,640			103,773
Prepaid lease payments	9,641			9,641
Available-for-sale financial assets	19,100			19,100
	353,381			132,514
Current assets				
Inventories	62,870			62,870
Trade and other receivables	175,355	(5)		175,350
Prepaid lease payments	266			266
Tax recoverable	8	(8)		–
Pledged bank deposits	5,404			5,404
Deposits with banks (maturity over 3 months)	1,707	(1,707)		–
Cash and cash equivalents	98,736	(496)	54,885	153,125
	344,346			397,015
Current liabilities				
Bank borrowings	155,646	(5,122)		150,524
Trade and other payables	53,038	(38,347)		14,691
	(208,684)			(165,215)
Net current assets	135,662			231,800
Total assets less current liabilities	489,043			364,314
Non-current liabilities				
Bank borrowings	123,772	(123,772)		–
Deferred tax liabilities	7,059	(7,059)		–
	(130,831)			–
Net assets	358,212			364,314
Capital and reserves				
Share Capital	59,460			59,460
Reserves	236,050	1,579	4,523	242,152
Equity attributable to owners of the Company	295,510			301,612
Minority interests	62,702			62,702
Total equity	358,212			364,314

Notes to the Unaudited Pro Forma Consolidated Statement of Financial Position

(1) The adjustments reflect the exclusion of the net asset value of Mei Kong Shih Ye Limited as at 31 December 2009 to be disposed of, assuming the Disposal has been completed on 31 December 2009.

(2) The adjustments reflect (i) the cash consideration of NTD260,473,851(approximately equivalent to RMB55,585,000); (ii) the estimated gain of approximately RMB5,223,000 resulting from the Disposal which is derived from the cash consideration less the net asset value of Mei Kong Shih Ye Limited to be disposed and exchange reserve to be realised of as at 31 December 2009; and (iii) an estimated professional fee of RMB700,000.

2. Unaudited Pro Forma Consolidated Income Statement and Consolidated Statement of Comprehensive Income

The unaudited pro forma consolidated income statement and consolidated statement of comprehensive income of the Remaining Group (the "Unaudited Pro Forma Consolidated Income Statement and Consolidated Statement of Comprehensive Income") has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating how the Disposal might have affected the results of the Group as if the Disposal had been completed on 1 January 2009.

The Unaudited Pro Forma Consolidated Income Statement and Consolidated Statement of Comprehensive Income is prepared based on the audited consolidated income statement and consolidated statement of comprehensive income of the Group or the year ended 31 December 2009 as extracted from the published audited financial report of the Group for the year ended 31 December 2009, after giving effect to pro forma adjustments relating to the Disposal that are (i) clearly shown and explained; (ii) directly attributable to the Disposal and not relating to future events and decisions; and (iii) factually supportable.

The Unaudited Pro Forma Consolidated Income Statement and Consolidated Statement of Comprehensive Income is prepared based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Consolidated Income Statement and Consolidated Statement of Comprehensive Income does not purport to describe the actual results of the Remaining Group that would have been attained had the Disposal been completed on 1 January 2009, nor purport to predict the future results of the Remaining Group.

The Unaudited Pro Forma Consolidated Income Statement and Consolidated Statement of Comprehensive Income has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Remaining Group for the year ended 31 December 2009 or for any future financial periods.

	The Group for the year ended 31 December 2009	Pro forma adjustments		Pro forma Remaining Group for the year ended 31 December 2009
		Note 1	*Note 2*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	435,585	(8,330)		427,255
Cost of sales	(385,416)			(385,416)
Gross profit	50,169			41,839
Other revenue	6,830	(362)		6,468
Other net income	55		5,223	5,278
Distribution costs	(7,738)			(7,738)
Administration expenses	(37,773)	1,394	(700)	(37,079)
Other operating expenses	(3,286)			(3,286)
Profit from operations	8,257			5,482
Finance costs	(4,913)	2,779		(2,134)
Profit before taxation	3,344			3,348
Income tax	(2,073)	(1,066)		(3,139)
Profit for the year	1,271			209
Attributable to:				
Owners of the Company	(510)	(5,585)	4,523	(1,572)
Minority interests	1,781			1,781
	1,271			209
Profit for the year	1,271			209
Other comprehensive income for the year				
Exchange differences on translation of financial statements to presentation currency	527	(1,203)	1,579	903
Total comprehensive income for the year	1,798			1,112
Attributable to:				
Owners of the Company	881	(6,788)	6,102	195
Minority interests	917			917
	1,798			1,112

Notes to the Unaudited Pro Forma Consolidated Income Statement and Consolidated Statement of Comprehensive Income

(1) The adjustments reflect the exclusion of the results of Mei Kong Shih Ye Limited for the year ended 31 December 2009, assuming the Disposal has been completed on 1 January 2009.

(2) The adjustments reflect (i) the cash consideration of NTD260,473,851(approximately equivalent to RMB55,585,000); (ii) the estimated gain of approximately RMB5,223,000 resulting from the Disposal which is derived from consideration less the net asset value of Mei Kong Shih Ye Limited to be disposed and exchange reserve to be realised of as at 31 December 2009; and (iii) an estimate professional fee of RMB700,000.

3. Unaudited Pro Forma Consolidated Statement of Cash Flows

The unaudited pro forma consolidated statement of cash flows of the Remaining Group (the "Unaudited Pro Forma Consolidated Statement of Cash Flows") has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating how the Disposal might have affected the cash flows of the Group as if the Disposal had been completed on 1 January 2009.

The Unaudited Pro Forma Consolidated Statement of Cash Flows is prepared based on the audited consolidated statement of cash flows of the Group for the year ended 31 December 2009 as extracted from the published audited financial report of the Group for the year ended 31 December 2009, after giving effect to the pro forma adjustments relating to the Disposal that are (i) clearly shown and explained ; (ii) directly attributable to the Disposal and not relating to future events and decisions; and (iii) factually supportable.

The Unaudited Pro Forma Consolidated Statement of Cash Flows is prepared based on a number of assumptions, estimates and uncertainties, Accordingly, the Unaudited Pro Forma Consolidated Statement of Cash Flows does not purport to describe the actual cash flows of the Remaining Group that would have been attained had the Disposal been completed on 1 January 2009, nor purport to predict the future cash flows of the Remaining Group.

The Unaudited Pro Forma Consolidated Statement of Cash Flows has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the cash flows of the Remaining Group for the year ended 31 December 2009 or for any future financial periods.

	The Group for the year ended 31 December 2009	Pro forma adjustments		Pro forma Remaining Group for the year ended 31 December 2009
		Note 1	*Note 2*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Operating activities				
Profit before taxation	3,344	(4,519)	4,523	3,348
Adjustments for:				
Interest income	(590)	11		(579)
Finance costs	4,913	(2,779)		2,134
Depreciation	13,814			13,814
Amortisation of prepaid lease payments	266			266
Impairment loss for trade and other receivables	1,116			1,116
Reversal of impairment loss on trade and other receivables	(55)			(55)
Write down of inventories	421			421
Reversal of write down of inventories	(30,321)			(30,321)
Impairment loss for available-for-sale financial assets	2,288			2,288
Net loss on disposal of fixed assets	918			918
Gain on disposal of subsidiary	–		(5,223)	(5,223)
Foreign exchange loss	311	(21)		290
Operating loss before changes in working capital	(3,575)			(11,583)
Decrease in inventories	57,005			57,005
Increase in trade and other receivables	(50,217)	1		(50,216)
(Decrease)/increase in trade and other payables	(179)	13,582		13,403
Cash generated from operations	3,034			8,609
Income tax recovered	1,918			1,918
Income tax paid	(1,160)	1		(1,159)
Net cash generated from operating activities	3,792			9,368

	The Group for the year ended 31 December 2009	Pro forma adjustments		Pro forma Remaining Group for the year ended 31 December 2009
		Note 1	*Note 2*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investing activities				
Proceed from disposal of fixed assets	6			6
Payment for the purchase of fixed assets	(7,985)			(7,985)
Proceed from disposal of subsidiary			55,585	55,585
(Increase)/decrease in deposits with banks (maturity over 3 months)	(727)	1,707		980
Decrease/(increase) in pledged bank deposits	174	(1,458)		(1,284)
Interest received	590	(11)		579
Net Cash used in investing activities	(7,942)			47,881
Financing activities				
Proceeds from new bank borrowings	398,418	(127,450)		270,968
Repayment of bank borrowings	(363,141)	119,854		(243,287)
Dividend paid to minority shareholder	(2,207)			(2,207)
Interest paid	(4,913)	2,779		(2,134)
Net cash generated from financing activities	28,157			23,340
Net increase in cash and cash equivalents	24,007			80,589
Cash and cash equivalents at 1 January 2009	78,393	(2,995)		75,398
Effect of foreign exchange rates changes	(3,664)	802		(2,862)
Cash and cash equivalents at 31 December 2009	98,736			153,125

Notes to the Unaudited Pro Forma Consolidated Statement of Cash Flows

(1) The adjustments reflect the exclusion of the cash flows of Mei Kong Shih Ye Limited for the year ended 31 December 2009, assuming the Disposal has been completed on 1 January 2009.

(2) The adjustments reflect the net cash inflow of approximately RMB54,885,000 from the disposal of Mei Kong Shih Ye Limited being the cash consideration of RMB55,585,000 less the estimated professional fee of RMB700,000, assuming the Disposal had been completed on 1 January 2009.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for the years ended 31 December 2007, 2008, 2009 and the six months ended 2010.

For the year ended 31 December 2007

Review of Results

For the year ended 31 December 2007, the Remaining Group reported consolidated turnover of RMB1,253,230,000, representing an increase of 32.7% over last year. Gross profit margin was 4.5% compared to last year's 6.5%. Net profit attributable to shareholders was RMB13,802,000, compared with last year's RMB12,042,000. Earnings per share from continuing operations and discontinued operations for the year ended 31 December 2007 were RMB0.83 and RMB1.86 cents versus the last year's RMB2.61 cents and RMB0.38 cents, respectively.

Major Business Activities

- Disposal of Fullchamp

  On 13 April 2007, Sunbeam, a wholly-owned subsidiary of the Company, entered into the Share Disposal Agreement with Taiwan Mayer, the ultimate holding company, to dispose all its remaining 28.51% equity interest in Fullchamp for a consideration of NT$149,500,000 (equivalent to approximately RMB34.7 million) in cash. The disposal of Fullchamp is completed in July 2007 and resulted in a disposal gain of approximately RMB8,715,000.

- Acquisition of property

  On 11 June 2007, the Company entered into an agreement with an independent third party, to acquire the Property at a total consideration of NT$880,000,000 (equivalent to approximately RMB197 million). The property, an industrial building, is situated at Land No.14, Kuang Fu Sec., Hsinchu City, Taiwan with a site of approximately 3,664.54 square metres. The acquisition of Property was completed and full payment was made on 5 February 2008.

- Issue of 96,000,000 New Subscription Shares

  On 13 August 2007, the Company entered into seven Subscription Agreements with seven Subscribers (the "Subscribers"), independent third parties, whereby the Company agreed to issue 96,000,000 new Subscription Shares at a price of HK$0.60 per Subscription Share. The Subscription Shares were issued under the existing issue mandate to issue shares granted to the Directors at the Company's AGM held on 31 May 2007.

The net proceeds from the Subscription amounted to approximately HK$57.3 million out of which approximately HK$23 million will be used as partial payment of the consideration for the Acquisition of Property as mentioned above and the remaining balance of HK$34.3 million will be used as additional working capital of the Group.

All 96,000,000 new Subscription Shares were issued and allotted to the Subscribers on 27 August 2007. These shares rank pari passu with the existing shares of the Company in all respects.

Production and Sales

The revenue from indirect export sales of steel products in the PRC for the year ended 31 December 2007 was approximately RMB878,175,000, representing an increase of approximately 7.6% compared with approximately RMB815,917,000 for the last year. The market for indirect export sales in the PRC continued to be the core market for the Group's steel segment.

The revenue from domestic sales of steel products in the PRC and Vietnam for the year ended 31 December 2007 was approximately RMB304,827,000, representing an increase of approximately 215.8% compared with approximately RMB96,532,000 for the last year.

The revenue from direct export sales of steel products outside the PRC for the year ended 31 December 2007 was approximately RMB17,976,000, representing a decrease of approximately 25.2% while it was approximately RMB24,050,000 for the last year.

The revenue from export sales of aluminum products for the year ended 31 December 2007 was approximately RMB61,478,000, the aluminum business segment was discontinued from July 2007.

Rental income from aircrafts leasing for the year ended 31 December 2007 was approximately RMB7,664,000 compared with approximately RMB5,110,000 for the last year and which represented a stable stream of income for the Remaining Group.

Gross Profit

The Remaining Group recorded a gross profit of approximately RMB55,807,000 for the year ended 31 December 2007, with a gross profit margin of approximately 4.5%, compared with the gross profit of approximately RMB61,550,000 and a gross profit margin of approximately 6.5% for the last year.

This was mainly attributable to the growth rate of the purchasing costs of raw materials is higher than of the selling prices of our products.

Operating Expenses

The total operating expenses of the Remaining Group for the year ended 31 December 2007 were approximately RMB51,189,000, of which approximately RMB13,681,000 in selling and distribution costs, RMB34,609,000 in administrative expenses and RMB2,899,000 in other operating expenses, accounting for approximately 1.1%, 2.7%, and 0.2% of turnover respectively while the amounts for the last year were approximately RMB12,828,000, RMB27,540,000, and RMB2,030,000 respectively, accounting for approximately 1.4%, 2.9%, and 0.2% respectively.

Finance Costs

For the year ended 31 December 2007, the Remaining Group incurred RMB19,233,000 in finance costs, compared with approximately RMB15,967,000 for the last year. The Remaining Group relied on bank borrowings to finance its trading activities, the increase in finance costs paid for the year ended 31 December 2007 was mainly due to the increase in interest rates in the PRC.

Financial Resources and Treasury Policies

The Remaining Group continues to adhere to prudent treasury policies. The Remaining Group continued to insure against major receivables in order to lower the risks of credit sales and to ensure that funds would be recovered on a timely basis, hence fulfilling the requirements for debt repayments and working capital commitments.

As at 31 December 2007, the Remaining Group had bank deposits and cash balances (including pledged bank deposits) of approximately RMB113,998,000, of which bank deposits of approximately RMB46,537,000 were pledged to secure financing facilities granted to the Remaining Group.

The Remaining Group had net current assets of approximately RMB210,835,000 as at 31 December 2007 as compared with RMB168,724,000 as at 31 December 2006. The current ratio (current assets divided by current liabilities) changed to approximately 1.44 as of 31 December 2007 from 1.32 as at 31 December 2006. The drop in the current ratio was mainly due to the payable amount regarding the acquisition of a property in Taiwan at the balance sheet date.

The Remaining Group had a total of approximately RMB675,481,000 financing facilities from banks were available as at 31 December 2007, of which approximately RMB311,402,000, mainly denominated in Renminbi, US dollars, HK dollars and new Taiwan dollars with floating interest rates, had been drawn down to finance the Remaining Group's working capital purposes, capital expenditures and for other acquisition opportunities.

All the borrowings of the Remaining Group are repayable within one year.

The gearing ratio (net debt divided by total capital) as at 31 December 2007 was approximately 24.6% while it was 53.1% as of 31 December 2006. Current portion of borrowings accounted for approximately 30.7% and 37.9% of the total assets of the Remaining Group as at 31 December 2007 and 31 December 2006, respectively. The Remaining Group's liquidity has been further improved by a HK$57.3 million fund raising exercise at the end of 2007 and the disposal of Fullchamp.

Cash Flow

For the year ended 31 December 2007, the Remaining Group generated net cash outflow of RMB171,045,000 from its operating activities, as compared to net cash outflow of approximately RMB19,273,000 for the last year. The increase in net cash outflow from operating activities was primarily due to the increase in the inventories and trade receivables for the year ended 31 December 2007.

Net cash inflow of approximately RMB139,282,000 was from investing activities for the year ended 31 December 2007. Net cash inflow of approximately RMB37,586,000 was from financing activities, mainly resulted from the Group's issue of new shares and the disposal of Fullchamp for the year ended 31 December 2007.

Banks deposits and cash balances (including pledged bank deposits of approximately RMB46,537,000) as at 31 December 2007 amounted to approximately RMB113,998,000, mainly denominated in Renminbi, US dollars, HK dollars and new Taiwan dollars.

Foreign Exchange Exposures

As most of the Remaining Group's monetary assets and liabilities are denominated in Renminbi, US dollars, HK dollars and new Taiwan dollars and those currencies remained relatively stable for the year ended 31 December 2007, the Remaining Group was not exposed to any significant exchange risk. In general, it is the Remaining Group's policy for each operating entity to borrow in local currencies, where necessary, to minimize currency risk.

Charge on Remaining Group Assets

As at 31 December 2007, building, plant and equipment and interest in leasehold land held for own use under an operating lease of the Remaining Group with net book value of approximately RMB66,980,000 and RMB8,416,000 respectively and bank deposits of approximately RMB46,537,000 were pledged to banks for securing banking and other financing facilities granted to the Remaining Group. These financing facilities had been utilised to the extent of approximately RMB140,383,000 at the balance sheet.

Contingent Liabilities

At 31 December 2007, the Company has given corporate guarantees in favour of certain banks to secure banking facilities of RMB80,241,000 granted to Guangzhou Mayer, a subsidiary. Out of these banking facilities, RMB60,736,000 was utilised by Guangzhou Mayer as at 31 December 2007.

Apart from the above, the Company and the Remaining Group have no other material contingent liabilities at both balance sheet dates.

Employment, Training and Development

As at 31 December 2007, the Remaining Group had total of 350 employees. Total staff costs for the year ended 31 December 2007 were approximately RMB18,256,000, including retirement benefits cost of approximately RMB1,739,000. Remuneration packages of the Remaining Group are maintained at a competitive level to attract, retain and motive employees and are reviewed on a periodic basis.

The Remaining Group always maintains good relation with its employees and is committed to employee training and development on a regular basis to maintain the quality of our products.

In addition, the Company has a share option scheme for the purpose of providing incentives and rewards to eligible participants. No option has been granted under the scheme since its adoption.

For the year ended 31 December 2008

Review of Results

For the year ended 31 December 2008, the Remaining Group reported consolidated turnover of RMB663,216,000, representing decrease of 47.0% over last year. Gross profit margin was 9.0% compared to last year's 4.5%. Loss attributable to shareholders was RMB18,897,000, compared with the net profit last year's RMB13,802,000. Loss per share from continuing operations and discontinued operation for the year ended 31 December 2008 were RMB3.28 and RMBNil cents versus the earnings per share last year's RMB0.83 cents and RMB1.86 cents, respectively.

Major Business Activities

- Investment in CID

  On 6 June 2008, the Company invested USD3 million to subscribe for the shares of Capital Investment Development Limited ("CID") and aimed to enhance the Group's returns. CID is principally engaged in long and short term investment projects, equities investment and asset management in Hong Kong, Taiwan and other Asian countries.

- Very Substantial Acquisition of a Taiwan Property Group

  On 6 October 2008, the Company entered into an S&P Agreement with the vendors to which the Company was conditionally agreed to purchase the shares, representing approximately 88.59% of the entire issued share capital of Durban Group at an aggregate consideration of NTD1,397 million. The directors consider that the Acquisition is in line with the Group's current business diversification strategy and with quickly enhance the assets base of the Group.

  However, the Asian countries, including Taiwan suffered a heavy sell-off after the U.S. financial market went into tailspin following the collapse of some financial institutions. And the impact of credit freeze triggered by this was felt through the financial system.

Given that the sudden crash of the financial system, the Board has decided to terminate the acquisition due to certain conditions precedent of the agreement had not been fulfilled or waived on 31 December 2008, being the long stop date for fulfillment of the conditions precedent of the agreement. By taking into consideration of the global economic downturn and in the interest of the Company and its shareholders as a whole, the directors decided not to extend the long stop date. Accordingly, the S&P Agreements became null and void ab initio and the Company's obligations to purchase the shares in Durban Group lapsed.

Production and Sales

The revenue from indirect export sales of steel products in the PRC and Vietnam for the year ended 31 December 2008 was approximately RMB517,792,000, representing a decrease of approximately 41.0% compared with approximately RMB878,175,000 for the last year. The market for indirect export sales in the PRC continued to be the core market for the Group's steel segment.

The revenue from domestic sales of steel products in the PRC and Vietnam for the year ended 31 December 2008 was approximately RMB120,406,000, representing a decrease of approximately 60.5% compared with approximately RMB304,827,000 for the last year.

The revenue from direct export sales of steel products outside the PRC and Vietnam for the year ended 31 December 2008 was approximately RMB14,022,000, representing a decrease of approximately 22.0% while it was approximately RMB17,976,000 for the last year.

Rental income and consultancy fee income from aircrafts leasing for the year ended 31 December 2008 was approximately RMB8,171,000 and RMB437,000 respectively compared with approximately RMB7,195,000 and RMB469,000 respectively for the last year and which represented a stable stream of income for the Remaining Group.

Gross Profit

The Remaining Group recorded a gross profit of approximately RMB663,216,000 for the year ended 31 December 2008, with a gross profit margin of approximately 9.0%, compared with the gross profit of approximately RMB55,807,000 and a gross profit margin of approximately 4.5% for the last year.

This was mainly attributable to the growth rate of the purchasing costs of raw materials, which was significantly lower than that of the selling prices of our products for the first 10 months of 2008.

Operating Expenses

The total operating expenses of the Remaining Group for the year ended 31 December 2008 were approximately RMB69,578,000, of which approximately RMB9,155,000 in distribution costs, RMB42,150,000 in administrative expenses and RMB18,273,000 in other operating expenses, accounting for approximately 1.3%, 6.4%, and 2.7% of turnover respectively while the amounts for the last year were approximately RMB13,681,000, RMB34,609,000, and RMB2,899,000 respectively, accounting for approximately 1.1%, 2.7%, and 0.2% respectively.

Finance Costs

For the year ended 31 December 2008, the Remaining Group incurred RMB15,457,000 in finance costs, compared with approximately RMB19,233,000 for the last year. The Remaining Group relied on bank borrowings to finance its trading activities.

Financial Resources and Treasury Policies

The Remaining Group continues to adhere to prudent treasury policies. The Remaining Group continued to insure against major receivables in order to lower the risks of credit sales and to ensure that funds would be recovered on a timely basis, hence fulfilling the requirements for debt repayments and working capital commitments.

As at 31 December 2008, the Remaining Group had bank deposits and cash balances (including pledged bank deposits) of approximately RMB80,498,000, of which bank deposits of approximately RMB5,578,000 were pledged to secure financing facilities granted to the Remaining Group.

The Remaining Group had net current assets of approximately RMB172,599,000 as at 31 December 2008 as compared with RMB210,835,000 as at 31 December 2007. The current ratio (current assets divided by current liabilities) changed to approximately 2.35 as of 31 December 2008 from 1.44 as at 31 December 2007.

The Remaining Group had a total of approximately RMB660,481,000 financing facilities from banks were available as at 31 December 2008, of which approximately RMB125,976,000, mainly denominated in Renminbi, US dollars, HK dollars and new Taiwan dollars with floating interest rates, had been drawn down to finance the Remaining Group's working capital purposes, capital expenditures and for other acquisition opportunities.

All the borrowings of the Remaining Group are repayable within one year.

The gearing ratio (net debt divided by total capital) as at 31 December 2008 was approximately 12% while it was 24.6% as of 31 December 2007. Current portion of borrowings accounted for approximately 28% and 30.7% of the total assets of the Remaining Group as at 31 December 2008 and 31 December 2007, respectively.

Cash Flow

For the year ended 31 December 2008, the Remaining Group generated net cash inflow of RMB149,310,000 from its operating activities, as compared to net cash outflow of approximately RMB171,845,000 for the last year. The increase in net cash inflow from operating activities was primarily due to the decrease in the inventories and trade and other receivables during the year.

Net cash outflow of approximately RMB163,845,000 was from investing activities for the year ended 31 December 2008, mainly resulted from the Remaining Group's capital expenditures and the acquisition of property in Taiwan and investment in other financial assets. Net cash outflow of approximately RMB221,040,000 was from financing activities, mainly resulted from the Remaining Group's repayment of bank borrowings and bank interest payment.

Banks deposits and cash balances (including pledged bank deposits of approximately RMB5,578,000) as at 31 December 2008 amounted to approximately RMB81,956,000, mainly denominated in Renminbi, US dollars and HK dollars.

Foreign Exchange Exposures

As most of the Remaining Group's monetary assets and liabilities are denominated in Renminbi, US dollars, HK dollars and those currencies remained relatively stable for the year ended 31 December 2008, the Remaining Group was not exposed to any significant exchange risk. In general, it is the Remaining Group's policy for each operating entity to borrow in local currencies, where necessary, to minimize currency risk.

Charge on Remaining Group Assets

As at 31 December 2008, building and factory premises, construction in progress, plant and machinery and prepaid lease payments of the Remaining Group with net book value or carrying amount of approximately RMB24,376,000, RMB7,656,000, RMB34,816,000 and RMB8,194,000 respectively and bank deposits of approximately RMB5,578,000 were pledged to banks for securing banking and other financing facilities granted to the Remaining Group. These financing facilities had been utilised to the extent of approximately RMB104,440,000 at the balance sheet.

Contingent Liabilities

At 31 December 2008, the Company has given corporate guarantees in favour of certain banks to secure banking facilities of RMB244,356,000 granted to Guangzhou Mayer, a subsidiary. Out of these banking facilities, RMB172,874,000 was utilised by Guangzhou Mayer as at 31 December 2008.

The maximum liability of the Company under the guarantee issued represents the amount drawn down by the subsidiary of RMB44,561,000. No recognition was made because the fair value of the guarantee was insignificant and that the directors did not consider it probable that a claim would be made against the Company under the guarantee.

Apart from the above, the Company and the Remaining Group have no other material contingent liabilities at both balance sheet dates.

Employment, Training and Development

As at 31 December 2008, the Remaining Group had total of 350 employees. Total staff costs for the year ended 31 December 2008 were approximately RMB25,186,000, including retirement benefits cost of approximately RMB1,854,000. Remuneration packages of the Remaining Group are maintained at a competitive level to attract, retain and motive employees and are reviewed on a periodic basis.

The Remaining Group always maintains good relation with its employees and is committed to employee training and development on a regular basis to maintain the quality of our products.

In addition, the Company has a share option scheme for the purpose of providing incentives and rewards to eligible participants. No option has been granted under the scheme since its adoption.

For the year ended 31 December 2009

Review of Results

For the year ended 31 December 2009, the Remaining Group reported consolidated turnover of RMB427,255,000, representing decrease of 35.6% over last year. Gross profit margin was 9.8% compared to last year's 9%. Net loss attributable to shareholders was RMB1,572,000, compared with last year's net loss of RMB18,897,000. Loss per share for the year ended 31 December 2009 was RMB0.27 cents versus last year's loss per share of RMB3.28 cents respectively.

Major Business Activities

- Acquisition of Maxipetrol HK

On 26 November 2009, the Company entered into a sale and purchase agreement with various vendors which are third parties independent of the Company and of the Group. Pursuant to the agreement, the vendors have conditionally agreed to sell and the Company has conditionally agreed to purchase 1,000 shares of Maxipetrol Hong Kong Limited ("Maxipetrol HK"), representing the entire issued share capital of Maxipetrol HK, at an aggregate consideration of HK$1,264,000,000 (equivalent to approximately RMB1,112,699,000), which will be satisfied by the Group at completion (i) as to HK$400,000,000 (equivalent to approximately RMB352,120,000) by the issue of 3-year promissory notes; (ii) as to HK$600,000,000 (equivalent to approximately RMB528,180,000) by the issue of 5-year convertible notes, bearing interest at a rate of 1% per annum; and (iii) as to HK$264,000,000 (equivalent to approximately RMB232,399,000) by the issue of 8-year convertible notes, bearing interest at a rate of 2% per annum. Maxipetrol HK will be principally engaged in petroleum production in Argentina. On the same date, the board of directors also proposed to increase the Company's authorised share capital from HK$200,000,000 (equivalent to approximately RMB195,662,000) divided into 2,000,000,000 ordinary shares to HK$300,000,000 (equivalent to approximately RMB283,692,000) divided into 3,000,000,000 ordinary shares by the creation of an additional 1,000,000,000 unissued ordinary shares.

The acquisition constituted, under the Listing Rules, a very substantial acquisition of the Company, the details of which were set out in the announcement issued by the Company on 8 December 2009. The acquisition has not completed up to the Latest Practicable Date.

- Disposal of Vietnam Mayer Limited ("Vietnam Mayer")

On 21 January 2010, Guangzhou Mayer entered into a sale and purchase agreement with purchaser which is Taiwan Mayer. Pursuant to the agreement, Guangzhou Mayer has agreed to sell and the purchaser has agreed to purchase 1,750,000 shares of Vietnam Mayer, representing 50% of the issued share capital of Vietnam Mayer and the Group's all effective interest in Vietnam Mayer, at an aggregate consideration of USD2,100,000 (equivalent to approximately RMB14,336,700), which will be satisfied in cash.

The disposal constituted, under the Listing Rules, a discloseable and connected transaction of the Company, the details of which were set out in the circular issued by the Company on 11 February 2010. The disposal had been approved in the extraordinary general meeting of the independent shareholders held on 25 March 2010. The disposal has not completed up to the Latest Practicable Date due to the processing of relevant transfer and registration procedures by the Group.

Production and Sales

The revenue from indirect export sales of steel products in the PRC and Vietnam for the year ended 31 December 2009 was approximately RMB318,090,000, representing a decrease of approximately 38.6% compared with approximately RMB517,792,000 for the last year. The market for indirect export sales in the PRC continued to be the core market for the Group's steel segment.

The revenue from domestic sales of steel products in the PRC and Vietnam for the year ended 31 December 2009 was approximately RMB96,730,000, representing a decrease of approximately 19.7% compared with approximately RMB120,406,000 for the last year.

The revenue from direct export sales of steel products outside the PRC and Vietnam for the year ended 31 December 2009 was approximately RMB3,572,000, representing a decrease of approximately 74.5% while it was approximately RMB14,022,000 for the last year.

Rental income and consultancy fee income from aircrafts leasing for the year ended 31 December 2009 was approximately RMB8,033,000 and RMB356,000 respectively compared with approximately RMB8,171,000 and RMB437,000 respectively for the last year and which represented a stable stream of income for the Remaining Group.

Gross Profit

The Remaining Group recorded a gross profit of approximately RMB41,839,000 for the year ended 31 December 2009, with a gross profit margin of approximately 9.8%, compared with the gross profit of approximately RMB59,878,000 and a gross profit margin of approximately 9.0% for the last year.

This was mainly attributable to the average growth rate of the purchasing costs of raw materials, which was lower than that of the selling prices of our products for the year ended 31 December 2009.

Operating Expenses

The total operating expenses of the Remaining Group for the year ended 31 December 2009 were approximately RMB48,103,000, of which approximately RMB7,738,000 in distribution costs, RMB37,079,000 in administrative expenses and RMB3,286,000 in other operating expenses, accounting for approximately 1.8%, 8.7%, and 0.8% of turnover respectively while the amounts for the last year were approximately RMB9,155,000, RMB42,150,000, and RMB18,273,000 respectively, accounting for approximately 1.4%, 6.4%, and 2.8% respectively.

Finance Costs

For the year ended 31 December, the Remaining Group incurred RMB2,134,000 in finance costs, compared with approximately RMB15,457,000 for the last year. The Remaining Group relied on bank borrowings to finance its trading activities and property's mortgage, the decrease in finance costs paid for the year ended 31 December 2009 was mainly due to the decrease in interest rates.

Financial Resources and Treasury Policies

The Remaining Group continues to adhere to prudent treasury policies. The Remaining Group continued to insure against major receivables in order to lower the risks of credit sales and to ensure that funds would be recovered on a timely basis, hence fulfilling the requirements for debt repayments and working capital commitments.

As at 31 December 2009, the Remaining Group had bank deposits and cash balances (including pledged bank deposits) of approximately RMB158,529,000, of which bank deposits of approximately RMB5,404,000 were pledged to secure financing facilities granted to the Remaining Group.

The Remaining Group had net current assets of approximately RMB231,800,000 as at 31 December 2009 as compared with RMB172,599,000 as at 31 December 2008. The current ratio (current assets divided by current liabilities) changed to approximately 2.4 as at 31 December 2009 from 2.35 as at 31 December 2008.

The Remaining Group had a total of approximately RMB383,972,000 financing facilities from banks were available as at 31 December 2009, of which approximately RMB150,524,000, mainly denominated in US dollars, HK dollars and Vietnamese Dong with floating interest rates, had been drawn down to finance the Remaining Group's working capital purposes, capital expenditures and for other acquisition opportunities.

All the borrowings of the Remaining Group are repayable within one year.

The gearing ratio (net debt divided by total capital) as at 31 December 2009 was approximately 0% while it was 12% as at 31 December 2008. Current portion of borrowings accounted for approximately 28% and 28% of the total assets of the Remaining Group as at 31 December 2009 and 31 December 2008, respectively.

Cash Flow

For the year ended 31 December 2009, the Remaining Group generated net cash inflow of RMB9,368,000 from its operating activities, as compared to net cash inflow of approximately RMB149,310,000 for the last year. The decrease in net cash inflow from operating activities was primarily due to the increase in the trade and other receivables for the year ended 31 December 2009.

Net cash inflow of approximately RMB47,881,000 was from investing activities for the year ended 31 December 2009, mainly resulted from the Remaining Group's capital expenditures. Net cash inflow of approximately RMB23,340,000 was from financing activities, mainly resulted from the Remaining Group's raising of bank borrowings.

Banks deposits and cash balances (including pledged bank deposits of approximately RMB5,404,000) as at 31 December 2009 amounted to approximately RMB158,529,000, mainly denominated in Renminbi, US dollars, HK dollars and Vietnamese Dong.

Foreign Exchange Exposures

As most of the Remaining Group's monetary assets and liabilities are denominated in Renminbi, US dollars, HK dollars, Vietnamese Dong and those currencies remained relatively stable for the year ended 31 December 2009, the Remaining Group was not exposed to any significant exchange risk. In general, it is the Remaining Group's policy for each operating entity to borrow in local currencies, where necessary, to minimize currency risk.

Charge on the Remaining Group Assets

As at 31 December 2009, bank deposits of approximately RMB5,404,000 were pledged to banks for securing banking and other financing facilities granted to the Remaining Group. These financing facilities had been utilised to the extent of approximately RMB6,866,000 at the end of the reporting period.

Contingent Liabilities

As at 31 December 2009, the Company has given corporate guarantees in favour of certain banks to secure banking facilities of RMB92,180,000 granted to the subsidiaries. Out of these banking facilities, RMB47,798,000 was utilised by Guangzhou Mayer as at 31 December 2009.

The maximum liability of the Company under the guarantees issued represents the amount drawn down by the subsidiary of RMB47,798,000. No recognition was made because the fair value of the guarantees was insignificant and that the directors did not consider it probable that a claim would be made against the Company under the guarantees.

Apart from the above, the Company and the Remaining Group have no other material contingent liabilities at both of the end of the reporting periods.

Employment, Training and Development

As at 31 December 2009, the Remaining Group had total of 350 employees. Total staff costs for the year ended 31 December 2009 were approximately RMB18,874,000, including retirement benefits cost of approximately RMB2,371,000. Remuneration packages of the Remaining Group are maintained at a competitive level to attract, retain and motive employees and are reviewed on a periodic basis.

The Remaining Group always maintains good relation with its employees and is committed to employee training and development on a regular basis to maintain the quality of our products.

In addition, the Company has a share option scheme for the purpose of providing incentives and rewards to eligible participants. No option has been granted under the scheme since its adoption.

For the period ended 30 June 2010 (the "Period")

Major Business Activities

- **Acquisition of Maxipetrol HK**

  On 26 November 2009, the Company entered into a sale and purchase agreement with various vendors which are third parties independent of the Company and of the Group. Pursuant to the agreement, the vendors have conditionally agreed to sell and the Company has conditionally agreed to purchase 1,000 shares of Maxipetrol Hong Kong Limited ("Maxipetrol HK"), representing the entire issued share capital of Maxipetrol HK, at an aggregate consideration of HK$1,264,000,000 (equivalent to approximately RMB1,112,699,000), Maxipetrol HK will be principally engaged in petroleum production in Argentina.

  The acquisition constituted, under the Listing Rules, a very substantial acquisition of the Company, the details of which were set out in the announcement issued by the Company on 8 December 2009. The acquisition has not completed up to the Latest Practicable Date.

- **Disposal of Vietnam Mayer Company Limited ("Vietnam Mayer")**

  On 21 January 2010, Guangzhen Mayer Corporation Limited, an indirect subsidiary of the Company, entered into a sale and purchase agreement (the "Disposal Agreement") with Taiwan Mayer, to dispose 50% of the issued share capital of Vietnam Mayer for a consideration of USD2,100,000. However, certain conditions precedent under the Disposal Agreement have not been fulfilled at the end of the reporting period, we foresee that those conditions precedent will encounter difficulty such as obtaining the local Chinese Government approval in time or as planned, which is beyond the management control. The Company confirmed that the disposal will further proceed and is likely to be completed within a year even though Vietnam Mayer is not immediate available for sale until the approval from local Chinese government was granted.

- **Disposal of Taiwan Property**

  On 12 May 2010, Mei Kong Shih Ye Limited ("Mei Kong"), a subsidiary of the Group engaged in property investment, entered into a conditional sale and purchase agreement with China Life Insurance Co., Ltd. (the "Purchaser") to dispose the investment property located in Taiwan at a total consideration of approximately RMB258,300,000 (equivalent to NTD1,230,000,000).

  The disposal constituted, under the Listing Rules, a very substantial disposal of the Company, the details of which were set out in the announcement and the circular issued by the Company on 19 May 2010 and 21 June 2010 respectively. The disposal had been approved in the extraordinary general meeting of the independent shareholders held on 7 July 2010. The disposal is completed on 15 July 2010 after the processing of relevant transfer and registration procedures by the Group and the consideration has been received in full by the Group by 15 July 2010.

- **Issue of Unlisted Warrant**

  On 12 July 2010, the Company entered into the Warrant Subscription Agreement with Valley Park Global Corporation (the "Subscriber"), a company incorporated in the British Virgin Islands with limited liability and an independent third party to the Group. Pursuant to the Warrant Subscription Agreement, the Company has agreed to issue and the Subscriber has agreed to subscribe 115,200,000 non-listed warrants, each of which carries the right to subscribe for one new ordinary share of the Company of HK$0.10 at the warrant exercise price of HK$0.54 (subject to adjustment upon occurrence of any of the adjustment events in accordance with the Warrant Subscription Agreement), at an aggregate consideration of HK$1,152,000 (equivalent to approximately RMB1,004,000), which will be satisfied in cash at completion of the warrant subscription. The subscription rights attaching to the warrants may be exercised at any time during a period of 12 months commencing from the date immediately after the date of issue of the warrants on 12 July 2010 ever though Vietnam Mayer now not immediate available for sale until the approval from local Chinese government was granted.

Review of Results

For the six months ended 30 June 2010, the Remaining Group reported consolidated turnover of RMB275,894,000, representing an increase of 79.8% compared to the same period last year's RMB153,428,000. Gross profit margin was 13.63% compared to the same period last year's 4.5%. Net profit attributable to owners of the Company was RMB15,128,000, compared with the same period last year's net loss attributable to owners of the Company of RMB8,332,000. Earnings per share for the Period was RMB2.63 cents versus the same period last year's loss per share of RMB1.45 cents.

Business Review

The national economy of the PRC is continually impacted by the economic recovery, yet the oversupply problem in the steel product market remained acute due to the overcapacity in the industry. The increase in market demand and overall prices of steel products has been raised in the first half of 2010, easing operating pressure to the steel business segment. From January to June, management took measures under the steel business segment and immediately enhanced efficiency and adjusted its marketing strategy for the purpose of leveraging on the price surge opportunities.

The Group's steel business segment has recorded a reportable segment profit of RMB23,105,000 for the period. During the Period, the Group sold approximately 58,909 tonnes of steel products, representing 46% increase from approximately 40,221 tonnes for the same period last year. The average selling price of the Group's steel products during the Period increased by approximately 25% compared with that for the same period last year.

Production and Sales

The revenue from indirect export sales of steel products in the PRC and Vietnam during the period was approximately RMB179,473,000, representing an increase of approximately 49.5% compared with approximately RMB120,024,000 for the same period last year. The market for indirect export sales in the PRC and Vietnam continued to be the core market for the Group's steel segment.

The revenue from domestic sales of steel products in the PRC and Vietnam during the period was approximately RMB77,801,000, representing an increase of approximately 168.2% compared with approximately RMB29,005,000 for the same period last year.

The revenue from direct export sales of steel products outside the PRC and Vietnam during the period was approximately RMB14,606,000, representing an increase of 100% while it was RMB Nil for the same period last year.

Rental income and sales of parts from aircrafts leasing during the period was approximately RMB4,014,000 of which creates a stable stream of income for the Remaining Group.

Gross Profit

The Remaining Group recorded a gross profit of approximately RMB37,614,000 for the Period, with a gross profit margin of approximately 13.63%, compared with the gross profit of approximately RMB11,243,000 and gross profit margin of approximately 4.5% for the same period last year.

Operating Expenses

The total operating expenses of the Remaining Group for the Period were approximately RMB21,625,000 of which approximately RMB4,887,000 in distribution costs, RMB16,738,000 in administrative expenses and RMB Nil in other operating expenses, accounting for approximately 1.75%, 6.0% and Nil of turnover, respectively, while the amounts for the same period last year were approximately RMB3,228,000, RMB13,145,000 and RMB499,000 respectively, accounting for approximately 2.05%, 8.57% and 0.32%, respectively.

Finance Costs

During the Period, the Remaining Group incurred RMB1,330,000 in finance costs, compared to same period last year of RMB1,210,000. The Remaining Group relied on bank borrowings to finance its trading activities.

Financial Resources and Treasury Policies

The Remaining Group continues to adhere to prudent treasury policies.

As at 30 June 2010, the Remaining Group had bank deposits and cash balances of approximately RMB133,694,000, of which bank deposits of approximately RMB5,371,000 were pledged to secure financing facilities granted to the Remaining Group.

The Remaining Group had net current assets of approximately RMB213,904,000 as at 30 June 2010 as compared with RMB231,800,000 as at 31 December 2009. The current ratio (current assets divided by current liabilities) changed to approximately 2.73 as of 30 June 2010 from 2.4 as at 31 December 2009. The Remaining Group continued to insure against receivables in order to lower the risks of credit sales and to ensure that funds would be recovered on a timely basis, hence fulfilling the requirements for debt repayments and working capital commitments.

The Remaining Group had a total of approximately RMB71,250,000 financing facilities from banks were available, of which approximately RMB50,341,000, mainly denominated in US dollars with floating interest rates, had been drawn down to finance the Remaining Group's working capital purposes, capital expenditures and for other acquisition opportunities.

All the borrowings of the Remaining Group are repayable within one year.

The gearing ratio is defined as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank deposits. Total capital is calculated as shareholders' funds (i.e. total equity attributable to owners of the Company) plus net debt.

The gearing ratio as of 30 June 2010 was approximately 27% while it was 0% as of 31 December 2009.

Cash Flow

For the Period, the Remaining Group generated net cash inflow of RMB86,333,000 from its operating activities, as compared to net cash inflow of approximately RMB78,026,000 in the same period last year.

Net cash outflow of approximately RMB38,222,000 was from investing activities for the Period. Net cash outflow of approximately RMB16,181,000 was from financing activities.

Bank deposits and cash balances (including pledged bank deposits of approximately RMB5,371,000) as at 30 June 2010 amounted to approximately RMB133,694,000 mainly denominated in Renminbi, US dollars and HK dollars.

Exchange Rate Exposures

As most of the Remaining Group's monetary assets and liabilities are denominated in Renminbi, US dollars, HK dollars and those currencies remained relatively stable during the Period, the Remaining Group was not exposed to any significant exchange risk. Meanwhile, the Remaining Group is also studying and implementing various measures, including emerging financial products launched by the banks, in relation to reducing any exchange impact from the revalued of Renminbi against the US dollars.

Charge on Remaining Group Assets

As at 30 June 2010, bank deposits of approximately RMB5,371,000 were pledged to banks for securing banking and other financing facilities granted to the Remaining Group. These financing facilities had been utilised to the extent of approximately RMB6,795,000 at the end of the reporting period.

Contingent Liabilities

As at 30 June 2010, the Remaining Group had no significant contingent liabilities. As at 30 June 2010, the Company had provided corporate guarantee of RMB33,955,000 in favour of bank for financing facilities granted to subsidiary. These financing facilities had been utilised to the extent of approximately RMB33,955,000 as at 30 June 2010.

Employment, Training and Development

As at 30 June 2010, the Remaining Group had a total of 280 employees. Total staff costs for the Period were approximately RMB9,266,000, including retirement benefits cost of approximately RMB718,000. Remuneration packages of the Remaining Group are maintained at a competitive level to attract, retain and motive employees and are reviewed on a periodic basis.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

(I) Taiwan Mayer Steel Pipe Corporation ("Taiwan Mayer")

	Number of ordinary shares in Taiwan Mayer					
Name of Director	**Personal**	**Family**	**Corporate**	**Other**	**Total**	**Approximate % of shareholding**
Mr. Lo Haw	279,438	1,208	13,544,452	–	13,825,098	6.73%
Mr. Chang Dar-terng	–	396,000	2,941,655	–	3,337,655	1.62%
Mr. Chiang Jen-chin	6,601	–	–	–	6,601	0.00%

(II) Guangzhou Mayer Corp., Ltd ("Guangzhou Mayer")

	Number of ordinary shares in Guangzhou Mayer					
Name of Director	**Personal**	**Family**	**Corporate**	**Other**	**Total**	**Approximate % of shareholding**
Mr. Lo Haw	–	–	12,800,000	–	12,800,000	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 executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' and other persons' interests and short positions in the shares and underlying shares of the Company

As at the Latest Practicable Date, so far as are known to the Directors and chief executives of the Company, those persons, other than the Directors or chief executives of the Company, who had an interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, were as follows:

Interest in the Shares

Name	Capital and nature of interest	Number of shares	Approximate % of Company's issued share capital
Taiwan Mayer *(Note 1)*	Corporate	200,000,000	34.72%
Mayer Corporation Development International Limited ("BVI" Mayer")	Corporate	200,000,000	34.72%
Mr. Lee Kwok Leung *(Note 2)*	Corporate	49,200,000	8.54%
Capital Wealth Finance Company Limited *(Note 3)*	Corporate	34,700,000	6.02%

Note 1: BVI Mayer is a wholly-owned subsidiary of Taiwan Mayer. Taiwan Mayer is deemed to be interested in the 200,000,000 Shares held by BVI Mayer under the SFO.

Note 2: Mr. Lee Kwok Leung indirectly holds 14,500,000 Shares through Stayever Group Limited and indirectly holds 34,700,000 Shares through Capital Wealth Finance Company Limited. He is deemed to be interested in the Shares held by both of Stayever Group Limited and Capital Wealth Finance Company Limited.

Note 3: Capital Wealth Finance Company Limited is wholly owned by Stayever Group Limited.

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

3. SERVICE CONTRACTS

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

4. DIRECTORS' INTERESTS IN ASSETS

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

5. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

6. COMPETING INTERESTS

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

7. LITIGATION

As at the Latest Practicable Date, no member of the Group 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. EXPERTS AND CONSENTS

(a) The followings are qualifications of experts who have given opinions, letters or advice which are contained or referred to in this circular:

Crowe Horwath (HK) CPA Limited	Certified public accountants
Mitsubishi UFJ	a registered institution to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO

(b) As at the Latest Practicable Date, none of the Experts has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) As at the Latest Practicable Date, each of the Experts did not have any direct or indirect interests in any assets which have been, since 31 December 2009 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(d) Each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports and/or letters dated 8 September 2010 and/or references to its name in the form and context in which they are included.

9. MATERIAL CONTRACTS

Save as disclosed below, none of the members of the Group has entered into any contracts, not being contracts entered into in the ordinary course of business, which are or may be material within the two years immediately preceding the date of this circular.

(a) the conditional sale and purchase agreement dated 6 October 2008 entered into by the Company and 16 vendors (namely, (i) Mr. Lai Yueh-hsing (賴粵興先生), an executive Director; (ii) Ms. Chang Heng-chiu (張姮秋女士); (iii) Mr. Huang Chun-fa (黃春發先生), a non-executive Director; (iv) Ms. Huang Shiu-mei (黃秀美女士); (v) Mr. Huang Chun-foo (黃春福先生); (vi) Mr. Huang Chun-wee (黃春偉先生); (vii) Ms. Lu Meifung (陸美芳女士); (viii) Ms. Huang Ke-wei (黃可薇女士); (ix) Ms. Huang Ko-hsuan (黃可萱女士); (x) Heng Hsing Development Co., Ltd. (姮興開發股份有限公司); (xi) Chang Chun Teng Construction Co., Ltd. (長春藤建設股份有限公司); (xii) Durban Investment Co., Ltd (德安投資股份有限公司); (xiii) Durwei Investment Co., Ltd. (德威投資股份有限公司); (xiv) The Sincere Department Store Ltd. (先施百貨股份有限公司); (xv) Yuan Chuan Steel Co., Ltd. (源泉鋼鐵股份有限公司); and (xvi) Taiwan Mayer, (the ultimate controlling Shareholder) in relation to the acquisition of (i) 120,477,580 shares of Durban Development Co., Ltd. (德安開發股份有限公司) ("Durban"), representing approximately 88.59% of the entire issued share capital of Durban (the "Sale Shares") at an aggregate consideration of NT$1,397,539,928 by the Company; and (ii) such number of shares of Durban (if any) in addition to Sale Shares to be sold by one of the vendors, Durban Investment Co., Ltd (德安投資股份有限公司) to the Company at a consideration of NT$11.60 per share of Durban;

(b) the agreement dated 26 November 2009 entered into among the Company, Mr. Hector Daniel Lalin, Mr. Nereo Nestor Martin and Maxipetrol-Petroleros de Occidente S.A. in relation to the acquisition of the entire issued share capital of Maxipetrol HK, a company incorporated in the British Virgin Islands, at a consideration of HK$1,264,000,000;

(c) the agreement dated 21 January 2010 entered into between Guangzhou Mayer, a non-wholly owned subsidiary of the Company, as vendor and Taiwan Mayer, the ultimate controlling Shareholder, as purchaser in respect of the disposal of 50% issued share capital of Vietnam Mayer Company Limited, an indirect non wholly-owned subsidiary of the Company, at a total consideration of USD2,100,000;

(d) the agreement dated 12 May 2010 entered in between Mei Kong Shih Ye Limited, a wholly owned subsidiary of the Company, as vendor and China Life Insurance Co., Ltd., an independent third party of the Company, as purchaser in respect of the disposal of Property and the land situated at Land No. 14, Kuang Fu Sec., Hsinchu City, Taiwan, of which the Property is erected, at a total consideration of NT$1,230,000,000; and

(e) the Disposal Agreement.

10. MISCELLANEOUS

(a) Mr. Chan Lai Yin, Tommy, a qualified accountant, is the company secretary and financial controller of the Group and a member of the senior management of the Company. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of American Institute of Certified Public Accountants. Mr. Chan has over 17 years of experience in the audit and accounting field. Prior to joining the Company, he held the posts of financial controller and company secretary of a listed company in Hong Kong.

(b) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, British West Indies and its principal office in Hong Kong is situated at 22/F, W Square, 314-324 Hennessy Road, Wanchai, Hong Kong. The address of the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, is at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The English text of this circular prevails over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

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

(a) the memorandum and articles of association of the Company;

(b) the service contracts and the material contracts referred to under the paragraphs headed "Service consents" and "Material consents" in this appendix respectively;

(c) the review report on Mei Kong prepared by Crowe Horwath (HK) CPA Limited, the text of which is set out in Appendix I to this circular;

(d) the letter from Crowe Horwath (HK) CPA Limited in connection with the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(e) the letter from the Independent Board Committee, the text of which is set out on page 15 in this circular;

(f) the letter of advice from Mitsubishi UFJ to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 28 in this circular;

(g) the written consents as referred to in the paragraphs headed "Experts and consents" in this appendix;

(h) the published audited consolidated accounts of the Group for each of the two financial years ended 31 December 2008 and 31 December 2009; and

(i) a copy of this circular.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Mayer Holdings Limited (the "**Company**") will be held at 22/F, W Square, 314-324 Hennessy Road, Wanchai, Hong Kong on Friday, 24 September 2010 at 2:30 p.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions (unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 8 September 2010 (the "**Circular**")) as ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. "**THAT:**

   (a) the Disposal Agreement (a copy of which has been produced to the meeting and marked "**A**", and initialed by the chairman of the meeting for the purpose of identification) and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified, and

   (b) any one director of the Company be and is hereby authorized for and on behalf of the Company to do all such acts and things, to sign, execute and deliver all such other documents, deeds, instruments and agreements and to take such steps as he may consider necessary, desirable or expedient to give effect to or in connection with the Disposal Agreement or any of the transactions contemplated under the Disposal Agreement and all other matters incidental thereto."

2. "**THAT:**

   (a) subject to paragraph (c) below, the exercise by the directors of the Company (the "**Directors**") during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options (including bonds, warrants, debentures and other securities) and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period (to be defined in paragraph (d) below) to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;

* *For identification purposes only*

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (to be defined in paragraph (d) below), or (ii) any share option schemes of the Company approved by The Stock Exchange of Hong Kong Limited, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, or (iv) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into shares of the Company; shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Company's articles of association to be held; or

(iii) the date upon which the authority set out in this resolution revoked or varied by way of ordinary resolution of the Company in general meeting; and

"Rights Issue" means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong)."

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

Hong Kong, 8 September 2010

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

Head office and principal place of business in Hong Kong:
22/F, W Square
314-324 Hennessy Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, in the event of a poll, vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof), must be completed and returned in accordance with the instructions printed thereon.

3. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM (or any adjournment thereof) should be so wishes and in such event, the form of proxy shall be deemed to have been revoked.

4. The resolution will be voted by way of poll.

5. As at the date thereof, the executive directors 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 directors of the Company are Mr. Huan Chun-fa and Mr. Chan Kin Sang; and the independent non-executive directors of the Company are Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang, Mr. Alvin Chiu and Mr. Peter V.T. Nguyen.