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

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1116)

**VERY SUBSTANTIAL ACQUISITION AND  
CONNECTED TRANSACTION**

**CONTINUING CONNECTED TRANSACTIONS**

**Financial Adviser to the Company**



**CAPITAL**  
**CSC Asia Limited**

**THE ACQUISITION**

The Board is pleased to announce that on 6 October 2008, the Company entered into the S&P Agreement with the Vendors, pursuant to which (i) the Vendors have conditionally agreed to sell and the Company has conditionally agreed to purchase or procure its nominee to purchase the Sale Shares, representing approximately 88.59% of the entire issued share capital of Durban at an aggregate consideration of NT\$1,397,539,928 (equivalent to approximately HK\$335,409,583) and (ii) Durban Investment has conditionally agreed to sell and the Company has conditionally agreed to purchase or procure its nominee to purchase the Additional Durban Shares (if any) at a consideration of NT\$11.60 (equivalent to approximately HK\$2.78) per Durban Share.

As certain of the applicable percentage ratios prescribed under Rule 14.07 of the Listing Rules exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company pursuant to Rule 14.06(5) of the Listing Rules. By virtue of (i) Taiwan Mayer being the ultimate controlling Shareholder; (ii) Mr. Huang being a non-executive Director; (iii) Mr. Lai being an executive Director and the chairman of the Company; and (iv) the remaining Vendors being associates of either Mr. Huang or Mr. Lai, the Vendors are connected persons of the Company within the meanings of the

Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition is therefore subject to the requirements of reporting, announcement and the Independent Shareholders' approval by way of poll at the EGM pursuant to Chapters 14 and 14A of the Listing Rules. Taiwan Mayer and its associates will be required to abstain from voting at the EGM in respect of the resolution to approve the Acquisition.

### **CONTINUING CONNECTED TRANSACTIONS**

Upon Completion when Durban becomes a subsidiary of the Company, any existing transactions between member(s) of the Durban Group and connected person(s) of the Company will become continuing connected transactions of the Company and will be subject to the requirements of the Listing Rules. As certain of the applicable percentage ratios prescribed under Rule 14.07 of the Listing Rules with respect to each of the Master Management Caps, the Joint Construction Caps, the Mortgage Caps and the Co-operation Caps are more than 2.5% and each of the foregoing annual caps exceed HK\$10,000,000 respectively, each of the Durban CCT Agreements will, upon Completion when Durban becomes a subsidiary of the Company, constitute non-exempt continuing connected transactions of the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Taiwan Mayer and its associates will be required to abstain from voting at the EGM in respect of the resolutions to approve the Continuing Connected Transactions arising from the Durban CCT Agreements and their respective annual caps.

### **GENERAL**

The Independent Board Committee has been formed to advise and give recommendation to the Independent Shareholders regarding the Acquisition and the Continuing Connected Transactions. KGI Capital Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Acquisition and the Continuing Connected Transactions; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition and the Continuing Connected Transactions; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the Continuing Connected Transactions; and (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on 6 October 2008, the Company entered into the S&P Agreement with the Vendors, pursuant to which (i) the Vendors have conditionally agreed to sell and the Company has conditionally agreed to purchase or procure its nominee to purchase the Sale Shares, representing approximately 88.59% of the entire issued share capital of Durban at an aggregate consideration of NT\$1,397,539,928 (equivalent to approximately HK\$335,409,583); and (ii) Durban Investment has conditionally agreed to sell and the Company has conditionally agreed to purchase or procure its nominee to purchase the Additional Durban Shares (if any) at a consideration of NT\$11.60 (equivalent to approximately HK\$2.78) per Durban Share.

## THE ACQUISITION

### The S&P Agreement

**Date:** 6 October 2008

### Parties:

**Purchaser:** the Company

**Vendor of the Additional Durban Shares:** Durban Investment

**Vendors of the Sale Shares:**

- (i) Mr. Lai, the chairman of the Company and the executive Director, is interested in 6,536,698 Durban Shares representing approximately 4.81% of the entire issued share capital of Durban;
- (ii) Ms. Chang Heng-chiu (張姮秋女士), the spouse of Mr. Lai, is interested in 90,592 Durban Shares representing approximately 0.07% of the entire issued share capital of Durban;
- (iii) Mr. Huang, a non-executive Director, is interested in 17,488,033 Durban Shares representing approximately 12.86% of the entire issued share capital of Durban;
- (iv) Ms. Huang Shiu-mei (黃秀美女士), the sister of Mr. Huang, is interested in 2,129,726 Durban Shares representing approximately 1.57% of the entire issued share capital of Durban;

- (v) Mr. Huang Chun-foo (黃春福先生), the brother of Mr. Huang, is interested in 6,423,445 Durban Shares representing approximately 4.72% of the entire issued share capital of Durban;
- (vi) Mr. Huang Chun-wee (黃春偉先生), the brother of Mr. Huang, is interested in 1,204,395 Durban Shares representing approximately 0.89% of the entire issued share capital of Durban;
- (vii) Ms. Lu Mei-fung (陸美芳女士), the sister-in-law of Mr. Huang and the spouse of Mr. Huang Chun-foo, is interested in 2,226,887 Durban Shares representing approximately 1.64% of the entire issued share capital of Durban;
- (viii) Ms. Huang Ko-wei (黃可薇女士), the niece of Mr. Huang, is interested in 270,082 Durban Shares representing approximately 0.20% of the entire issued share capital of Durban;
- (ix) Ms. Huang Ko-hsuan (黃可萱女士), the niece of Mr. Huang, is interested in 96,788 Durban Shares representing approximately 0.07% of the entire issued share capital of Durban;
- (x) Heng Hsing Development Co., Ltd. (恆興開發股份有限公司) is interested in 6,955,031 Durban Shares representing approximately 5.11% of the entire issued share capital of Durban. Mr. Lai together with his associates are directly interested in more than 30% equity interests in Heng Sing Development Co., Ltd.. Heng Sing Development Co., Ltd. is a limited liability company incorporated in Taiwan on 19 November 1997. The principal business activities of Heng Sing Development Co., Ltd. include the development, sale and purchase, lease, brokerage, and management and consultancy service of real properties;
- (xi) Chang Chun Teng Construction Co., Ltd. (長春藤建設股份有限公司) is interested in 291,974 Durban Shares representing approximately 0.21% of the entire issued share capital of Durban. Mr. Lai together with his associates are directly interested in more than 30% equity interests in Chang Chun Teng Construction Co., Ltd.. Chang Chun Teng Construction Co., Ltd. is a limited liability company incorporated in Taiwan on 26 November 1987. The principal business activities of Chang Chun Teng Construction Co., Ltd. include manufacture

and sale of circuit and electronic parts, management of restaurant and supermarket, trading business, brokerage for sale and lease of building, interior fit-out work, and advertisement;

- (xii) Durban Investment is interested in 15,916,874 Durban Shares representing approximately 11.70% of the entire issued share capital of Durban. Mr. Huang is directly interested in more than 30% equity interests in Durban Investment. Durban Investment is a limited liability company incorporated in Taiwan on 22 February 1980. The principal business activity of Durban Investment is investment holding;
- (xiii) Durwei Investment Co., Ltd. (德威投資股份有限公司) is interested in 43,944,250 Durban Shares representing approximately 32.31% of the entire issued share capital of Durban. Mr. Huang together with his associates are directly interested in more than 30% equity interests in Durwei Investment Co., Ltd.. Durwei Investment Co., Ltd. is a limited liability company incorporated in Taiwan on 9 September 1991. The principal business activity of Durwei Investment Co., Ltd. is investment holding;
- (xiv) Sincere Department is interested in 12,582,722 Durban Shares representing approximately 9.25% of the entire issued share capital of Durban. Mr. Huang together with his associates are directly interested in more than 30% equity interests in Sincere Department. Sincere Department is a limited liability company incorporated in Taiwan on 27 March 1985. Sincere Department is principally engaged in department store business;
- (xv) Yuan Chuan Steel Co., Ltd. (源泉鋼鐵股份有限公司) is interested in 2,599,519 Durban Shares representing approximately 1.91% of the entire issued share capital of Durban. Mr. Huang's associates are directly interested in more than 30% equity interests in Yuan Chuan Steel Co., Ltd.. Yuan Chuan Steel Co., Ltd. is a limited liability company incorporated in Taiwan on 3 October 1979. Yuan Chuan Steel Co., Ltd. is principally engaged in iron and steel casting, crowding and refining; and

- (xvi) Taiwan Mayer, the ultimate controlling Shareholder, is interested in 1,720,565 Durban Shares representing approximately 1.27% of the entire issued share capital of Durban. Taiwan Mayer is principally engaged in the processing and manufacture of steel pipes substantially for the domestic market in Taiwan.

Given the Company's intention to acquire up to 100% equity interests in Durban and taking into account that there are altogether over 100 Minority Durban Shareholders, in order to be more efficient in terms of time and costs, instead of having the Company acquire from such a large number of Minority Durban Shareholders, it is agreed that Durban Investment shall acquire the Additional Durban Shares first prior to selling the same to the Company. Durban Investment will not be remunerated by the Company for its consolidation of the Additional Durban Shares.

All of the Vendors, except Durban Investment which will maintain and hold one Durban Share after Completion, shall sell their respective Vendor Sale Shares to the Company or its nominee. Apart from selling its Vendor Sale Shares to the Company or its nominee, Durban Investment has agreed to sell the Additional Durban Shares (if any) to the Company or its nominee.

**Assets to be acquired:**

- (a) The Sale Shares, representing approximately 88.59% of the entire issued share capital of Durban; and
- (b) the Additional Durban Shares (if any).

**Consideration and payment terms:**

The aggregate consideration for the acquisition of (i) the Sale Shares at NT\$1,397,539,928 (equivalent to approximately HK\$335,409,583); and (ii) the Additional Durban Shares at NT\$11.60 (equivalent to approximately HK\$2.78) per Durban Share have been determined after arm's length negotiations between the Company and the Vendors based on normal commercial terms with reference to the unaudited consolidated net asset value (excluding minority interests) of Durban being approximately NT\$1,493.0 million (equivalent to approximately HK\$358.3 million) as at 31 December 2007.

In determining the benchmark for the consideration of the Acquisition, the Directors (excluding the independent non-executive Directors) have not only considered the net asset value but also other valuation methods including price-to-earnings and price-to-book ratios. The Directors (excluding the independent non-executive Directors) have

made reference to comparable companies listed in Taiwan and are of the view that the consideration for the Acquisition based on net asset value is more favourable to the Group than that based on price-to-earnings ratio or price-to-book ratio. Although an independent professional valuer has been engaged by the Company for the valuation of the Properties, the Directors (excluding independent non-executive Directors) consider that a consideration entirely based on the valuation of the Properties will not reflect the full and true value of the Durban Group. Taking into consideration that Durban is not a listed company, the Directors (excluding the independent non-executive Directors) are of the view that the net value of shareholders' equity is a common benchmark for determining the consideration for acquisition of private companies and such net value accounts for not only the extent of the Durban Group's liabilities but also the value of the Properties since the net worth of the Durban Group is mainly backed by the Properties. Moreover, based on the preliminary valuation of 100% interest of the Properties as of 31 July 2008 provided by an independent professional valuer, the value of the Properties amounted to an indicative value of approximately NT\$5.6 billion (equivalent to approximately HK\$1.3 billion) which is higher than the unaudited net book value of 100% interest of the Properties of approximately NT\$5.0 billion (equivalent to approximately HK\$1.2 billion) as at 31 December 2007. The Directors (excluding the independent non-executive Directors) are of the view that the consideration for the Acquisition is fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Pursuant to the S&P Agreement, the consideration for the acquisition of the Sale Shares and the Additional Durban Shares shall be payable by the Company to the Vendors and Durban Investment by cash in full on Completion after withholding 0.3% of such amount of consideration for payment of securities transaction tax.

The Company currently intends to finance the Acquisition as to approximately 10% from its internal resources and approximately 90% through bank financing. Although debt financing will increase the gearing ratio of the Group, the Board is of the view that given the current volatile market condition, debt financing is considered to be more appropriate and less time constraining than other fund raising methods, such as equity financing. However, the Board will not preclude the possibility of considering equity financing should appropriate opportunities arise.

### **Conditions precedent to Completion**

Unless otherwise waived in writing by the Company (save for condition (a) which cannot be waived by the Company), Completion is conditional upon the fulfilment of the following Conditions:

- (a) the S&P Agreement shall be approved by a simple majority of the Shareholders (excluding those Shareholders prohibited by the Listing Rules from voting on the relevant resolution) voting at the EGM to approve, among other things, the Acquisition on the terms specified in the S&P Agreement if such approval is required by the Listing Rules or the Stock Exchange;



- (b) each of the Joint Construction Agreement and the Co-operation Agreement shall be approved by a simple majority of the Shareholders (excluding those Shareholders prohibited by the Listing Rules from voting on the relevant resolutions) voting at the EGM to approve, among other things, the terms of each of the Joint Construction Agreement and the Co-operation Agreement and their respective annual caps for the three financial years ending 31 December 2010;
- (c) the approval certificate by the relevant approving authority approving the transfer of the Sale Shares and the Additional Durban Shares (as the case may be) shall have been granted;
- (d) the warranties and representations made by each of the Vendors in the S&P Agreement shall be true and correct as of the Completion Date, with the same effect as if made on and as of the Completion Date;
- (e) each of the Vendors shall have duly performed and complied with all agreements, obligations and conditions contained in the S&P Agreement which are required to be performed or complied with by it on or before the Completion Date, and shall have obtained all approvals, consents and qualifications necessary to comply with or perform such agreements, obligations and conditions;
- (f) no change or event or circumstance since the date of the S&P Agreement that has a material and adverse effect on the financial conditions, results, operations or prospects of any member of the Durban Group or any of the Durban Interested Companies shall have occurred on or prior to the Completion Date; and
- (g) the Company shall have completed its due diligence investigation of the Durban Group and the results of such investigation shall have been reasonably satisfactory to the Company.

All the Conditions will have to be fulfilled or waived (in the event that the Company considers that non-fulfilment of the Conditions will not be material or will not have a material adverse effect on the Durban Group) on or before 31 December 2008. If the Conditions have not been fulfilled or waived on or before such date or by such later date as may be agreed between the Company and the Vendors then the S&P Agreement shall thereupon become null and void ab initio and the Company's obligations to purchase the Sale Shares and the Additional Durban Shares shall lapse.

### **Completion**

Upon satisfaction or waiver of the Conditions, the Company shall forthwith give to the relevant Vendor a notice in writing (which notice must be served on the relevant Vendor at least seven Business Days before the day nominated for Completion), to nominate a day (which must be a Business Day) on which Completion of the relevant Vendor Sale Shares or the Additional Durban Shares (as the case may be) is to take place. Completion in respect of the Vendor Sale Shares held by Durban Investment and the Additional Durban Shares shall take place simultaneously.

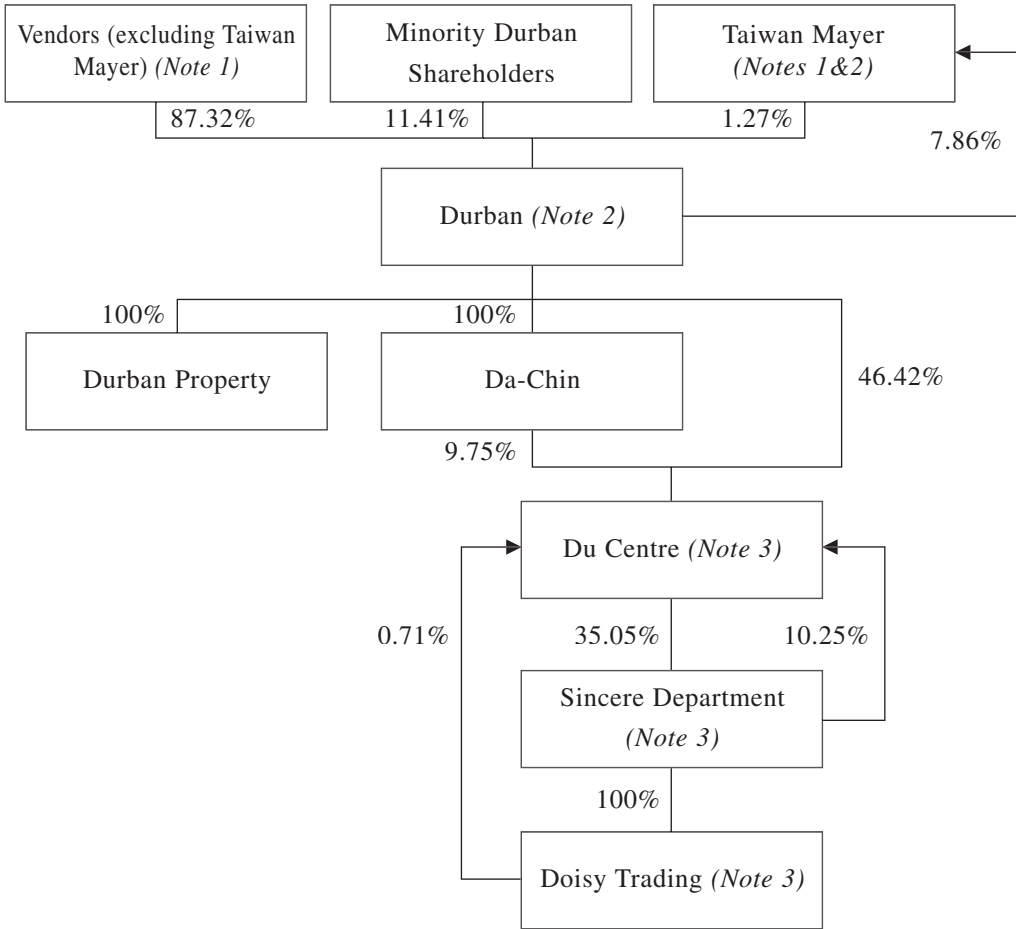


Completion shall take place on each Completion Date at the offices of Lee and Li, Attorneys-at-Law or such other place as the parties may agree.

**INFORMATION ON THE DURBAN GROUP**

Durban is a company incorporated in Taiwan on 29 January 1988 with limited liability. Durban is principally engaged in building construction, property development and property investment in Taiwan. The principal assets held by Durban are (i) the entire issued share capital in each of Durban Property and Da-Chin; (ii) approximately 46.42% direct equity interests in Du Centre and approximately 9.75% indirect equity interests in Du Centre through Da-Chin; (iii) approximately 19.69% indirect equity interests in Sincere Department; and (iv) approximately 19.69% indirect equity interests in Doisy Trading. As at the date of this announcement, each of Durban and Taiwan Mayer (the ultimate controlling Shareholder) has cross shareholding in one another. Durban holds approximately 7.86% equity interests in Taiwan Mayer while Taiwan Mayer, being one of the Vendors, holds approximately 1.27% equity interests in Durban. The principal assets held by the Durban Group primarily through Durban, Da-Chin and Du Centre are the Properties.

The following diagram illustrates the shareholding structure of the Durban Group as at the date of this announcement:



*Notes:*

1. The Vendors (including Taiwan Mayer) are interested in approximately 88.59% of the issued share capital of Durban in aggregate.
2. Each of Durban and Taiwan Mayer has cross shareholding in one another. Durban is interested in approximately 7.86% of the issued share capital of Taiwan Mayer, which is interested in approximately 1.27% of the issued share capital of Durban.
3. Each of Du Centre and Sincere Department has cross shareholding in one another. Du Centre is interested in approximately 35.05% of the issued share capital of Sincere Department, which is interested in approximately 10.25% of the issued share capital of Du Centre. Doisy Trading is interested in approximately 0.71% of the issued share capital of Du Centre.

As illustrated in the diagram above, each of Durban and Taiwan Mayer has cross shareholding in one another as at the date of this announcement. As advised by the Company's legal adviser as to Taiwan laws, the cross shareholdings between Taiwan Mayer and Durban as at the date of this announcement are legal according to Taiwan laws.

As at the date of this announcement, Durban is owned as to approximately 88.59% by the Vendors and approximately 11.41% by the Minority Durban Shareholders, who are third parties independent of the Company and its connected persons. During the period from the execution of the S&P Agreement and up to the latest practicable date for ascertaining information in the circular to be despatched to the Shareholders, Durban Investment will acquire from the Minority Durban Shareholders the Additional Durban Shares at NT\$11.60 (equivalent to approximately HK\$2.78) per Durban Share. The average original cost paid by the Vendors for each Vendor Sale Share was approximately NT\$8.88 (equivalent to approximately HK\$2.13).

Certain of the Vendors have been shareholders of Durban since its incorporation, while the remaining Vendors have been shareholders of Durban for over five years. Taking into consideration that dividends had been paid out from time to time to shareholders of Durban over the past 20 years, the Board considers that a premium of approximately 30.6% of the consideration per Vendor Sale Share over the average original cost paid by the Vendors is fair and reasonable.

Durban Property, a directly wholly-owned subsidiary of Durban, was incorporated in Taiwan on 3 January 2005 with limited liability and is principally engaged in provision of property management services.

Da-Chin, a directly wholly-owned subsidiary of Durban, was incorporated in Taiwan on 1 November 1977 with limited liability and is principally engaged in (i) project construction; and (ii) sales and purchase of construction materials and related products.

Du Centre is a limited liability company incorporated in Taiwan on 21 October 1998 and is a subsidiary of Durban whose shares are held by Durban as to approximately 46.42% and by Da-Chin as to approximately 9.75%. Du Centre is principally engaged in the business of operating department store, hotels and motels, supermarkets, restaurants, parking garage and providing general advertising services.

Sincere Department, whose shares are held by Du Centre as to approximately 35.05%, was incorporated in Taiwan on 27 March 1985 with limited liability. Sincere Department is principally engaged in department store business. Principal assets of Sincere Department include a department store and certain portions of an office building, namely Sincere Department Store, located in CingCheng Street of Songshan District at the heart of Taipei City. Sincere Department Store comprises five-storey retail premises plus a basement and a 15-storey commercial development erected upon a two-storey basement of car parking spaces. Sincere Department Store is known for its high-end women's apparel.

Doisy Trading, a directly wholly-owned subsidiary of Sincere Department, was incorporated in Taiwan on 17 January 1997 with limited liability and is principally engaged in the retail and trading business.

The Durban Group is one of the leading property developers and investors in Taiwan and has been engaged in property development activities in Taiwan since 1988. The Durban Group has a diversified portfolio of completed properties comprising industrial and commercial use, office use, residential use and car parking spaces, and various sites for future development. The properties are located in strategic locations in various parts of Taiwan including Taipei, Taoyuan, Hsinchu, Taichung and Kaohsiung.

As of 31 July 2008, the total aggregate GFA of completed properties attributable to the Durban Group was approximately 43,000 sq.m. and there were approximately 350 car parking spaces attributable to the Durban Group. With respect to properties held for future development, the Durban Group had an attributable interest in an aggregate site area of approximately 158,000 sq.m. with a proposed GFA of approximately 471,000 sq.m. as of 31 July 2008. The Directors had advised that based on the current land bank of an aggregate site area of approximately 158,000 sq.m., the Durban Group will have sufficient land reserve to meet its development needs for approximately five years.

The following sets out the major properties and development sites of the Durban Group in Taiwan:

### **Properties held for future development**

Set out below are the major development sites of the Durban Group. Based on the current development plans of the Durban Group, the estimated capital commitment for various projects of the Durban Group will be approximately NT\$10 billion (equivalent to approximately HK\$2.4 billion), which will mainly be financed from bank borrowings.

***Taichung Site (50% owned by the Durban Group)***

The Taichung Site, located in GanGotz Section, North District, Taichung City having a site area of approximately 4,658 sq.m., is currently vacant. The Taichung Site comprising 22 parcels of land, is proposed to be developed as a multi-storey residential building and is jointly owned by Durban and Mr. Huang. The proposed development is expected to be completed in 2012.

The Taichung Site offers convenient transportation links, and is situated close to hotels, major retail shops including Taichung Sogo department store, the National Museum of Natural Sciences and Chung-gang Road (being the major road in the downtown of Taichung).

Durban has 50% interest in the Taichung Site (i.e. 2,329 sq.m. of land area is attributable to the Durban Group).

***Durban Scenery (德安麗景) of Districts A, B, C, D and I – development site (100% owned by the Durban Group)***

The site is located at Shihliou Section, Douliu City, Yunlin County and near the completed portion of Durban Scenery of Districts E, F and H as mentioned below. The subject property comprises nine parcels of land with a total site area of approximately 11,465 sq.m. and is currently vacant. It has been proposed for the site to be developed as a large scale residential project, and as Districts A, B, C, D and I of Durban Scenery with a proposed GFA upon completion of approximately 27,516 sq.m.. According to the current development plan, construction of the proposed large scale residential project is expected to commence in 2009.

The development site is situated close to the intersection of Jhong-Shan Highway and Douliu, and there are only a few large scale residential projects in Douliu City.

Durban has 100% interest in the development site.

***Development site in Ankang Section (100% owned by the Durban Group)***

The site is located in Ankang Section, Neihu District, Taipei City with a site area of approximately 3,023 sq.m. and is currently vacant. The site is proposed to be developed as a multi-storey industrial building.

The development site is situated near highways including MacArthur Highway and is close to Nankang Software Park. In addition, the site is conveniently located near public facilities including parks, swimming pool and tennis courts, which amount to additional features to the site.

Durban has 100% interest in the development site.

***Development site in Wanli Township (100% owned by the Durban Group)***

The site is located in Chun Wan Chia Tou Section, Wanli Township, Taipei County. The subject site comprises three parcels of land with a total site area of approximately 137,419 sq.m. and is proposed to be developed for residential use. The site is currently vacant. According to the management of the Durban Group, the land parcels are currently abandoned agricultural land and conversion of the existing land use of the land parcels to residential use has been preliminarily approved. The total development area of the project is approximately 443,060 sq.m.. Construction of the site is expected to commence in 2009 and to be completed in 2012.

The site is located on a large stretch of natural land on top of a hill and with frontage to the sea. The proposed development site has a panoramic sea view and its natural surroundings will offer a balance of lifestyle to its residents in the future.

Durban has 100% interest in the development site.

**Properties held for sale**

***Durban Scenery (德安麗景) of Districts E, F, and H – completed residential blocks (100% owned by the Durban Group)***

The property was completed in 2006 and comprises 47 five-storey residential blocks of Districts E, F and H of Durban Scenery which is located at Shihliou Road, Douliu City, Yunlin County. The total GFA attributable to the property is approximately 10,790 sq.m.. The sale of the property is currently on-going.

Douliu City is undergoing the early phase of growth both in its economy and property market in Taiwan. Durban Scenery is a residential area with well managed and well planned environment featuring a clubhouse with amenities exclusive to residents including a swimming pool, kindergarten, children's playground and reading rooms.

Durban has 100% interest in the property.

**Investment properties**

Set out below are the major investment properties of the Durban Group. In general, the leases of the investment properties listed below will expire between 2010 and 2012.

***Durban Technology Park (德安科技園區) – portions of Phases 1 and 2 (100% owned by the Durban Group)***

Durban Technology Park Phases 1 and 2 are located at Guangfu Road, East District, Hsinchu City and are located near National Chiao Tung University and Hsinchu Science Park, a renowned industrial base for high-tech companies engaging in businesses such as semiconductor manufacturing. The Directors are of the view that the excessive demand for properties of industrial use in Hsinchu Science Park will benefit nearby developments, such as developments in the area where Durban Technology Park Phases 1 and 2 are situated. Moreover, these two properties are in close proximity to the Group's investment property in Taiwan.

Durban Technology Park Phase 1 is a three-storey industrial/office building erected upon a three-storey basement of car parking spaces and construction was completed in 1999. Durban has 100% interest in the 1st floor of the property with an attributable GFA of approximately 348 sq.m. and 131 car parking spaces of which 122 car parking spaces are currently leased to various parties.

Durban Technology Park Phase 2 is a 10-storey building erected upon a two-level basement of car parking spaces and construction was completed in 2000. Durban has 100% interest in portions of 3rd and 6th floors of the property with an attributable GFA of approximately 2,198 sq.m., and 25 car parking spaces. The property is currently leased to various parties.

***Shan Grila Paradise (香格里拉) – certain portions and car parking spaces (100% owned by the Durban Group)***

Shan Grila Paradise is situated at Section 2, Jhonghua Road, Jhongli City, Taoyuan County. The building is a 16-storey residential/commercial building erected upon three basement levels of car parking spaces. Construction of the building was completed in 1994.

Shan Grila Paradise is situated close to Jhongli industrial area and Chung Yuan Christian University and is only 10 minutes drive from Jhongli train station. It is also close to the interchange of Jhong-Shan Highway in Neili District offering convenient transportation.

Durban is interested in 100% of (i) portions of 1st and 2nd floors with an attributable GFA of approximately 8,561 sq.m. and (ii) basement levels one to three with 60 car parking spaces. Currently, an aggregate of 2,598 sq.m. and 22 car parking spaces are leased to various parties, while the remaining GFA of 5,963 sq.m. and 38 car parking spaces are vacant.

***SKMS Building – certain floors and car parking spaces (approximately 56.17% owned by the Durban Group)***

SKMS Building is located at Minsheng East Road, Jhong-Shan District, Taipei City. The building is a 14-storey commercial building erected upon a six-storey basement and the construction of the building was completed in 2005. SKMS Building is located at the heart of the commercial area of Jhong-Shan District, a prime and convenient area for commercial, international and financial businesses. SKMS Building's tenants are mostly international corporations.

Du Centre, a subsidiary of Durban, owns the whole of 10th to 14th floors (inclusive) and basement level one with an attributable GFA of approximately 12,097.6 sq.m. and 83 car parking spaces in basement level four. Currently, the whole of 10th to 14th floors and basement level one as well as 65 car parking spaces are leased to various parties, while the remaining 18 car parking spaces are vacant.



***Durban Treasury (德安臻藏) – certain portions and car parking spaces (100% owned by the Durban Group)***

Durban Treasury, a 10-storey residential/commercial building erected upon three basement levels of car parking spaces, is located at Wunsin Road, Situn District, Taichung City. Durban Treasury offers convenient transportation access. The building is located close to the prospective new town centre of Taichung and Feng Chia night market, which is currently the biggest night market in Taiwan. Construction of the building was completed in 2005.

Durban owns the whole of 1st floor and basement level one, and portions of 3rd and 10th floors with an aggregate attributable GFA of approximately 2,289 sq.m. and eight car parking spaces located in basement levels two and three. Currently, an aggregate GFA of approximately 1,699 sq.m. and the eight car parking spaces are leased to various parties, while the remaining GFA of approximately 590 sq.m. is vacant.

***Durban Image (德安印象) – retail shop and car parking spaces (100% owned by the Durban Group)***

Durban Image is located at Section 1, Jiouzong Road, Neihu District, Taipei City. The building is a 13-storey residential/commercial building erected upon two basement levels of car parking spaces and the construction of the building was completed in 2007. The property located adjacent to the future metro station in Neihu District is only one minute drive from Jhong-Shan Highway, offering convenient transportation. It is also in close proximity to Neihu Technology Park and shopping complexes in Neihu District.

Durban owns the entire ground floor retail shop with a GFA of approximately 766 sq.m. and six car parking spaces in basement levels one and two. The property is vacant.

***Kaohsiung Transportation (高雄運通) – certain portions and car parking spaces (100% owned by the Durban Group)***

Kaohsiung Transportation is situated at Sinya Road, Cianjhen District, Kaohsiung City. The building is an eight-storey industrial/office building erected upon a basement. The construction of the building was completed in 1990.

Cianjhen District is within Lin-hai Industrial District, which is one of the major industrial areas of Kaohsiung. The demand for industrial and office space in Kaohsiung is currently rising. Furthermore, the property is situated in close proximity to the Dream Mall, the largest shopping mall in Taiwan, and Kaohsiung Multifunctional Commerce and Trade Park.

Durban has 100% interest in portions of the 1st, 6th and 8th floors of the building with an aggregate attributable GFA of approximately 4,053 sq.m. and 13 car parking spaces in the basement. The property is currently leased to various parties.



***Hsing Wu Building (醒吾大樓) – two floors of commercial usage and car parking spaces (100% owned by the Durban Group)***

Hsing Wu Building, a 22-storey commercial building erected upon a four-storey basement, is located at Hangihou South Road, Jhongjheng District, Taipei City. Construction of the building was completed in 1992.

Hsing Wu Building is strategically located close to Bo-Ai Special Region and Taipei Main Station as well as Shandao Temple metro station. In addition to convenient accessibility, the building is situated in close proximity to Legislative Yuan Building, National Taiwan University College of Law and College of Medicine.

Durban owns the whole of 21st floor while Da-Chin owns the whole of 22nd floor. Both floors are linked up with an internal staircase, with a total attributable GFA of approximately 1,236 sq.m.. The property is currently leased to a tenant.

Details of all of the Properties will be included in the valuation report which will form part of the circular that will be despatched to the Shareholders as soon as practicable in accordance with Rule 14A.59(6) and Chapter 5 of the Listing Rules.

Given the audited accounts of Durban for the two years ended 31 December 2007 had been prepared in accordance with Taiwan Generally Accepted Accounting Principles, the reporting accountants of the Company require more time to prepare Durban's financial information in accordance with Hong Kong Financial Reporting Standards. The following table sets out the unaudited consolidated financial information of Durban which was prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2007:

	<b>For the year ended 31 December</b>			
	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
	<i>NT\$ million</i>	<i>HK\$ million</i>	<i>NT\$ million</i>	<i>HK\$ million</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	5,014.2	1,203.4	4,346.0	1,034.8
Net profit/(loss) before taxation	566.7	136.0	(34.3)	(8.2)
Net profit/(loss) after taxation	548.2	131.6	(74.9)	(17.8)
			<b>As at 31 December 2007</b>	
			<i>NT\$ million</i>	<i>HK\$ million</i>
			(Unaudited)	(Unaudited)
Total assets			8,779.9	2,107.2
Total liabilities ( <i>Note 2</i> )			6,607.0	1,585.7
Net assets (including minority interests)			2,173.0	521.5
Net assets (excluding minority interests)			1,493.0	358.3

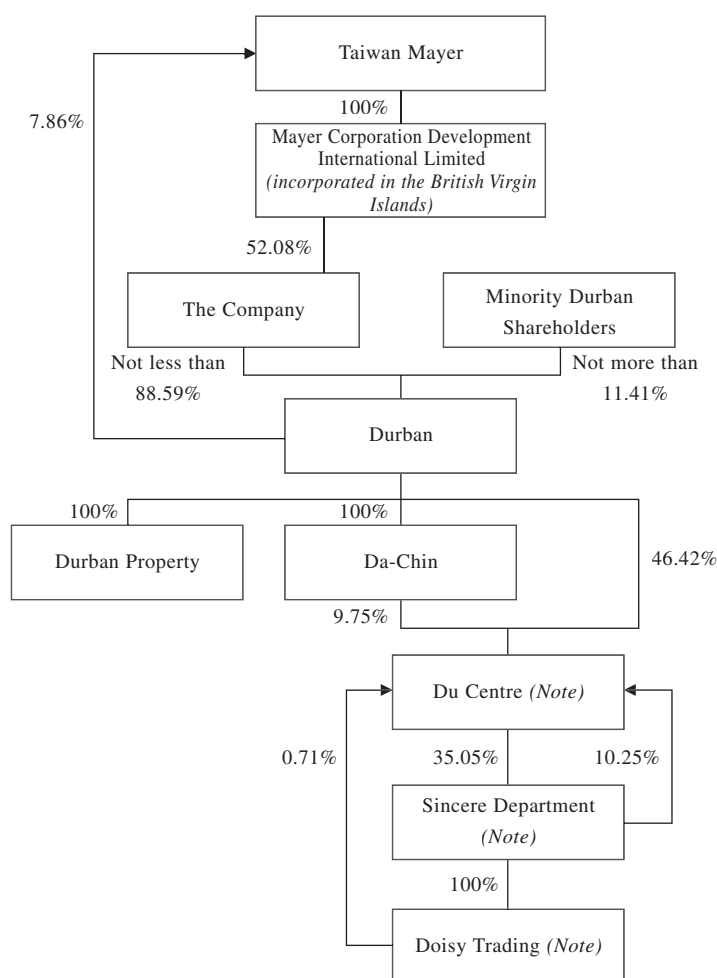
*Notes:*

1. The amounts denominated in NT\$ for the year ended 31 December 2006 have been converted (for information only) into HK\$ based on an exchange rate of NT\$1.00:HK\$0.2381. Such conversion shall not be construed as a representation that amounts of NT\$ were or may have been conversion on such exchange rate.
2. Total liabilities of the Durban Group as at 31 December 2007 mainly comprised trade payables, notes payable, interest-bearing borrowings, and long-term bank loans which in aggregate accounted for over 80% of the total liabilities.

The net profit before taxation of the Durban Group for the year ended 31 December 2007 has shown a significant increase as compared to that of the corresponding period in 2006. The increase was mainly attributable to the gain arising from the sale of property, plant and equipment and financial assets in 2007.

**Shareholding structure of the Durban Group immediately following the Acquisition**

The shareholding structure immediately following the Acquisition is illustrated as follows:



*Note:* Each of Du Centre and Sincere Department has cross shareholding in one another. Du Centre is interested in approximately 35.05% of the issued share capital of Sincere Department, which is interested in approximately 10.25% of the issued share capital of Du Centre. Doisy Trading is interested in approximately 0.71% of the issued share capital of Du Centre.

As advised by the Company's legal adviser as to Taiwan laws, the cross shareholdings between Taiwan Mayer and Durban immediately following the Acquisition are legal according to Taiwan laws.

The Company's ultimate shareholding in Durban upon Completion will depend on the number of Additional Durban Shares (if any) being acquired by the Company or its nominee. Assuming that no Additional Durban Shares will be acquired by the Company or its nominee, the Company will be interested in approximately 88.59% of the total issued share capital of Durban. However, should the Company or its nominee acquire in addition to the Sale Shares all the outstanding Durban Shares representing approximately 11.41% shareholding in Durban as the Additional Durban Shares, the Company will be interested in the entire issued share capital of Durban. In either scenario, Durban will be treated as a subsidiary of the Company and the financial results of the Durban Group will be consolidated into the Group's accounts.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

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

It is the Group's intention to continue with pursuing its existing businesses of manufacturing and trading of steel sheets, steel pipes and other products made of steel and leasing of aircrafts. As set out in the Annual Report, the Group will seek all sorts of investment opportunities which are beneficial to its long term development with the best return to its Shareholders and investors. In addition, as announced on 11 June 2007 and stated in the Annual Report, the Group had formed a new property investment business segment in the second half of 2007 by acquiring an industrial and commercial building in Taiwan. The Directors consider that the Acquisition is in line with the Group's current business diversification strategy to invest in favourable investments and to broaden the income base of the Group and that the Acquisition will enable the Company to quickly scale up its current property investment business segment and become a property investor player in Taiwan.

Following Taiwan's presidential election, the new president, Mr. Ma Ying-jeou, announced several measures to strengthen the cross-strait relationship between Taiwan and the PRC. The Directors believe that the commencement of direct flights and expansion of cross-strait trade will benefit Taiwan's economy and property investment market. The Directors anticipate that an increase of Chinese investors will flock to Taiwan and that this will enable Taiwan to become an alluring target for property investments.

In anticipation on Taiwan's economic growth, the Directors consider that the Acquisition could enhance momentum and competitive edges for the Group's future development. Leveraging on the extensive experience of the Durban Group which has over 20 years of solid experience in property development and investment in Taiwan, the Group will be well-positioned to take advantage of the growth potential in Taiwan's property market and will be able to further explore its property investment business opportunities in Taiwan. Furthermore, given the diversified portfolio of properties held by the Durban Group which are mainly located in strategically favourable locations or prime areas across Taiwan, the Directors consider that the Acquisition will quickly enhance the assets base of the Group.

Taking into consideration the current performance and prospects of the Durban Group, the Directors believe that the Acquisition will provide the Group with growth potential and boost its financial performance. The Board confirms that there was no change in control of the Company over the past 24 months prior to the Acquisition.

The Directors (excluding the independent non-executive Directors) consider that the terms of the S&P Agreement are fair and reasonable and on normal commercial terms, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **CONTINUING CONNECTED TRANSACTIONS**

Upon Completion when Durban becomes a subsidiary of the Company, any existing transactions between member(s) of the Durban Group and connected person(s) of the Company will become continuing connected transactions of the Company and will be subject to the requirements of the Listing Rules. In this connection, please see below the Continuing Connected Transactions of the Company.

### **A. Master Management Agreement**

On 27 December 2007, Du Centre, Tai Chan and Taiwan Mayer entered into the Master Management Agreement in connection with their purchase of SKMS Building in Taiwan. The Master Management Agreement that authorizes Du Centre or its agent to manage SKMS Building was premised upon Du Centre having the right to lease and sublease SKMS Building. Hence the parties signed the Lease Agreement separately and concurrently, which provides Du Centre with such right together with other detailed terms of the lease and sublease of SKMS Building. The Car-park Agreement signed in February 2008 was required for filing in connection with the Durban Group's application for a car-park operation and management licence with the relevant authorities in Taiwan.

Du Centre, Tai Chan and Taiwan Mayer acquired the entire interests in SKMS Building from Taiwan Shin Kong Commercial Bank Co., Ltd. in the proportion of 35%, 35% and 30% respectively. Tai Chan is an independent third party of the Company and its connected persons. Save and except for entering into the Master Management Agreement (including the Lease Agreement and the Car-

park Agreement), as far as the Directors are aware, none of the Durban Group, the Vendors and Taiwan Mayer has any other relationship with Tai Chan. The Master Management Agreement provides that until the date of sale of SKMS Building, all income and expenses related to SKMS Building shall be shared among Du Centre, Tai Chan and Taiwan Mayer in the proportion of 35%, 35% and 30% respectively. In consideration of Durban's obligation to promote and secure execution of leases and subleases for SKMS Building, Durban shall be remunerated with a commission of (a) one month rental for any new lease of a period of three years or less plus half a month rental for any additional year beyond the three years; and (b) one month rental for any renewal lease of a period of three years or less plus half a month rental for any additional two years beyond the three years. No party may unilaterally sell its share of SKMS Building to a third party without consent of the other parties. Any one party may request and oblige all of the parties to sell SKMS Building one year after execution of the Master Management Agreement and the parties shall appoint Durban to handle all matters in relation to the sale of SKMS Building.

According to the Lease Agreement entered in connection with the Master Management Agreement, Tai Chan and Taiwan Mayer shall lease SKMS Building to Du Centre during the period from 27 December 2007 to 26 December 2011. While Du Centre may lease or sublease SKMS Building, Du Centre shall pay to Tai Chan and Taiwan Mayer respectively 35% and 30% of any income arising from the leases and subleases of SKMS Building. In connection with the Master Management Agreement, the parties also entered into the Car-park Agreement in February 2008, whereby Tai Chan and Taiwan Mayer authorize Du Centre to subcontract the operation and management of the car-park at SKMS Building to Durban Property. Hence, Durban Property operates and manages the car-park at SKMS Building and collects parking fees and guarantee money for the car-park on behalf of Du Centre. Du Centre shall pay 35% and 30% of such parking fees and guarantee money to Tai Chan and Taiwan Mayer respectively on a monthly basis after deducting the operating expenses of the car-park. As the operation and management of the car-park at SKMS Building have been subcontracted to Durban Property and Du Centre will not be involved in the operation and management of the car-park at SKMS Building, Du Centre will not be entitled to any commission related to the operation and management of the car-park.

Pursuant to the Master Management Agreement, the party which terminates the agreement early and fails to perform its duties continuously will be in default and shall indemnify the other parties the higher of their actual damages or damages in the amount NT\$10.0 million (equivalent to approximately HK\$2.4 million). Accordingly, in the event that the Master Management Agreement and the Master Management Caps are not approved by the Independent Shareholders at the EGM, Du Centre will have to terminate the Master Management Agreement early and indemnify the other parties the damages as aforementioned above.

### ***Master Management Caps***

The Master Management Caps comprise commission payable to Durban under the Master Management Agreement together with the annual income payable to Du Centre and Taiwan Mayer arising from the leases and subleases of SKMS Building under the Lease Agreement (which include the annual parking fees and guarantee money under the Car-park Agreement) for each of the three years ending 31 December 2008, 2009 and 2010.

The proposed Master Management Caps for each of the three years ending 31 December 2008, 2009 and 2010 are as follows:

	<b>Year ending 31 December</b>		
	<b>2008</b> <i>(Note)</i>	<b>2009</b>	<b>2010</b>
	<i>NT\$ million</i>	<i>NT\$ million</i>	<i>NT\$ million</i>
Master Management Caps	39.8	239.0	249.0
	(equivalent to approximately HK\$9.6 million)	(equivalent to approximately HK\$57.4 million)	(equivalent to approximately HK\$59.8 million)

*Note:* From the date of Completion when Durban becomes a subsidiary of the Company

The Master Management Caps are determined with reference to (i) the anticipated annual income arising from the leases and subleases of SKMS Building; (ii) the anticipated vacancy rate of SKMS Building; and (iii) the expected lease term of the existing and anticipated leases and subleases of SKMS Building; and (iv) prevailing market rate of comparable leases and subleases in Jhong-Shan District.

### **B. Joint Construction Agreement**

On 14 August 2007, Durban as the contractor and Taiwan Mayer as the landlord entered into the Joint Construction Agreement for the joint development of the Project. As of the date of this announcement, the Durban Group does not have any title interests in the Project. Pursuant to the Joint Construction Agreement, Durban will apply for the construction permit and commence construction within 30 days of receipt of the construction permit; and Durban will obtain the building occupancy permit within 750 days from commencement of construction, and the building possession rights within 90 days of receipt of the building occupancy permit.

Taiwan Mayer, being the landlord, provides the land for the joint development of the Project, and Durban, being the contractor, is responsible for its construction. Taiwan Mayer and Durban will share the sales proceeds from the sale of the Project in the proportion of 62% and 38% respectively. Such ratio was determined



on the basis on the value of the land and estimated construction costs, which the Directors (excluding the independent non-executive Directors) consider as fair and reasonable.

Under the Joint Construction Agreement, each party shall bear its respective costs and taxes, and the cost of construction will be borne by Durban. To secure Durban's performance of its obligations under the Joint Construction Agreement, Durban will provide a guarantee to Taiwan Mayer in the aggregate amount of NT\$42.0 million (equivalent to approximately HK\$10.1 million) through (a) one guarantee cheque dated 14 August 2009 in the amount of NT\$21.0 million (equivalent to approximately HK\$5.0 million) payable by Durban on execution of the Joint Construction Agreement and to be returned to Durban within 10 days of completion of the infrastructure for the basement of the building, and (b) another guarantee cheque dated 14 August 2010 in the amount of NT\$21.0 million (equivalent to approximately HK\$5.0 million) payable by Durban on completion of construction and to be returned to Durban within 10 days of obtaining the building occupancy permit.

Construction of the Project was commenced in August 2007. As at the date of this announcement, total accumulated construction costs and construction financing arising from the development of the Project amounted to more than NT\$120 million (equivalent to approximately HK\$28.8 million).

Pursuant to the Joint Construction Agreement, Durban's early termination of the agreement and its failure of continuous performance of its duties thereunder will constitute a breach of the agreement by Durban. As a result of Durban's breach of the Joint Construction Agreement, the guarantee cheques in the aggregate amount of NT\$42.0 million (equivalent to approximately HK\$10.1 million) shall be confiscated by Taiwan Mayer and all the completed construction works of Durban will be taken over by Taiwan Mayer unconditionally. Furthermore, Durban shall bear all construction costs incurred and the construction financing.

Taking into account of the material costs already incurred and estimated to be incurred by Durban, and Durban's loss of rights to its share of potential sales proceeds and over its completed construction works upon early termination of the Joint Construction Agreement, the Directors (excluding the independent non-executive Directors) are of the view that the costs together with Durban's loss of rights to potential sales proceeds and over the completed construction works may potentially exceed the benefits arising from the Acquisition. Accordingly, should the Joint Construction Agreement and the Joint Construction Caps not be approved by the Independent Shareholders at the EGM, the parties to the S&P Agreement will not proceed with the Acquisition.



### ***Joint Construction Caps***

The proposed Joint Construction Caps for each of the three years ending 31 December 2008, 2009 and 2010 are as follows:

	<b>Year ending 31 December</b>		
	<b>2008 (Note)</b> <i>NT\$ million</i>	<b>2009</b> <i>NT\$ million</i>	<b>2010</b> <i>NT\$ million</i>
Joint Construction Caps	10.4	560.0	21.0
	(equivalent to approximately HK\$2.5 million)	(equivalent to approximately HK\$134.4 million)	(equivalent to approximately HK\$5.0 million)

*Note:* From the date of Completion when Durban becomes a subsidiary of the Company

The Joint Construction Caps are determined with reference to (i) estimated development construction costs of the second phase of Durban Image according to its planned development schedule; (ii) amount of guarantee provided by Durban to Taiwan Mayer; and (iii) outlook of Taiwan property market.

### **C. Mortgage Agreement**

Pursuant to the Mortgage Agreement, Da-Chin has mortgaged its property comprising eight parcels of land located in Dalien Section, Ping Don City, Taiwan to HVB for securing the repayment of indebtedness for a maximum sum of NT\$86,157,622 (equivalent to approximately HK\$20,677,829) of Miramar-Pacific, Miramar, Mr. Huang and Mr. Lai (collectively, the "Obligors") under certain promissory notes issued by the Obligors to BAYERISCHE HYPO-UND VEREINSBANK AG, acting through its Hong Kong Branch. Notwithstanding the foregoing contractual obligations, the parties only registered Miramar as the debtor for securing Miramar's obligations under its promissory note with the land authority in Taiwan. As such, HVB may demand Da-Chin to amend the mortgage registration by registering all the other Obligors as debtors pursuant to the Mortgage Agreement if HVB deems it necessary.

Under the Mortgage Agreement, the mortgage will expire on 10 August 2012. However, the land registration transcript indicates that the mortgage will expire on 2 December 2037. The Company's legal adviser as to Taiwan laws has advised that it is local banking practice for banks to extend the mortgage period beyond the contracted time. As the Mortgage Agreement does not contain any change-of-control clause, the Mortgage Agreement will not be released upon Completion. As advised by the Company's legal adviser as to Taiwan law, when the Obligors repay any and all money owing to HVB in 2012, HVB shall release Da-Chin's property from mortgage pursuant to the Mortgage Agreement.

In consideration of Da-Chin's grant of mortgage, the Obligors will pay Da-Chin an annual fee equal to 1.5% per annum of the Obligors' maximum repayment obligation of NT\$86,157,622 (equivalent to approximately HK\$20,677,829) and the Obligors will also provide to Da-Chin a counter-indemnity against all payments, losses, damages and costs incurred or suffered by Da-Chin in connection with its grant of mortgage under the Mortgage Agreement. Miramar, a company controlled by Mr. Huang and his associates, was incorporated in May 1977 and is principally engaged in investment holding. Miramar's principal assets include investments in listed and unlisted securities in Taiwan. Miramar-Pacific, an investment holding company and a wholly-owned subsidiary of Miramar, was incorporated principally to facilitate borrowings from HVB. Having reviewed and assessed the financial position of Miramar, the Directors (excluding the independent non-executive Directors) are of the view that the risk of the Obligors defaulting on their repayment obligations under the promissory notes is not high. The annual fee of 1.5% payable by the Obligors was arrived at after arm's length negotiations and on normal commercial basis. Moreover, the Directors (excluding the independent non-executive Directors) have made reference to the guarantee fee received by the Group in the past which was only 0.75% per annum. After taking into consideration that an annual fee of 1.5% and a counter-indemnity will be provided by the Obligors to Da-Chin, the Directors (excluding the independent non-executive Directors) are of the view that it is fair and reasonable to continue the Mortgage Agreement.

Discussions had been held between the Board and Miramar regarding the potential release of Da-Chin's property from mortgage. In the event that the Mortgage Agreement and the Mortgage Caps are not approved by the Independent Shareholders at the EGM, Miramar has agreed to replace Da-Chin's property with other assets held by the Obligors as security in favour of HVB.

### ***Mortgage Caps***

The proposed Mortgage Caps for each of the three years ending 31 December 2008, 2009 and 2010 are as follows:

	<b>Year ending 31 December</b>		
	<b>2008 (Note)</b> <i>NT\$ million</i>	<b>2009</b> <i>NT\$ million</i>	<b>2010</b> <i>NT\$ million</i>
Mortgage Caps	86.2 (equivalent to approximately HK\$20.7 million)	86.2 (equivalent to approximately HK\$20.7 million)	86.2 (equivalent to approximately HK\$20.7 million)

*Note:* From the date of Completion when Durban becomes a subsidiary of the Company

The Mortgage Caps are determined with reference to the maximum sum of repayment of indebtedness by the Obligor being secured by Da-Chin's mortgage to HVB under the Mortgage Agreement.

#### **D. Co-operation Agreement**

Pursuant to the Co-operation Agreement, Durban shall during the period from 27 August 2007 to 27 August 2010 provide to Mr. Huang a revolving loan facility of NT\$450.0 million (equivalent to approximately HK\$108.0 million) from its loan of NT\$900.0 million (equivalent to approximately HK\$216.0 million) advanced by the Bank, which is secured by a mortgage of the Taichung Site jointly owned by Durban and Mr. Huang and a joint guarantee from Mr. Lai and Mr. Huang. Durban has 50% interest in the Taichung Site, which is one of the Properties held by the Durban Group. Durban's loan facility with the Bank (including Mr. Huang's portion of the loan facility with Durban) was made for the purpose of the joint development of the Taichung Site by Durban and Mr. Huang. As of the date of this announcement, Mr. Huang has made a drawdown of NT\$450.0 million (equivalent to approximately HK\$108.0 million) from his loan facility with Durban.

Pursuant to the Co-operation Agreement, Mr. Huang shall repay (i) the principal within 180 days from the date of drawdown and (ii) interest on a monthly basis at the rate of Taiwan Mail Two Year Savings Rate (台灣郵政二年期定儲機動利率) plus 0.715% per annum provided that if the New Taiwan Dollar United Bank Rate (新台幣聯行息) is higher than Taiwan Mail Two Year Savings Rate, Durban may charge Mr. Huang the New Taiwan Dollar United Bank Rate plus 0.715% per annum as the interest rate (the "Interest Rate"). Under the Co-operation Agreement, Mr. Huang shall pay Durban a default payment of (a) 10% of the Interest Rate with respect to any late payment of principal or interest within six months' delay, and (b) 20% of the Interest Rate with respect to any late payment of principal or interest beyond six months' delay. Mr. Huang also agrees to pay Durban an additional interest of 1% per annum over the Interest Rate with respect to any late payment of the principal.

Furthermore, Mr. Huang agrees to unconditionally provide the Taichung Site for mortgage to the Bank and be the joint guarantor for Durban's loan with the Bank. Should Mr. Huang be in breach of the Co-operation Agreement, Durban may transfer the portion of the Taichung Site owned by Mr. Huang to its name and Mr. Huang shall pay Durban NT\$22.5 million (equivalent to approximately HK\$5.4 million) as a default payment in addition to any damages suffered by Durban.

There is no termination clause under the Co-operation Agreement. However, if Durban intends to unilaterally terminate the Co-operation Agreement early, Mr. Huang may not be able to repay in time money owing from his drawdown under the Co-operation Agreement. As such, Durban may be required to repay on its own to the Bank Mr. Huang's portion of the loan facility in the amount of NT\$450.0 million (equivalent to approximately HK\$108.0 million) together with any applicable interests and default payments.

In the event that the Co-operation Agreement and the Co-operation Caps are not approved by the Independent Shareholders at the EGM, the Directors (excluding the independent non-executive Directors) are of the view that the potential repayment of Mr. Huang's portion of the loan facility in the amount of NT\$450.0 million (equivalent to approximately HK\$108.0 million) together with any applicable interests and default payments arising from the early termination of the Co-operation Agreement amounts to a material and onerous obligation and may exceed the benefits arising from the Acquisition. Accordingly, should the Co-operation Agreement and the Co-operation Caps not be approved by the Independent Shareholders at the EGM, the parties to the S&P Agreement will not proceed with the Acquisition.

### ***Co-operation Caps***

The proposed Co-operation Caps for each of the three years ending 31 December 2008, 2009 and 2010 are as follows:

	<b>Year ending 31 December</b>		
	<b>2008 (Note)</b>	<b>2009</b>	<b>2010</b>
	<i>NT\$ million</i>	<i>NT\$ million</i>	<i>NT\$ million</i>
Co-operation Caps	453.0	466.0	460.2
	(equivalent to approximately HK\$108.7 million)	(equivalent to approximately HK\$111.8 million)	(equivalent to approximately HK\$110.5 million)

**Note:** From the date of Completion when Durban becomes a subsidiary of the Company

The Co-operation Caps are determined with reference to (i) the maximum amount of revolving loan facility provided by Durban to Mr. Huang pursuant to the Co-operation Agreement; (ii) the anticipated capital needs of Mr. Huang with regards to the proposed development of the Taichung Site; (iii) the anticipated repayment schedule of the revolving loan facility by Mr. Huang; and (iv) the interest payable by Mr. Huang in respect of the revolving loan facility.

### **Reasons for the Continuing Connected Transactions**

The Durban CCT Agreements have been in place prior to the proposed Acquisition. The Directors intend to continue the Continuing Connected Transactions following Completion when Durban becomes a subsidiary of the Company in order to maintain the existing business arrangements of the Durban Group and to avoid any unnecessary disruption to the business operations of the Durban Group. The terms of the Durban CCT Agreements will not be amended after Completion. The Directors (excluding the independent non-executive Directors) consider that the terms of each of the Durban CCT Agreements are on normal commercial

terms, and the terms of each of the Durban CCT Agreements and its respective annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

### **The Acquisition**

As certain of the applicable percentage ratios prescribed under Rule 14.07 of the Listing Rules exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company pursuant to Rule 14.06(5) of the Listing Rules. By virtue of (i) Taiwan Mayer being the ultimate controlling Shareholder; (ii) Mr. Huang being a non-executive Director; (iii) Mr. Lai being an executive Director and the chairman of the Company; and (iv) the remaining Vendors being associates of either Mr. Huang and Mr. Lai, the Vendors are connected persons of the Company within the meanings of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition is therefore subject to the requirements of reporting, announcement and the Independent Shareholders' approval by way of poll at the EGM pursuant to Chapters 14 and 14A of the Listing Rules. Mr. Huang together with his associates, are substantial shareholders (as defined under the Listing Rules) of Taiwan Mayer. Mr. Lai and his associates have indirect equity interests in Taiwan Mayer through Durban. Save and except for their foregoing interests in Taiwan Mayer, Mr. Huang, Mr. Lai and their respective associates do not directly hold any Shares. Save for Taiwan Mayer (being the ultimate controlling Shareholder), none of the Vendors are Shareholders. Accordingly, only Taiwan Mayer and its associates will be required to abstain from voting at the EGM in respect of the resolution to approve the Acquisition.

### **The Continuing Connected Transactions**

As at the date of this announcement, Taiwan Mayer indirectly holds approximately 52.08% shareholding interest in the Company, and is the ultimate controlling Shareholder and hence a connected person of the Company under the Listing Rules. Upon Completion when Durban becomes a subsidiary of the Company, the Master Management Agreement (including the Lease Agreement and the Car-park Agreement) and the Joint Construction Agreement, and the transactions contemplated thereby constitute continuing connected transactions of the Company under the Listing Rules.

Da-Chin is a wholly-owned subsidiary of Durban. Mr. Lai and Mr. Huang are the Directors. As at the date of this announcement, Mr. Huang and his associates together are interested in more than 30% equity interests in Miramar. Miramar is an associate of Mr. Huang and hence a connected person of the Company under the Listing Rules. Miramar-Pacific is a wholly-owned subsidiary of Miramar and hence is an associate of Mr. Huang and a connected person of the Company under the Listing Rules. Upon Completion when Durban becomes a subsidiary of the Company, the Mortgage Agreement and the transactions contemplated thereby constitute non-exempt financial assistance provided by Da-Chin and hence continuing connected transactions of the Company under the Listing Rules.

Mr. Huang is a non-executive Director and hence a connected person of the Company under the Listing Rules. Upon Completion when Durban becomes a subsidiary of the Company, the Co-operation Agreement and the transactions contemplated thereby constitute continuing connected transactions of the Company under the Listing Rules.

As certain of the applicable percentage ratios prescribed under Rule 14.07 of the Listing Rules with respect to each of the Master Management Caps, the Joint Construction Caps, the Mortgage Caps and the Co-operation Caps are more than 2.5% and each of the foregoing annual caps exceed HK\$10,000,000 respectively, each of the Durban CCT Agreements will, upon Completion when Durban becomes a subsidiary of the Company, constitute non-exempt continuing connected transactions of the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Save for Taiwan Mayer (being the ultimate controlling Shareholder), Miramar-Pacific, Miramar, Mr. Huang and Mr. Lai are not Shareholders. Accordingly, only Taiwan Mayer and its associates will be required to abstain from voting at the EGM in respect of the resolutions to approve the Continuing Connected Transactions arising from the Durban CCT Agreements and their respective annual caps.

## **GENERAL**

The Independent Board Committee has been formed to advise and give recommendation to the Independent Shareholders regarding the Acquisition and the Continuing Connected Transactions. KGI Capital Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Acquisition and the Continuing Connected Transactions; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition and the Continuing Connected Transactions (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the Continuing Connected Transactions; and (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisitions of the Sale Shares from the Vendors and of the Additional Durban Shares from Durban Investment by the Company pursuant to the S&P Agreement
“Additional Durban Shares”	such number of Durban Shares (if any) in addition to the Sale Shares to be sold by Durban Investment to the Company under the S&P Agreement



“Annual Report”	the Company’s annual report for the year ended 31 December 2007
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bank”	Mega International Commercial Bank, Co., Ltd.
“Board”	the board of Directors
“Business Day”	a day (not being a Saturday) on which banks are open for general banking business in Hong Kong and in Taiwan
“Car-park Agreement”	the car-park operation and management agreement dated February 2008 entered into among Du Centre, Tai Chan and Taiwan Mayer in connection with the Master Management Agreement
“Co-operation Agreement”	the co-operation agreement dated 30 July 2007 entered into between Durban and Mr. Huang as supplemented by a supplemental co-operation agreement dated 28 August 2008
“Co-operation Caps”	the maximum annual aggregate value for the transactions between Durban and Mr. Huang as contemplated under the Co-operation Agreement
“Company”	Mayer Holdings Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the relevant Vendor Sale Shares or the Additional Durban Shares (as the case may be)
“Completion Date”	the date of each Completion
“Conditions”	the conditions precedent to Completion
“connected person(s)”	have the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the non-exempt continuing connected transactions (as defined under Rule 14A.14 of the Listing Rules) between members of the Durban Group and connected persons of the Company upon Completion when Durban becomes a subsidiary of the Company



“Da-Chin”	Da-Chin Construction Co., Ltd. (大清營造股份有限公司), a company incorporated in Taiwan and a wholly-owned subsidiary of Durban
“Director(s)”	the director(s) of the Company
“Doisy Trading”	Doisy Trading Co., Ltd. (德際貿易股份有限公司), a company incorporated in Taiwan
“Du Centre”	Du Centre Co., Ltd. (德先股份有限公司), a company incorporated in Taiwan and a subsidiary of Durban whose shares are held by Durban as to approximately 46.42% and by Da-Chin as to approximately 9.75%
“Durban”	Durban Development Co., Ltd. (德安開發股份有限公司), a company incorporated in Taiwan
“Durban CCT Agreements”	the Master Management Agreement, the Joint Construction Agreement, the Mortgage Agreement and the Co-operation Agreement
“Durban Group”	Durban and the Sale Companies
“Durban Interested Companies”	Sincere Department and Doisy Trading
“Durban Investment”	Durban Investment Co., Ltd. (德安投資股份有限公司), a company incorporated in Taiwan
“Durban Property”	Durban Property Management Co., Ltd. (德安國際公寓大廈管理維護股份有限公司), a company incorporated in Taiwan and a wholly-owned subsidiary of Durban
“Durban Shares”	shares with a par value of NT\$10 each in the share capital of Durban
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving the Acquisition and the Continuing Connected Transactions including the respective annual caps by the Independent Shareholders
“GFA”	gross floor area

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HVB”	HVB Hong Kong Limited (香港商裕寶聯合財務顧問有限公司*), a company incorporated in Hong Kong
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely Messrs. Lin Sheng-bin, Huang Jui-hsing and Alvin Chiu has been formed for the purpose of advising and giving recommendation to the Independent Shareholders as to the Acquisition and the Continuing Connected Transactions
“Independent Shareholders”	Shareholders other than Taiwan Mayer and its associates
“Joint Construction Agreement”	the agreement dated 14 August 2007 entered into between Durban as the contractor and Taiwan Mayer as the landlord in relation to the joint development of the Project
“Joint Construction Caps”	the maximum annual aggregate value for the transactions between Durban and Taiwan Mayer as contemplated under the Joint Construction Agreement
“Lease Agreement”	the lease agreement dated 27 December 2007 entered into among Du Centre as lessee, and Tai Chan and Taiwan Mayer as lessors, in connection with the Master Management Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Management Agreement”	the master management agreement dated 27 December 2007 entered into among Du Centre, Tai Chan and Taiwan Mayer
“Master Management Caps”	the maximum annual aggregate value attributable to Du Centre and Durban for the transactions between Du Centre, Durban and Taiwan Mayer as contemplated under the Master Management Agreement (including the Lease Agreement and the Car-park Agreement)

“Minority Durban Shareholder(s)”	holders of Durban Shares excluding the Sale Shares held by the Vendors
“Miramar”	Miramar Hotel Co., Ltd. (美麗華大飯店股份有限公司), a company incorporated in Taiwan
“Miramar-Pacific”	Miramar-Pacific International Co., Ltd. (美麗華太平洋國際股份有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Miramar
“Mortgage Agreement”	the mortgage agreement dated 3 December 2007 entered into between Da-Chin and HVB
“Mortgage Caps”	the maximum annual aggregate value for the transactions between Da-Chin and HVB as contemplated under the Mortgage Agreement
“Mr. Huang”	Mr. Huang Chun-fa (黃春發先生), a non-executive Director and one of the Vendors
“Mr. Lai”	Mr. Lai Yueh-hsing (賴粵興先生), chairman of the Company and an executive Director and one of the Vendors
“PRC”	the People’s Republic of China which for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project”	the proposed development of the second phase of Durban Image (德安印象) situated at Land Nos. 103-1, 103-2 and 103-9 in Jiou Zong Section, Nei Hu District Taipei City, Taiwan (台灣台北市內湖區舊宗段103-1、103-2及103-9地號)
“Properties”	all the real properties held by the relevant members of the Durban Group
“S&P Agreement”	the conditional sale and purchase agreement dated 6 October 2008 entered into by the Company and the Vendors in relation to the Acquisition
“Sale Companies”	Durban Property, Da-Chin and Du Centre

“Sale Shares”	120,477,580 Durban Shares representing approximately 88.59% of the entire issued share capital of Durban
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SKMS Building”	Shin Kong Min Sheng Commercial Building (新光民生商業大樓), located at Minsheng East Road, Jhong-Shan District, Taipei City, Taiwan
“Sincere Department”	The Sincere Department Store Ltd. (先施百貨股份有限公司), a company incorporated in Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Tai Chan”	Tai Chan Asset Management Co., Ltd (台產資產管理有限公司), a company incorporated in Taiwan
“Taichung Site”	a development site located at GanGotz Section, North District, Taichung City, Taiwan, which comprises 22 parcels of land and that is jointly owned by Durban and Mr. Huang
“Taiwan Mayer”	Mayer Steel Pipe Corporation (美亞鋼管廠股份有限公司), the ultimate controlling Shareholder, a company incorporated in Taiwan, whose shares are listed on the Taiwan Stock Exchange Corporation
“Vendors”	(i) Mr. Lai; (ii) Ms. Chang Heng-chiu (張姮秋女士); (iii) Mr. Huang; (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 Mei-fung (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; (xiii) Durwei Investment Co., Ltd. (德威投資股份有限公司); (xiv) Sincere Department; (xv) Yuan Chuan Steel Co., Ltd. (源泉鋼鐵股份有限公司); and (xvi) Taiwan Mayer

“Vendor Sale Shares”	those Sale Shares to be sold by each Vendor under the S&P Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan
“sq.m.”	square metres
“%”	Per cent.

\* *For identification purpose only*

*For the purpose of this announcement, all amounts denominated in NT\$ have been converted (for information only) into HK\$ using the exchange rates of NT\$1.00:HK\$0.240. Such conversion shall not be construed as a representation that amounts of NT\$ were or may have been converted.*

By order of the Board  
**Mayer Holdings Limited**  
**LAI Yueh-hsing**  
*Chairman*

Hong Kong, 6 October 2008

*As at the date of this announcement, the executive Directors are Mr. Lai Yueh-hsing, Mr. Lo Haw, Mr. Cheng Dar-terng, Mr. Chiang Jen-chin, Dr. Lin Meng-chang and Mr. Lu Wen-yi; the non-executive Directors are Mr. Hsiao Ming-chih and Mr. Huang Chun-fa; and the independent non-executive Directors are Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu.*