



美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1116)

VOLUNTARY ANNOUNCEMENT DEEMED DISPOSAL OF THE EQUITY INTEREST IN TARGET COMPANY

EQUITY INVESTMENT AGREEMENT

On 25 July 2022 (after trading hours), Guangzhou Mayer, an indirect 81.4%-owned subsidiary of the Company, entered into the Equity Investment Agreement with Golden Way, Start Upward and the Guarantor, pursuant to which (i) Golden Way conditionally agreed to make the Capital Contribution to the Target Company in cash in the amount of RMB6 million; (ii) Guangzhou Mayer conditionally agreed to make the Capital Contribution, which increased its capital investment in the Target Company from RMB1 million to RMB14 million; (iii) the registered capital of the Target Company will increase from RMB1 million to RMB20 million as a result of the Capital Contribution; and (iv) Start Upward conditionally agreed to grant the Target Company the Exclusive Right. Upon Capital Contribution, the percentage of the equity interests owned by Guangzhou Mayer and Golden Way in the Target Company will be 70% and 30%, respectively.

LISTING RULES IMPLICATIONS

Upon Capital Contribution, the equity interest held by Guangzhou Mayer in the Target Company will be diluted from 100% to 70%. Therefore, the transaction contemplated under the Equity Investment Agreement constitutes a deemed disposal of the Group's equity interest in the Target Company under Rule 14.29 of the Listing Rules. The financial results of the Target Company will continue to be consolidated into the financial statements of the Group.

* For identification purpose only

As all applicable percentage ratios calculated under the Listing Rules in respect of the transactions contemplated under the Equity Investment Agreement are below 5%, the entering into of the Equity Investment Agreement is not subject to the disclosure requirement under Chapter 14 of Listing Rules.

This announcement is made by the Company on a voluntary basis.

EQUITY INVESTMENT AGREEMENT

On 25 July 2022 (after trading hours), Guangzhou Mayer, an indirect 81.4%-owned subsidiary of the Company, entered into the Equity Investment Agreement with Golden Way, Start Upward and the Guarantor. Details of the Equity Investment Agreement are summarized below:

Date 25 July 2022

Parties (i) Golden Way, as one of the investors of the Target Company;

 (ii) Guangzhou Mayer, as one of the investors of the Target Company;

 (iii) Start Upward, the holder of the Exclusive Right; and

 (iv) the Guarantor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Equity Investment Agreement, Golden Way, Start Upward and their respective ultimate beneficial owners as well as the Guarantor are Independent Third Parties.

Capital Contribution

Immediately prior to the entering into of the Equity Investment Agreement, the Target Company was held as to 100% by Guangzhou Mayer with a registered capital of RMB1 million.

Pursuant to the Equity Investment Agreement, Golden Way and Guangzhou Mayer shall make the Capital Contribution in the following ways:

- (i) Golden Way shall invest RMB6 million in cash for 30% of equity interests in the Target Company on or before the Capital Investment Date; and
- (ii) Guangzhou Mayer shall advance a shareholder loan in the amount of RMB13 million to the Target Company on or before the Capital Investment Date. The shareholder loan, together with Guangzhou Mayer's investment in the Target Company in the amount of RMB1 million prior to the entering into of the Equity Investment Agreement, shall be converted into 70% of equity interests in the Target Company.

Information of the Target Company

Immediately prior to the entering into of the Equity Investment Agreement, the Target Company, an indirect non-wholly owned subsidiary of the Company, is a company incorporated in the PRC with limited liability with a registered capital of RMB1 million and principally engaged in production and manufacturing of synthetic materials. After the entering into of the Equity Investment Agreement, the Target Company will be principally engaged in the manufacturing and selling of 8°C Nano PCMs and relative equipment.

Responsibilities and duties of the parties in the Target Company

Golden Way

Golden Way is a company incorporated in the PRC with limited liability. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, Golden Way is ultimately owned by Ms. Keung Wai Yin. Golden Way will principally be responsible for, among other matters, the pricing, sales, marketing and technology development of the Target Company's products in the PRC. Golden Way is also obligated to ensure that the Target Company shall meet the Target Performance Level during the Target Period.

Guangzhou Mayer

Guangzhou Mayer is a company incorporated in the PRC with limited liability and an indirect 80% non-wholly owned subsidiary of the Company. Guangzhou Mayer will principally be responsible for, among other things, ensuring to provide general working capital for the production operation and capital expenditure of the Target Company.

Start Upward

Start Upward is a company incorporated in the British Virgin Island with limited liability. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, Start Upward is ultimately owned by Ms. Keung Wai Yin. Start Upward is the holder of the Exclusive Right, being the exclusive right of use of the Licensed Patent to be granted by Start Upward to the Target Company pursuant to the Equity Investment Agreement. The Licensed Patent is a patent on production technology of the Nano PCMs which are principally used for saving energy and increasing efficiency in modern heating ventilation and air conditioning system.

Pursuant to the Equity Investment Agreement, Start Upward will principally be responsible for, among other things, (i) the design of production lines, management, quality control and research and development of new Nano PCMs products of the Target Company; (ii) the provision of technological support to the Target Company, namely project assessment, construction planning, production technology and professional training for operational staff; (iii) the granting of the Exclusive Right to the Company; and (iv) leading and guiding the construction of the Nano PCMs Facilities.

Start Upward shall grant the Target Company the Exclusive Right at the consideration in the sum of:

- (i) the first batch of cash payment in the amount of RMB5 million, which shall be payable by the Target Company to Start Upward within seven (7) days after the entering into of the Equity Investment Agreement, and shall be refundable by Start Upward to the Target Company in the event that the Target Company is unable to complete the construction of the Nano PCMs Facilities within nine months after the entering into of the Equity Investment Agreement;

- (ii) the second batch of cash payment in the amount of RMB5 million, which shall be payable by the Target Company to Start Upward within seven (7) business days after the Target Company has achieved a revenue of RMB100 million with a net profit margin of 15% during the first year of the Target Period; and
- (iii) the Royalty Charge payable by the Target Company to Start Upward at the rate of 3% of actual annual sales to be generated by the Target Company, which shall be settled semi-annually.

The consideration of the grant of the Exclusive Right has been arrived at arm's length negotiations between the parties to the Equity Investment Agreement and has taken into account (i) that the two batches of cash payment in the aggregate amount of RMB10 million shall only be ultimately received by Start Upward if the Target Company is able to set up its business and generate sufficient profit; (ii) the Target Performance Level and the compensation arrangement as set out in the sub-section headed "Profit guarantee" below; and (iii) that the Exclusive Right allows Company to participate in the PRC environmental segment with innovative technology. In light of the above, the Board considers that the consideration of the grant of the Exclusive Right is fair and reasonable.

Profit guarantee

Pursuant to the Equity Investment Agreement, during the Target Period, the Target Company shall meet the Target Performance Level, being

- (i) an accumulated revenue in the amount of RMB300 million; and
- (ii) a net profit margin of 15% each year.

In the event that the Target Company does not meet the Target Performance Level during the Extended Target Period,

- (i) Golden Way shall compensate the shortfall, being the difference between the actual net profit to be generated by the Target Company during the Extended Target Period and the Target Performance Level (i.e. an accumulated net profit level of RMB45 million), to the Target Company;

- (ii) Start Upward shall abandon the Royalty Charge generated during the Extended Target Period; and
- (iii) the Guarantor shall compensate RMB10 million to Guangzhou Mayer within seven (7) business days upon request by Guangzhou Mayer, if the unfulfillment of the Target Performance Level was not caused by any majeure events.

Senior management of the Target Company

Prior to the Capital Investment Date, (i) Golden Way is entitled to nominate, including but not limited to, the vice president and the sales manager of the Target Company; and (ii) Guangzhou Mayer is entitled to nominate, including but not limited, the chairman, legal representative, president and other managers in the administration, financial and the production departments.

Confidentiality

Pursuant to the Equity Investment Agreement, each of the parties thereto is required to, among other things, keep all patent and production technologies, production formula, process and conditions, trade secret and other details in relation to the operations of the Target Company confidential from any non-contracting parties of the Equity Investment Agreement.

REASONS FOR THE ENTERING INTO OF THE EQUITY INVESTMENT AGREEMENT

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in (i) the processing, manufacturing and selling of steel sheets, steel pipes and other steel products in the PRC; and (ii) urban renewal project planning and consulting in the PRC.

The Group has been actively looking for new business opportunities in order to enhance the long-term profitability and sustainability of the Group. As disclosed in the announcement dated 12 January 2022, the Company had entered into a consultancy agreement with Sino Light Investment Advisory Limited (“**Sino Light**”), pursuant to which (i) the Company had appointed Sino Light as a consultant of the Company for provision of consultancy services which include, (a) initial screening and identifying quality potential business partners in the environmental technology related business in the PRC, which will bring along beneficial business opportunities to the Group; and (b) proposing viable financial solutions to the Group for the development of environmental technology related business in the PRC; and (ii) the Board had resolved to grant share options of the Company to Sino Light. As at the date of this announcement, the abovementioned share options granted by the Company to Sino Light are not exercisable as none of their vesting conditions has been fulfilled pursuant to the consultancy agreement. Therefore, within the scope of the consulting services as mentioned above, Sino Light has proposed to the Group the establishment of business relationship with Golden Way, Start Upward and the Guarantor. As a result, Guangzhou Mayer entered into the Equity Investment Agreement with Golden Way, Start Upward and the Guarantor, which represents a valuable opportunity for the Group to (i) develop business relationship with business partners; (ii) allow the Company to participate in the PRC environmental segment with innovative technology provided by the Exclusive Right; and (iii) further enhance the Group’s business portfolio. The Company expects that the above could enable the Group to increase its revenue stream and create attractive returns to the Shareholders, and therefore, the entering into of the Equity Investment Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Upon Capital Contribution, the equity interest held by Guangzhou Mayer in the Target Company will be diluted from 100% to 70%. Therefore, the transactions contemplated under the Equity Investment Agreement constitute a deemed disposal of the Group’s equity interest in the Target Company under Rule 14.29 of the Listing Rules. The financial results of the Target Company will continue to be consolidated into the financial statements of the Group.

As all applicable percentage ratios calculated under the Listing Rules in respect of the transactions contemplated under the Equity Investment Agreement are below 5%, the entering into of the Equity Investment Agreement is not subject to the disclosure requirement under Chapter 14 of Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions shall have the following respective meanings when used herein:

“Board”	the board of Directors
“business day(s)”	any day other than a Saturday, Sunday or a public holiday in the PRC
“Capital Contribution(s)”	the capital increases to the Target Company made by Golden Way and Guangzhou Mayer respectively pursuant to the Equity Investment Agreement
“Capital Investment Date”	25 July 2023
“Company”	Mayer Holdings Limited* (美亞控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed and traded on the main board of the Stock Exchange (stock code: 1116)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Investment Agreement”	the equity investment agreement dated 25 July 2022 entered into among Golden Way, Guangzhou Mayer, Start Upward and the Guarantor in relation to the equity investment
“Exclusive Right”	the exclusive right of use of the Licensed Patent to be granted by Start Upward to the Target Company pursuant to the Equity Investment Agreement
“Extended Target Period”	the five years following the completion of construction of the Nano PCM Facilities

“Golden Way”	Guangdong Golden Way Environmental and Energy Saving Technology Co., Ltd* (廣東高威環保節能科技有限公司), a company incorporated in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Guangzhou Mayer”	Guangzhou Mayer Corporation Ltd* (廣州美亞股份有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Guarantor”	an individual who is an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party independent of the Company and the connected persons of the Company and is not a connected person of the Company
“Licensed Patent”	the licensed patent granted to Start Upward in respect of the production technology of Nano PCMs in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nano PCM(s)”	nano phase change energy storage material(s)
“Nano PCM Facilities”	the ultra-high efficiency project engine room and four Nano PCMs production lines of the Target Company
“PCM(s)”	the phase change material(s)
“percentage ratio(s)”	the percentage ratio(s) as defined in Rule 14.07 of the Listing Rules, which are applied for making classification of the transactions under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Royalty Charge”	the royalty charge at the rate of 3% of actual annual sales to be generated by the Target Company
“Shareholder(s)”	holder(s) of the Share(s)
“Start Upward”	Start Upward Limited, a company incorporated in the British Virgin Island with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Guangzhou Mayer Technology Development Ltd.* (廣州美亞科技發展有限公司)
“Target Performance Level”	(i) an accumulated revenue in the amount of RMB300 million; and (ii) a net profit margin of 15% each year
“Target Period”	the three years following the completion of construction of the Nano PCM Facilities
“%”	per cent

By order of the Board
Mayer Holdings Limited
Lee Kwok Leung
Chairman and Executive Director

Hong Kong, 26 September 2022

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Lee Kwok Leung (Chairman), Mr. Zhou Shi Hao, Mr. Chen Zhirui, Mr. Xiao Libo (Chief Executive Officer) and Dr. Cheung Ka Yue; one non-executive Director, namely Mr. Lam Chung Chak; and three independent non-executive Directors, namely Mr. Lau Kwok Hung, Mr. Chan Chun Kit and Mr. Lu Jianping.