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

**MAJOR TRANSACTION
IN RELATION TO AN UNAUTHORIZED DISPOSAL
OF EQUITY INTERESTS IN A SUBSIDIARY**

UNAUTHORIZED DISPOSAL

On 29 November 2023, while during a regular check on the Company's subsidiaries, it came to the Board's attention that the Vendor had completed the Disposal, being the assignment of the right to inject RMB14.7 million (equivalent to approximately HK\$15.8 million based on an exchange rate of RMB1 to HK\$1.0750) into the registered capital of the Target Company at nil consideration to the Purchaser on 23 October 2023 without authorization and/or approval from the Board. The Board has confirmed that none of the Directors was previously aware of or participated in any of the negotiations and discussions of the Disposal.

LEGAL ACTIONS TAKEN

On 6 December 2023, the Company sought legal advice from a legal adviser of the Company in Hong Kong regarding the Disposal based on the documents provided by the Company and available information obtained from public resources and has taken steps to follow up on the matter. Pursuant to the Legal Advice, the Relevant Resolutions and the Disposal might not be properly authorized and reliable and may therefore be considered ineffective.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company considers the Disposal to be ineffective as it was not properly authorized or approved by the Board and it is therefore inappropriate to have an EGM for the Shareholders to vote on any resolution in this regard. In light of the situation, a circular and a notice of EGM are not expected to be prepared and dispatched by the Company to the Shareholders and the Company will follow up on the relevant legal actions that have been/will be taken, and with the Legal Advice, to alleviate and recover the loss suffered by the Group from the Disposal.

SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended since 9:00 a.m. on 29 September 2023 and will remain suspended until further notice.

UNAUTHORIZED DISPOSAL

On 29 November 2023, while during a regular check on the Company's subsidiaries, it came to the Board's attention that the Vendor had completed the Disposal, being the assignment of the right to inject RMB14.7 million (equivalent to approximately HK\$15.8 million based on an exchange rate of RMB1 to HK\$1.0750) into the registered capital of the Target Company at nil consideration to the Purchaser on 23 October 2023 without authorization and/or approval from the Board. Upon completion of the Disposal, the registered capital of the Target Company did not change but the right to inject 49% of the registered share capital of the Target Company was transferred from the Vendor to the Purchaser.

Details of the total registered capital of the Target Company of RMB30.0 million immediately before the completion of the Disposal are as follows:

Party	Investment Amount	Shareholding (%)
The Vendor	RMB30.0 million	100

Details of the total registered capital of the Target Company of RMB30.0 million immediately after the completion of the Disposal are as follows:

Parties	Investment Amount	Shareholding (%)
The Vendor	RMB15.3 million	51
The Purchaser	RMB14.7 million	49

The Disposal was discovered and discerned from the documents, including but not limited to copies of the Amended Memorandum and Articles of Association and the share transfer agreement in respect of the Disposal, obtained by the Group from different governmental authorities in the PRC such as the National Enterprise Credit Information Publicity System, the Government Services Center of Hengqin, Zhuhai and the Administration for Industry, which showed that, among other matters, (i) the legal representative of the Target Company had been changed to an individual named Mr. Lam Kam Choi* (林錦才); (ii) the Target Company's memorandum and articles of association had been amended; and (iii) the Disposal had been completed on 23 October 2023 and the Purchaser will have to inject RMB14.7 million to the Target Company on or before 31 May 2028. Promptly after noticing the Disposal, the Board called board meetings at the Company and the subsidiary levels to investigate the matter as well as sought legal advice regarding the Disposal. The Board has confirmed that none of the Directors was previously aware of or participated in any negotiations and discussions of the Disposal.

Information on the Company, the Vendor and the Target Company

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 Vendor is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding. The directors of the Vendor at the time of the Disposal were Mr. Lee and the Suspects, being Mr. Zhou Shi Hao and Mr. Chen Zhirui.

The Suspects were previously executive Directors but their positions in the Company were removed with immediate effect upon the passing of the relevant ordinary resolutions by the Shareholders at an extraordinary general meeting of the Company held on 8 November 2023. The Company also issued a writ of summons against the Suspects alleging that they had breached their duties of care and/or fiduciary duties and/or duties of fidelity/good faith owed to the Company as set out in the Company's announcement dated 6 October 2023.

The Target Company, which was an indirect wholly-owned subsidiary of the Company prior to the completion of the Disposal, is a company incorporated in the PRC with limited liability. Its business scope includes, among others, business management consulting, business information consulting and economic information consulting, which does not involve financial information.

The Target Company and the Vendor were both acquired by the Group in November 2019 from a company wholly owned by Mr. Zhou Shi Hao, one of the Suspects. As at the date of this announcement, the Group has invested not less than HK\$260 million into the real estate redevelopment project of Yuetang Village* (月堂村) in Zuhai, the PRC under the Target Company. More details and references could be made to the Company's announcements dated 11 June, 23 August and 26 November 2019.

According to the latest available information provided by the management of the Target Company, the unaudited financial information of the Target Group for the two years ended 31 December 2022 is as follows:

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000
Net loss before taxation	5,956.4	2,533.9
Net loss after taxation	5,956.4	2,533.9

As at 31 December 2022, the unaudited consolidated net assets of the Target Group amounted to approximately RMB232,970,000.

Financial Effect of the Disposal

The Company considers the Disposal to be ineffective as it was not properly authorized or approved by the Board. Accordingly, the financial effect below is only provided for illustrative purposes in the event that the Disposal was proceeded and completed. The actual gain or loss as a result of the Disposal to be recorded by the Company will also be subject to a final audit, and hence, may or may not be the same.

In the event that the Disposal was completed effectively, the Group lost control over the Target Group as, according to the Amended Memorandum and Articles of Association, the passing of resolutions in the shareholders' meetings of the Target Company requires the approval from all shareholders. Therefore, the Target Group was de-consolidated from the Group's financial statements. The Group's 51% interest in the Target Company was accounted for as a joint venture (the "**Joint Venture**"). The Group's loss on the Disposal represented the difference between the fair value of the Joint Venture and the net assets of the Target Group. Assuming that the fair value of the Joint Venture equals the proportionate interest in the Target Group (i.e. approximately RMB118.8 million), the Disposal was expected to record a loss of approximately RMB114.1 million.

Information on the Purchaser

The Purchaser is a company established in the PRC with limited liability. It is principally engaged in real estate information advisory and business planning. As at the date of this announcement, the Board could not verify with the Suspects (who were former Directors) on their relationship with the Purchaser and its ultimate beneficial owners, but to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owners of the Purchaser are two individuals named He Huiwu* (何惠悟) holding 90% equity interest in the Purchaser and Xiao Yongzhen* (肖永珍) holding 10% equity interest in the Purchaser, and the Purchaser and its ultimate beneficial owners are Independent Third Parties.

LEGAL ACTIONS TAKEN

On 6 December 2023, the Company sought legal advice from a legal adviser of the Company in Hong Kong regarding the Disposal based on the documents provided by the Company and available information obtained from public resources and has taken steps to follow up on the matter. Pursuant to the Legal Advice, the resolutions of the board of directors of the Target Company approving (i) the change of the legal representative of the Target Company; and (ii) the transfer of the 49% equity interest from the Vendor to the Purchaser (the “**Relevant Resolutions**”) and the Disposal might not be properly authorized and reliable and may therefore be considered ineffective for the following basis and reasons, including but not limited to:

- (i) according to the Target Company's articles of association, the operations and business decisions of the Target Company could be determined through written resolutions provided by all the members of the TC Board, but Mr. Lee, being one of the members of the TC Board, did not provide his consent/approval to the Relevant Resolutions;
- (ii) Mr. Lee had not been informed about, nor participated in, any board meetings of the Target Company in relation to the Relevant Resolutions;
- (iii) by reference to the Target Group's size and the total investment made by the Group into the development of the Target Group, the Disposal was a material decision for the Company, but there was no such approval from the Board on the Disposal nor was the Disposal announced in accordance with the requirements under the Listing Rules;
- (iv) the Suspects should have abstained from voting for and/or against the Relevant Resolutions due to potential conflict of interests;
- (v) the Board has not approved Mr. Lam Kam Choi as the legal representative of the Target Company;

- (vi) the Suspects did not disclose and demonstrate to the Board whether there was any relationship between the Suspects and Mr. Lam Kam Choi, the Purchaser or the Purchaser's ultimate beneficial owners;
- (vii) the Group did not receive any consideration of the Disposal; and
- (viii) according to Mr. Lee, the Suspects did not disclose or report any terms or details of the Disposal to the Board.

The Company has been taking all necessary actions to protect the Company's legal rights. In view that the Disposal may involve criminal offences, the Company had reported the matters and filed the case with the police authorities in Hong Kong and Zhuhai, the PRC. At the same time, since the Relevant Resolutions and the Disposal might not be properly authorized and reliable and may therefore be considered ineffective, the Company will initiate civil proceedings in Hong Kong and/or the PRC against the Suspects and the related persons to pursue their legal liabilities and to recover the Company's losses.

The Company will make further announcements as and when appropriate and in accordance with the Listing Rules, and will inform the Shareholders and potential investors of the Company of any significant progress on this lawsuit.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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DEFINITIONS

In this announcement, the following expressions shall have the respective meanings set out below unless the context requires otherwise:

“Amended Memorandum and Articles of Association”	the amended memorandum and articles of association of the Target Company dated 20 October 2023 and signed and approved by Mr. Zhou Shi Hao, being the only attendee in the shareholder’s meeting of the Target Company held on the same date according to the relevant meeting record
“Board”	the board of Directors
“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 to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the unauthorized assignment of the right to the Purchaser to inject RMB14.7 million into the registered capital of the Target Company that resulted in a decrease of the Company’s shareholding in the Target Company from 100% to 51%
“EGM”	an extraordinary general meeting of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who or company(ies) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected persons
“Legal Advice”	the legal advice on the validity and effectiveness on the resolutions relating to, among other matters, the Disposal

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lee”	Mr. Lee Kwok Leung, chairman of the Board and an executive Director
“percentage ratio(s)”	has the same meaning ascribed to it under Rule 14.07 of the Listing Rules for classification of the type of 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 People’s Republic of China and Taiwan
“Purchaser”	珠海豐社房地產策劃有限公司, a company incorporated in the PRC with limited liabilities
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Suspects”	the suspected wrongdoers in relation to the Disposal, being Mr. Zhou Shi Hao and Mr. Chen Zirui
“Target Company”	Zhuhai Mayer HuaFeng Development Co., Limited* (珠海美亞華豐發展有限公司 (formerly known as Zhuhai Zhongle HuaFeng Development Co., Limited* (珠海眾樂華豐發展有限公司))), a company incorporated in the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries
“TC Board”	the board of the Target Company, which comprises Mr. Lee, Mr. Zhou Shi Hao and Mr. Chen Zirui

“Vendor” Happy (Hong Kong) New City Group Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement

“%” per cent.

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

Hong Kong, 15 January 2024

As at the date hereof, the Board comprises three executive Directors, namely Mr. Lee Kwok Leung (Chairman), Mr. Xiao Libo (Chief Executive Officer) and Dr. Cheung Ka Yue; and three independent non-executive Directors, namely Mr. Lau Kwok Hung, Mr. Chan Chun Kit and Mr. Lu Jianping.

* *For identification purpose only*