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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Meadville Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Meadville Holdings Limited
美維控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 3313)

CONTINUING CONNECTED TRANSACTIONS

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

MIZUHO

Mizuho Securities Asia Limited

A letter from the Board is set out on pages 5 to 10 of this circular. A letter from the Independent Board Committee is set out on page 11 of this circular. A letter from Mizuho Securities Asia Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Shareholders is set out on pages 12 to 17 of this circular.

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DEFINITIONS

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

“Annual Caps”	for the purpose of Chapter 14A of the Listing Rules, means for each of the three years ending 31 December 2012, HK\$600 million (<i>for the year ending 31 December 2010</i>), HK\$750 million (<i>for the year ending 31 December 2011</i>) and HK\$938 million (<i>for the year ending 31 December 2012</i>) in respect of the annual maximum aggregate value of the prepreg and laminate to be sold and purchased under the New Supply Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Meadville Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company for the time being
“DMC”	東莞美維電路有限公司 (Dongguan Meadville Circuits Limited), a company established in PRC and a non wholly-owned subsidiary of the Company
“Existing Meadville Purchasers”	SME, DMC, GME, MAF, SMST and SYE
“GME”	廣州美維電子有限公司 (Guangzhou Meadville Electronics Co., Ltd.), a company established in PRC and a wholly-owned subsidiary of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“GSST”	廣東生益科技股份有限公司 (Guangdong Shengyi Sci. Tech Co., Ltd.), a company established in PRC whose shares are listed on the Shanghai Stock Exchange and an associated company of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company formed to advise the Shareholders on the continuing connected transactions contemplated by the New Supply Agreement and the Annual Caps
“Independent Financial Adviser”	Mizuho Securities Asia Limited, the independent financial adviser to the Independent Board Committee and the Shareholders in relation to the continuing connected transactions contemplated by the New Supply Agreement and the Annual Caps
“Latest Practicable Date”	24 December 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAF”	Mica-Ava (Far East) Industrial Limited, a company incorporated in Hong Kong and a non wholly-owned subsidiary of the Company
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
“MTG(INV)”	MTG Investment (BVI) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“New Supply Agreement”	the supply agreement dated 11 December 2009 entered into between (i) GSST and SSST as suppliers and (ii) SME for and on behalf of the Existing Meadville Purchasers and the Potential Meadville Purchasers as purchasers, in relation to the sale and purchase of prepreg and laminate
“PCB”	the printed circuits board(s)
“PRC”	the People’s Republic of China

DEFINITIONS

“Previous Supply Agreements”	two supply agreements both dated 12 January 2007 entered into respectively (i) between GSST and SME (on behalf of itself, DMC, GME, MAF, and SYE), and (ii) between SSST and SME (on behalf of itself and SMST), in relation to the sale and purchase of prepreg and laminate, particulars of which have been disclosed in the Company’s prospectus dated 22 January 2007
“Potential Meadville Purchasers”	any subsidiaries (other than SME, DMC, GME, MAF, SMST and SYE) of the Company or of MTG Management (BVI) Limited, MTG PCB (BVI) Limited, MTG (PCB) No.2 (BVI) Limited and MTG Flex (BVI) Limited
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	the share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“SME”	上海美維電子有限公司 (Shanghai Meadville Electronics Co., Ltd.), a company established in PRC and a wholly-owned subsidiary of the Company
“SMST”	上海美維科技有限公司 (Shanghai Meadville Science & Technology Co., Ltd.), company established in PRC and a wholly-owned subsidiary of the Company
“SSST”	蘇州生益科技有限公司 (Suzhou Shengyi Sci. Tech Co., Ltd.), a company established in PRC and an associated company of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Su Sih”	Su Sih (BVI) Limited, a company incorporated in the British Virgin Islands and being a substantial shareholder of the Company, of which Mr. Tang Hsiang Chien is the sole shareholder
“SYE”	東莞生益電子有限公司 (Dongguan Shengyi Electronics Ltd.), a company established in PRC and a non wholly-owned subsidiary of the Company

DEFINITIONS

“Top Mix”

Top Mix Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Su Sih

“%”

per cent.

LETTER FROM THE BOARD



Meadville Holdings Limited

美維控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 3313)

Executive Directors:

Mr. Tang Hsiang Chien (*Honourary Founding Chairman*)

Mr. Tang Chung Yen, Tom

(*Executive Chairman and Group Managing Director*)

Ms. Tang Ying Ming, Mai (*Vice Chairman*)

Mr. Chung Tai Keung, Canice (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Lee, Eugene

Mr. Leung Kwan Yuen, Andrew

Dr. Li Ka Cheung, Eric

Registered Office:

Clifton House

75 Fort Street

P.O. Box 1350 GT

George Town

Grand Cayman

Cayman Islands

Head office and principal

place of business:

No.4 Dai Shun Street

Tai Po Industrial Estate

Tai Po, New Territories

Hong Kong

31 December 2009

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the prospectus of the Company dated 22 January 2007 which disclosed, among other things, the information of the continuing connected transactions between the Group and GSST and SSST respectively under the Previous Supply Agreements.

Reference is also made to the announcement of the Company dated 11 December 2009, which discloses that the Group entered into the New Supply Agreement on the same day for a term of three years ending 31 December 2012 in view of the Previous Supply Agreements with GSST and SSST to be expired on 31 December 2009.

The purpose of this circular is to provide the Shareholders with further information in respect of the New Supply Agreement, the continuing connected transactions contemplated thereby and the Annual Caps.

LETTER FROM THE BOARD

2. THE NEW SUPPLY AGREEMENT

Date:

11 December 2009

Parties:

- (i) SME for and on behalf of the Existing Meadville Purchasers and the Potential Meadville Purchasers as purchasers
- (ii) GSST and SSST as suppliers

GSST is a connected person of the Company under the Listing Rules by virtue of being a substantial shareholder of each of DMC and SYE, two subsidiaries of the Company. Since SSST is owned as to 75% by GSST, SSST is an associate of GSST and a connected person of the Company within the meaning of the Listing Rules.

Term:

A term of 3 years commencing on 1 January 2010 until 31 December 2012

Subject Matter:

Under the New Supply Agreement, GSST and SSST have agreed to supply prepreg and laminate to the Existing Meadville Purchasers and the Potential Meadville Purchasers from time to time during the term of the New Supply Agreement.

Condition precedent:

The New Supply Agreement is conditional on the approval of the New Supply Agreement, the continuing connected transactions contemplated thereby and the Annual Caps by the Shareholders pursuant to the requirement of the Listing Rules.

The above condition has been satisfied by the written approval of Su Sih, the controlling shareholder of the Company which holds approximately 57.53% of the issued share capital of the Company, to the New Supply Agreement, the continuing connected transactions contemplated thereby and the Annual Caps.

Considerations and other terms of the New Supply Agreement:

Pursuant to the New Supply Agreement, GSST and SSST have agreed to supply prepreg and laminate to the Existing Meadville Purchasers and the Potential Meadville Purchasers in accordance with the detailed terms of (i) the purchase orders to be issued

LETTER FROM THE BOARD

by each member of the Existing Meadville Purchasers and the Potential Meadville Purchasers or (ii) the specific sale and purchase contracts to be entered into by each of them with GSST and/or SSST from time to time during the term of the New Supply Agreement. Despite the connection between the parties, the purchase price and the terms of each transaction will be agreed on an arm's length basis and on normal commercial terms and will be determined with reference to the prices of similar products of similar grade available in the market and will be no less favourable to the Existing Meadville Purchasers and the Potential Meadville Purchasers than those offered by GSST and/or SSST to independent third parties or those offered by independent third parties to the Existing Meadville Purchasers and/or the Potential Meadville Purchasers. According to the New Supply Agreement, the purchase prices shall be payable monthly in cash with a maximum of 90 days' credit period.

The maximum annual aggregate value of the prepreg and laminate to be sold and purchased between GSST and SSST as suppliers of the one part and the Existing Meadville Purchasers and the Potential Meadville Purchasers as purchasers of the other part for the term of three years as set out in the New Supply Agreement are as follows:

- (a) for the year commencing on 1 January 2010 and ending on 31 December 2010, not exceeding HK\$600 million;
- (b) for the year commencing on 1 January 2011 and ending on 31 December 2011, not exceeding HK\$750 million; and
- (c) for the year commencing on 1 January 2012 and ending on 31 December 2012, not exceeding HK\$938 million.

3. PROPOSED ANNUAL CAPS

The following table sets out the aggregate amounts of purchase of prepreg and laminate from GSST and SSST by the Existing Meadville Purchasers for each of the two financial years ended 31 December 2008 and the ten months ended 31 October 2009:

	Year ended 31 December 2007	2008	For the ten months ended 31 October 2009
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Approximate amounts	HK\$459 million	HK\$437 million	HK\$300 million

LETTER FROM THE BOARD

The following table sets out the expected annual capped amounts of purchases of prepreg and laminate from GSST and SSST by the Existing Meadville Purchasers and the Potential Meadville Purchasers for each of the three financial years ending 31 December 2012:

	Year ending 31 December		
	2010	2011	2012
Expected amounts	HK\$600 million	HK\$750 million	HK\$938 million

The Directors (other than the independent non-executive Directors whose opinion is expressed in the letter from Independent Board Committee set out in this circular) expect that for each of the three financial years ending 31 December 2012, the annual aggregate value of the Transactions will not exceed the Annual Caps as stated above.

The Annual Caps are determined by reference to (i) the historical purchases record of the Existing Meadville Purchasers from GSST and SSST for the past two financial years ended 31 December 2008 and the ten months ended 31 October 2009; (ii) the estimated approximately 25% annual growth rate in production capacity of the Group (which is determined by reference to the Group's annual revenue growth rate of approximately 25% from 2007 to 2008); and (iii) the current market condition. Therefore, the Annual Caps are estimated by using an estimated growth rate of approximately 25% per annum from 2010 to 2012.

Although the historical growth rate is not necessarily or directly related to the future growth rate, past track records, added with sensible assessment based on experience and understanding of the subject matter, are usually used as the basis and reference for assessing the performance in near future. Otherwise, it would be difficult and appear groundless to make a reasonable assessment of the future without reference to past track records. Given the changing economic environment and the prevailing PCB market information, the Directors (other than the independent non-executive Directors whose opinion is expressed in the letter from Independent Board Committee set out in this circular) have assessed the Group's future growth based on their experience and understanding of the PCB business environment and also by reference to the Group's track records in order to determine the Annual Caps for meeting the requirements of the Listing Rules.

The Directors (other than the independent non-executive Directors whose opinion is expressed in the letter from Independent Board Committee set out in this circular) believe that based on the Group's estimated growth rate in production capacity of approximately 25% per annum from 2010 to 2012, the expected annual aggregate value of purchases of prepreg and laminate from GSST and SSST for each of the three financial years ending 31 December 2012 will not exceed the Annual Caps as stated above.

LETTER FROM THE BOARD

4. REASONS FOR, AND BENEFIT OF, ENTERING INTO THE NEW SUPPLY AGREEMENT

Both GSST and SSST have a long history of production of prepreg and laminate and had supplied such raw materials to the Group for the Group's production before the listing of the shares of the Company on the Main Board of the Stock Exchange on 2 February 2007. The proximity of the location of GSST and SSST provides an advantage to the Group in that the manufacturing plants of the Group are able to source raw materials required for production in a timely manner and on short notice. In addition, the high quality raw materials provided by GSST and SSST meet the specific requirements of the Group's production.

The Directors (other than the independent non-executive Directors whose opinion is expressed in the letter from Independent Board Committee set out in this circular) consider that the terms of the New Supply Agreement have been negotiated on an arm's length basis and on normal commercial terms and the terms thereof are fair and reasonable and are in the interest of the Group and the Shareholders as a whole.

5. INFORMATION OF THE GROUP AND THE CONNECTED PERSONS

The Company is an investment holding company. The Group is principally engaged in the business of manufacturing and distribution of the PCB, prepreg and laminate.

GSST and SSST are both principally engaged in the manufacturing and distribution of, among other things, prepreg and laminate.

As at the Latest Practicable Date, GSST is owned as to approximately 22.18% by AVA International Limited, a wholly-owned subsidiary of the Company. GSST is also a substantial shareholder of DMC and SYE, two subsidiaries of the Company. SSST is owned as to 25% by AVA International Limited and is an associate of GSST by virtue of being 75% owned by GSST. As a result, GSST and SSST are connected persons of the Company within the meaning of the Listing Rules.

6. IMPLICATION OF THE LISTING RULES

As the applicable percentage ratios for the Annual Caps exceed 2.5% but less than 25% on an annual basis, the transactions contemplated by the New Supply Agreement will constitute non-exempt continuing connected transactions for the Company and is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

To the best of its knowledge and having made all reasonable enquiries, the Company confirms that no Shareholders have any interest in the New Supply Agreement and therefore, no Shareholders are required to abstain from voting at a general meeting for the approval of the continuing connected transactions contemplated by the New Supply Agreement. Su Sih, the controlling shareholder of the Company which holds approximately 57.53% of the issued share capital of the Company, has approved in writing the New Supply Agreement and the continuing connected transactions contemplated thereby as well as the Annual Caps. Accordingly, there is no need to convene a Shareholders' meeting for the approval of the New Supply Agreement and the transactions contemplated thereby as well as the Annual Caps pursuant to Rule 14A.43 of the Listing Rules. Based on the above grounds, the Company has applied for, and the Stock Exchange has granted, a waiver under Rule 14A.43 of the Listing Rules from convening a Shareholders' meeting to approve the New Supply Agreement, the continuing connected transactions contemplated thereby and the Annual Caps.

7. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser, and the additional information set out in the Appendix to this circular.

Yours faithfully,

By order of the Board

Meadville Holdings Limited

Tang Chung Yen, Tom

Executive Chairman and Group Managing Director



Meadville Holdings Limited

美維控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 3313)

31 December 2009

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 31 December 2009 issued by the Company to the Shareholders (“**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise specified.

We have been appointed as members of the Independent Board Committee to advise you as to the terms of the New Supply Agreement and the continuing connected transaction contemplated thereby as well as the Annual Caps. Mizuho Securities Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Shareholders in this regard.

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in the Circular. Having considered the principal factors and reasons considered by and the advice of the Independent Financial Adviser as set out in its letter of advice, we consider that the New Supply Agreement, the continuing connected transactions contemplated thereby and the Annual Caps are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interest of the Company and the Shareholders as a whole so far as the Shareholders are concerned.

Yours faithfully,

For and on behalf of the Independent Board Committee

Lee, Eugene Leung Kwan Yuen, Andrew Li Ka Cheung, Eric

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Mizuho Securities Asia Limited, the independent financial adviser to the Independent Board Committee and the Shareholders, in respect of the New Supply Agreement, the Continuing Connected Transactions contemplated thereby and the Annual Caps, which has been prepared for the purpose of inclusion in this circular.

The logo for Mizuho Securities Asia Limited, featuring the word "MIZUHO" in a bold, sans-serif font with a curved line underneath.

Mizuho Securities Asia Limited

12th Floor, Chater House,
8 Connaught Road Central, Hong Kong
Tel: 2685-2000 Fax: 2685-2400

31 December 2009

*To the Independent Board Committee
and the Shareholders*

Meadville Holdings Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Shareholders in respect of the continuing connected transactions contemplated by the New Supply Agreement (“**Continuing Connected Transactions**”). Further details of the Continuing Connected Transactions are set out in the letter from the Board (“**Letter from the Board**”) in the circular of Meadville Holdings Limited (“**Company**”) to the Shareholders dated 31 December 2009 (“**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As the Previous Supply Agreements are to expire on 31 December 2009, on 11 December 2009, SME, a wholly-owned subsidiary of the Company, for and on behalf of the Existing Meadville Purchasers and the Potential Meadville Purchasers entered into the New Supply Agreement with GSST and SSST for obtaining the supply of prepreg and laminate from GSST and SSST. The New Supply Agreement is for a term of three years commencing on 1 January 2010 and expiring on 31 December 2012.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

GSST is a connected person of the Company under the Listing Rules by virtue of being a substantial shareholder of each of DMC and SYE, two subsidiaries of the Company. Since SSST is owned as to 75% by GSST, SSST is an associate of GSST and a connected person of the Company within the meaning of the Listing Rules. Therefore, the transactions contemplated by the New Supply Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent Shareholders' approval requirements. However, as no Shareholders have any interest in the New Supply Agreement, no Shareholders are required to abstain from voting at a general meeting for the approval of the continuing connected transactions contemplated by the New Supply Agreement. Su Sih (BVI) Limited, the controlling shareholder of the Company which holds approximately 57.53% of the issued share capital of the Company, has approved in writing the New Supply Agreement and the Continuing Connected Transactions as well as the Annual Caps. Accordingly, the Company has applied for, and the Stock Exchange has granted, a waiver of the requirement for a Shareholders' meeting for approval of the New Supply Agreement and the transactions contemplated thereby as well as the Annual Caps pursuant to Rule 14A.43 of the Listing Rules.

Our scope of work under this engagement is to assess whether the terms of the Continuing Connected Transactions and the Annual Caps are fair and reasonable so far as the Shareholders are concerned, and, from that perspective, whether the Continuing Connected Transactions is in the interests of the Company and the Shareholders as a whole. It is not within our scope of work to opine on any other aspects of the Continuing Connected Transactions. In addition, it is not within our terms of reference to comment on the commercial merits of the Continuing Connected Transactions which is the responsibility of the Directors.

BASIS OF OUR OPINION

In arriving at our opinion, we have relied on the information, opinions and facts supplied, and representations made to us, by the Directors, advisers and representatives of the Company (including those contained or referred to in the Circular). We have also assumed that the information and representations contained or referred to in the Circular were true and accurate in all respects at the time they were made and continue to be so at the date of despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or other prospects of the Company or any of its respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In forming our opinion, we have considered the following principal factors and reasons:

1. BACKGROUND

The Company is an investment holding company. The Group is principally engaged in the business of manufacturing and distribution of the PCB, prepreg and laminate.

GSST and SSST are both principally engaged in the manufacturing and distribution of, among other things, prepreg and laminate.

As the Previous Supply Agreements are to expire on 31 December 2009, on 11 December 2009, SME, a wholly-owned subsidiary of the Company, for and on behalf of the Existing Meadville Purchasers and the Potential Meadville Purchasers entered into the New Supply Agreement with GSST and SSST for obtaining the supply of prepreg and laminate from GSST and SSST. The New Supply Agreement is for a term of three years commencing on 1 January 2010 and expiring on 31 December 2012.

2. REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW SUPPLY AGREEMENT

As mentioned in the Letter from the Board, both GSST and SSST have a long history of production of prepreg and laminate and had supplied such raw materials to the Group for the Group's production before the listing of the shares of the Company on the Main Board of the Stock Exchange on 2 February 2007. The proximity of the location of GSST and SSST provides an advantage to the Group in that the manufacturing plants of the Group are able to source raw materials required for production in a timely manner and on short notice. In addition, the high quality raw materials provided by GSST and SSST meet the specific requirements of the Group's production.

3. THE NEW SUPPLY AGREEMENT

Pursuant to the New Supply Agreement, GSST and SSST have agreed to supply prepreg and laminate to the Existing Meadville Purchasers and the Potential Meadville Purchasers in accordance with the detailed terms of (i) the purchase orders to be issued by each member of the Existing Meadville Purchasers and the Potential Meadville Purchasers or (ii) the specific sale and purchase contracts to be entered into by each of them with GSST and/or SSST from time to time during a term of three years commencing on 1 January 2010 until 31 December 2012.

As mentioned in the Letter from the Board, the purchase price and the terms of each transaction will be agreed on an arm's length basis and on normal commercial terms and will be determined with reference to the prices of similar products of similar grade available in the market and will be no less favourable to the Existing Meadville

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Purchasers and the Potential Meadville Purchasers than those offered by GSST and/or SSST to independent third parties or those offered by independent third parties to the Existing Meadville Purchasers and/or the Potential Meadville Purchasers. We have reviewed certain sample invoices (including the prices) relating to certain products supplied by GSST and SSST for the period from January to November 2009, as well as the quoted prices of certain products provided by other independent suppliers to the Group for the period from January to November 2009. We noted that the prices of those products supplied by GSST and SSST are generally no less favourable than those provided by such independent suppliers.

Having considered that (i) there is a mechanism that purchase price and the terms of each transaction will be agreed on an arm's length basis and on normal commercial terms and will be determined with reference to the prices of similar products of similar grade available in the market and will be no less favourable to the Existing Meadville Purchasers and the Potential Meadville Purchasers than those offered by GSST and/or SSST to independent third parties or those offered by independent third parties to the Existing Meadville Purchasers and/or the Potential Meadville Purchasers; (ii) the independent non-executive Directors will, pursuant to Rule 14A.37 of the Listing Rules, review, amongst other things, whether the relevant Continuing Connected Transactions are conducted on normal terms, or if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than terms available to independent third parties or those offered by independent third parties; and (iii) the auditor of the Company will, for the purpose of Rule 14A.38 of the Listing Rules review, amongst other things, whether the relevant Continuing Connected Transactions are conducted in accordance with the relevant agreement governing the transactions, we are of the view that (i) the terms of the New Supply Agreement are fairly and reasonably determined; and (ii) adequate measures have been in place, as required under the Listing Rules mentioned above, to monitor the Continuing Connected Transactions in order to protect the interests of the Company and the Shareholders.

4. DETERMINATION OF ANNUAL CAPS

The following table sets out the aggregate amounts of purchase of prepreg and laminate (“**Purchases**”) from GSST and SSST by the Existing Meadville Purchasers for each of the two financial years ended 31 December 2008 and the ten months ended 31 October 2009:

	Year ended 31 December		For the ten months ended
	2007	2008	31 October 2009
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Approximate amounts	HK\$459 million	HK\$437 million	HK\$300 million

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table sets out the expected annual capped amounts of Purchases from GSST and SSST by the Existing Meadville Purchasers and the Potential Meadville Purchasers for each of the three financial years ending 31 December 2012:

	Year ending 31 December		
	2010	2011	2012
Expected amounts	HK\$600 million	HK\$750 million	HK\$938 million

As mentioned in the Letter from the Board, the Annual Caps are determined by reference to (i) the historical purchases record of the Existing Meadville Purchasers from GSST and SSST for the past two financial years ended 31 December 2008 and the ten months ended 31 October 2009; (ii) the estimated approximately 25% annual growth rate in production capacity of the Group (which is determined by reference to the Group's annual revenue growth rate of approximately 25% from 2007 to 2008); and (iii) the current market condition. Therefore, the Annual Caps are estimated by using an estimated growth rate of approximately 25% per annum from 2010 to 2012.

We have discussed with the Directors and understand that the amount of the Group's Purchases were generally in line with the trend of the Group's revenue. Furthermore, we note that the annual cap for the year ending 31 December 2010 was estimated based on the estimated growth rate of the Purchases of approximately 37.3% from 2008 to 2010, (which represents a compound annual growth rate ("CAGR") of approximately 17.2%), which in turn was estimated after considering (i) the historical revenue growth rate of the Group for the past few years, in particular, the years before the financial crisis in 2008, and (ii) the increase in production capacity of the Group.

In addition, we note that the annual caps for the two years ending 31 December 2012 are determined based on the estimated growth rate of the Purchases of approximately 25% per annum from 2010 to 2012, which in turn was estimated after considering the Group's annual revenue growth rate of approximately 25% from 2007 to 2008.

According to the annual reports of the Group for the year ended 31 December 2006, 31 December 2007 and 31 December 2008, we noted that the CAGR of the Group's revenue from 2005 to 2008 was approximately 36.4%, which is higher than the estimated growth rate of the Purchases for determining the Annual Caps. In this connection, we concur with the Directors view that the Annual Caps are fairly determined.

We have further discussed with the Directors and understand that based on the prevailing and long term trends in the PCB market, the Directors have assessed the Group's future growth based on their experience and understanding of the PCB business environment and also by reference to the Group's track records when determining the Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the forecast growth rates of the global PCB industry by an independent research company. According to the study, the global PCB industry is expected to grow in the long run with a CAGR of 3.9% from 2008 to 2013. In addition, the historical CAGR of the global PCB industry from 2005 to 2007 was approximately 8.3%. In comparison, the CAGR of the Group's revenue from 2005 to 2008 was approximately 36.4%, which was substantially higher than the historical growth rate of the global PCB industry based on the study. Having considered the historical relative performance of the Group compared to the global PCB industry, we consider that it is reasonable for the Company to estimate the Annual Caps based on their experience and understanding of the PCB business environment and also by reference to the Company's track records.

In this connection, we concur with the view of the Directors that the Annual Caps are fairly determined.

OPINION

Having considered the principal factors and reasons described above, we are of the opinion that the New Supply Agreement is on normal commercial terms, and the terms of the New Supply Agreement, together with the Annual Caps are fair and reasonable as far as the interests of the Shareholders are concerned, and, from this perspective, the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole.

Yours faithfully,
For and on behalf of
Mizuho Securities Asia Limited
Kelvin S. K. Lau
Managing Director
Capital Markets & Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL ADVERSE CHANGE

As at Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

3. DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

As at Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company and their respective associates in the Shares, share options, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO, or as recorded in the register maintained by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position

Beneficial interests in the Shares

Name of Director	Personal interest	Family interest	Corporate interest	Other interest	Total number of Shares	Approximate shareholding percentage
Mr. Tang Hsiang Chien	Nil	Nil	1,182,256,000 (Note 1)	235,305,000 (Note 2)	1,417,561,000	72.17% (Note 3)
Mr. Chung Tai Keung, Canice	48,064,000	Nil	Nil	Nil	48,064,000	2.44%

Notes:

- These Shares comprise: (i) 1,129,895,000 Shares owned by Su Sih, and (ii) 52,361,000 Shares owned by Top Mix. Mr. Tang Hsiang Chien is the sole shareholder of Su Sih and is deemed to be interested in the aforesaid Shares under the SFO.
- Mr. Tang Hsiang Chien holds the 235,305,000 Shares in his capacity as the trustee of a discretionary trust, namely The Mein et Moi Trust.
- This percentage comprises 57.53% interest owned by Su Sih, 2.66% interest held by Top Mix, and 11.98% interest held by Mr. Tang Hsiang Chien as the trustee of The Mein et Moi Trust, of the issued share capital of the Company.

Save as disclosed above, as at Latest Practicable Date, none of the Directors and chief executive of the Company, nor their associates, had any interests or short positions in any Shares, share options, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO, or as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

4. SUBSTANTIAL SHAREHOLDER'S INTERESTS IN SHARES OF THE COMPANY

As at Latest Practicable Date, the interests or short positions of every person, other than the Directors and chief executive of the Company, in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register maintained by the Company under section 336 of the SFO were as follows:

Long position

Beneficial interests in the Shares

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate shareholding percentage
Su Sih	Beneficial owner and interest in controlled companies	1,182,256,000 (Note 1)	60.19% (Note 2)

Notes:

- These Shares comprise: (i) 1,129,895,000 Shares owned by Su Sih, and (ii) 52,361,000 Shares held by Top Mix.
- This percentage comprises 57.53% interest owned by Su Sih, 2.66% interest held by Top Mix, of the issued share capital of the Company.

Save as disclosed and in the section "Directors' Interests in Shares of the Company" above, as at Latest Practicable Date, the Company has not been notified of any other relevant interests or short positions held by any other person in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept under section 336 of the SFO.

5. SERVICE CONTRACTS

As at Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service agreement with the Company or any member of the Group which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

6. COMPETING INTERESTS

As at Latest Practicable Date, none of the Directors or their respective associates had, either directly or indirectly, an interest in a business which causes or may cause any significant competition with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

7. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at Latest Practicable Date, none of the Directors had, either directly or indirectly, an interest in any assets which have been since 31 December 2008 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at Latest Practicable Date, other than the agreement dated 16 November 2009 made between MTG(INV) and Top Mix, the ultimate shareholder of which is Mr. Tang Hsiang Chien, a Director, for the sale and purchase of the entire issued capital of MTG Laminate (BVI) Limited, a wholly-owned subsidiary of the Company, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

8. QUALIFICATION, CONSENT AND INTEREST OF EXPERT

The following is the qualification of the Independent Financial Adviser who has given opinions or advice contained or referred to in this circular:

Name	Qualification
Mizuho Securities Asia Limited	A licensed corporation to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 31 December 2009 in connection with its advice to the Independent Board Committee and the Shareholders, and reference to its name in the form and context in which it appears.

As at Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2008 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office of the Company at No. 4 Dai Shun Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong during normal business hours on any weekdays other than public holidays between the period from 31 December 2009 to 15 January 2010 (both days inclusive):

- (i) the sale and purchase agreement dated 16 November 2009 between MTG(INV) and Top Mix in relation to the conditional sale by MTG(INV) of the entire issue share capital of MTG Laminate (BVI) Limited, a wholly-owned subsidiary of the Company which is engaged in the laminate business through its subsidiaries, to Top Mix;
- (ii) the New Supply Agreement;
- (iii) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (iv) the letter from the Independent Financial Adviser, the text of which is set out in this circular; and
- (v) this circular.