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

(Stock Code: 1116)

INTERIM RESULT 2004

The board of directors of Mayer Holdings Limited (the "Company") is pleased to announce the unaudited condensed combined results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2004 (the "Period").

CONDENSED COMBINED PROFIT AND LOSS ACCOUNT
For the six months ended 30 June 2004

		Six months ended 30 June	
		2004	2003
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
TURNOVER	*2, 3*	**426,052**	290,382
COST OF SALES		**(366,637)**	(253,952)
GROSS PROFIT		**59,415**	36,430
Other revenue		**3,238**	2,434
Selling and distribution costs		**(4,408)**	(4,077)
Administrative expenses		**(8,295)**	(7,386)
Other operating expenses		**(242)**	(14)
PROFIT FROM OPERATING ACTIVITIES	*3, 4*	**49,708**	27,387
Finance costs	*5*	**(2,084)**	(1,247)
PROFIT BEFORE TAXATION		**47,624**	26,140
TAXATION	*6*	**(3,603)**	(1,955)
PROFIT BEFORE MINORITY INTERESTS		**44,021**	24,185
Minority interests		**(9,989)**	(5,439)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**34,032**	18,746
EARNINGS PER SHARE			
– basic *(RMB)*	*7*	**11.1 cents**	6.2 cents

Notes:

1. **BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 9 October 2003 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a reorganisation scheme (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group since 12 December 2003. This was accomplished by the Company acquiring the entire issued share capital of Bamian Investments Pte Ltd. ("Bamian"), the then holding company of the other subsidiaries of the Group, in consideration for the allotment and issue of the Company's share, credited as fully paid, to the former shareholder of Bamian. Further details of the Group Reorganisation are set out in the Company's prospectus dated 10 June 2004. The shares of the Company were listed on the Stock Exchange on 21 June 2004.

These unaudited condensed combined interim financial statements have been prepared using the merger basis of accounting in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 27 "Accounting for Group Reconstructions" as a result of the Group Reorganisation. Under this basis, the Company has been treated as the holding company of its subsidiaries for the financial periods presented, rather than from the date of its acquisition of subsidiaries. Accordingly, the unaudited condensed combined results of the Group for the Period together with the comparative figures of the corresponding period last year includes the results of the Company and its subsidiaries with effect from 1 January 2003 or since their respective dates of incorporation, where this is a shorter period. All material intra-Group transactions and balances have been eliminated on combination.

The unaudited condensed combined interim financial statements of the Group have been prepared in accordance with SSAP 25 "Interim Financial Reporting", issued by the Hong Kong Society of Accountants, and Appendix 16 of the Listing Rules of the Stock Exchange.

The basis of presentation and accounting policies adopted in these unaudited condensed combined interim financial statements are consistent with those as set out in the prospectus of the Company dated 10 June 2004.

2. **TURNOVER**

Turnover represents the net amount received and receivable for goods sold.

3. SEGMENT INFORMATION

(a) Business segments

All of the Group's turnover and contributions to operating profit are attributable to the manufacture and trading of steel pipes, sheets, coils and tubes and other products, and accordingly no analysis of segment is presented.

(b) Geographical segments

As more than 90% of the Group's turnover, profit from operations, assets and liabilities were derived from and located in the PRC and, therefore, no geographical segments are presented.

4. PROFIT FROM OPERATING ACTIVITIES

The profit from operating activities of the Group is arrived at after charging:

	Six months ended 30 June	
	2004	2003
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Depreciation and amortisation	**4,270**	4,194
Cost of inventories recognised as expenses	**363,723**	244,897
Operating leases rental in respect of		
– rented premises	**84**	84
– motor vehicles	**400**	400
Contribution to retirement benefit schemes	**414**	227
Other staff costs	**4,700**	3,657

5. FINANCE COSTS

	Six months ended 30 June	
	2004	2003
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank borrowings wholly repayable within one year	**2,084**	1,247

6. TAXATION

	Six months ended 30 June	
	2004	2003
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PRC enterprise income tax	**3,593**	1,948
Deferred taxation	**10**	7
	3,603	1,955

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), Guangzhou Mayer Corp., Ltd., a subsidiary of the Company is entitled to exemption from PRC enterprise income tax for the first two years commencing from its first profit-making year of operation in 2000 and thereafter, it will be entitled to a 50% relief from PRC enterprise income tax for the following three years. The reduced tax rate for the relief period is 7.5%. The charge of PRC enterprise income tax for the Period and for the six months ended 30 June 2003 has been provided for after taking these tax incentives into account.

Income tax of the other companies comprising the Group is calculated at tax rates applicable to the jurisdictions in which they are incorporated/registered.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the Period of approximately RMB34,032,000 (2003: RMB18,746,000) and the pro forma weighted average of 305,494,505 (2003: 300,000,000) ordinary shares in issue during the Period.

The weighted average number of shares used to calculate the basic earnings per share for the six months ended 30 June 2003 includes the pro forma issued share capital of the Company, comprising one share issued at par on incorporation of the Company, one share issued for the acquisition of the entire issued share capital of Bamian and the capitalisation issue of 299,999,998 shares. The weighted average number of shares used to calculate the basic earnings per share for the Period also includes the additional 100,000,000 shares issued upon the listing of the shares of the Company on the Stock Exchange on 21 June 2004.

There were no potential dilutive ordinary shares in existence for the Period and the six months ended 30 June 2003, and accordingly, no diluted earnings per share amount has been presented.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

The unaudited turnover of the Group for the Period was approximately RMB426,052,000, representing an increase of approximately 46.7% compared with approximately RMB290,382,000 for the corresponding period last year while the net profit was approximately RMB34,032,000, representing an increase of approximately 81.5% compared with approximately RMB18,746,000 for the corresponding period last year.

Business Review

The significant growth in operating results is primarily due to the fact that the Group is still in the stage of development and its market share is increasing. Sales volume increased from 58,805 tonnes for the corresponding period last year to 66,150 tonnes, representing an increase of approximately 12.5% while at the same time, the selling price of the Group's products increased by approximately 30.4% compared with that for the corresponding period last year mainly because of the continuous surge of the price of international and domestic steel products during the Period, resulting in an increase in profit for the Group.

Production and Sales

The revenue from domestic sales of products in the PRC during the Period was approximately RMB65,180,000, representing an increase of approximately 147.0% compared with approximately RMB26,390,000 last year. Meanwhile, the Group is still developing the domestic market in the PRC.

The revenue from indirect export sales of products in the PRC during the Period was approximately RMB357,640,000, representing an increase of approximately 35.6% compared with approximately RMB263,840,000 for the corresponding period last year. The market for indirect export sales in the PRC continued to be the core market for the Group.

The revenue from direct export sales of products outside the PRC during the Period was approximately RMB3,230,000 while it was only approximately RMB150,000 for the corresponding period last year. The Group has successfully entered the international market, in particular, its recently launched new product (stainless steel pipes) has been exported to countries such as the U.S. and Vietnam.

Gross Profit

The Group recorded a gross profit of approximately RMB59,415,000 for the Period, with a gross profit margin of approximately 13.9%, compared with the gross profit of approximately RMB36,430,000 and a gross profit margin of approximately 12.5% for the corresponding period last year. The increase of approximately 30.4% in the unit selling price had a direct contribution to the increase in gross profit margin.

Operating Expenses

The total operating expenses of the Group for the Period were approximately RMB15,029,000, of which approximately RMB4,408,000 in selling and distribution costs, RMB8,295,000 in administrative expenses, RMB242,000 in other operating expenses and RMB2,084,000 in finance costs, accounting for approximately 1.0%, 1.9%, 0.1% and 0.5% of turnover respectively while the amounts for the corresponding period last year were approximately RMB4,077,000, RMB7,386,000, RMB14,000 and RMB1,247,000 respectively, accounting for approximately 1.4%, 2.5%, 0.01% and 0.4% respectively. The increase in the operating expenses was mainly due to the increase in turnover, which resulted in the rise of variable expenses. However, these expenses had comparably lower percentages of turnover in the Period.

Financial Resources and Treasury Policies

The Group continues to adhere to prudent treasury policies. The gearing ratio (borrowings divided by shareholders' funds) as of 30 June 2004 was approximately 95.7% (31 December 2003: 132.8%). The total bank borrowings of the Group amounted to approximately RMB212,275,000 (31 December 2003: RMB187,483,000), mainly denominated in US dollars, HK dollars and Renminbi with floating interest rates. The Group's short term loans from banks accounted for approximately 41.1% of the total assets (31 December 2003: 49.3%).

The current ratio (current assets divided by current liabilities) as of 30 June 2004 was approximately 1.76 (31 December 2003: 1.53). In 2002, the Group started to insure against receivables in order to lower the risks of credit sales and to ensure that funds would be recovered on a timely basis, hence fulfilling the requirements for debt repayments and working capital commitments.

Cash Flow

Net cash inflow of approximately RMB3,099,000 was generated from operating activities for the Period, reflecting growth in core business of the Group. Despite approximately RMB12,811,000 used for plant expansion and purchase of machinery and equipment, the net increase in cash and cash equivalents amounted to approximately RMB59,727,000, as a result of net cash inflow of approximately RMB46,649,000 raised from the listing, approximately RMB24,792,000 from bank borrowings and strong operating cash inflow. Bank balances and cash as at 30 June 2004 totalled approximately RMB94,761,000, mainly denominated in US dollars, HK dollars and Renminbi.

Exchange Rate Exposures

As most of the Group's monetary assets and liabilities are denominated in US dollars, HK dollars and Renminbi and those currencies remained relatively stable during the Period, the Group was not exposed to any significant exchange risk.

Pledge of Assets

As at 30 June 2004, property, plant and equipment and land use rights of the Group with net book value of approximately RMB51,313,000 and RMB9,193,000 respectively were pledged to secure bank borrowings.

Contingent Liabilities

The Group did not have any significant contingent liabilities at the balance sheet date (31 December 2003: Nil). At 30 June 2004, the Company had provided corporate guarantees in favour of a bank for banking facilities granted to a subsidiary. These banking facilities had been utilised to the extent of approximately RMB8,277,000 at the balance sheet date (31 December 2003: Nil).

Phase III Development Project

The expansion work of Phase III of our plant commenced in November 2003 was completed in July 2004. The expansion work of Phase III of our plant would enhance the Group's production capacity as well as market competitiveness.

Outlook

Following the completion of Phase III of our plant in July 2004, the Group's future production capacity and market competitiveness would be further enhanced. Moreover, the Group's new product (stainless pipes) has already been launched to the domestic market in the PRC as well as the international market, and has duly obtained the Hygiene Permit for Stainless Steel Pipes from the Guangdong Province Health Bureau, which would significantly help to promote the Group's new products in the market.

Although the business of the Group is likely to be affected to a certain extent by the macroeconomic control in the PRC and the drop in price of steel products in domestic market in the PRC and international market, the Group is confident that our business will continue to grow in future and generate reasonable returns to our investors.

OTHER INFORMATION

Change of auditors

Deloitte Touche Tohmatsu was engaged by the Company as the auditors and reporting accountants of the Company for the listing application of the shares of the Company on the Stock Exchange. Such engagement expired after the trading of the shares of the Company commenced on the Stock Exchange. CCIF CPA Limited (Formerly known as Charles Chan, Ip & Fung CPA Ltd.) has been appointed as the auditors of the Company with effect from 29 July 2004 until the conclusion of the next annual general meeting of the Company.

Audit committee

The Company established an audit committee (the "Audit Committee") pursuant to a resolution of the board of director passed on 24 May 2004 with written terms of reference in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review the financial reporting process of the Group. The Audit Committee consists of the three independent non-executive directors of the Company, namely Mr. Lin Sheng Bin, Mr. Huang Jui Hsiang and Mr. Alvin Chiu, with Mr. Huang Jui Hsiang being the chairman of the Audit Committee. The interim financial report of the Company for the six months ended 30 June 2004 has been reviewed by the Audit Committee at a meeting held on 26 August 2004. At the request of the directors, the interim financial statements have also been reviewed by our auditors, CCIF CPA Limited (Formerly known as Charles Chan, Ip & Fung CPA Ltd.), in accordance with Statement of Auditing Standard 700 "Engagement to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants and an unmodified review report has been issued.

Purchase, sale and redemption of the Company's listed securities

During the period, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

Interim dividend

The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2004.

Code of best practice

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

Disclosure of information of the Stock Exchange's website

All information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange (http://www.hkex.com.hk) in due course.

Directors

As at the date of this announcement, the members of the Board are Mr. Lai Yueh Hsing, Mr. Lo Haw, Mr. Shen Heng Chiang, Mr. Wu Kuo Lung, Mr. Cheng Dar Terng, Mr. Chiang Jen Chin, Mr. Hsiao Ming Chih, Mr. Huang Chun Fa, Mr. Lin Sheng Bin, Mr. Huang Jui Hsiang and Mr. Alvin Chiu.

By Order of the Board
Lai Yueh Hsing
Chairman

Hong Kong, 26 August 2004

* *For identification purpose only*