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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS:

- Revenue of the Group for the six months ended 30 June 2019 amounted to approximately RMB254.3 million (for the six months ended 30 June 2018: approximately RMB194.4 million).
- Profit attributable to the owners of the Company for the six months ended 30 June 2019 amounted to approximately RMB2.9 million (loss for the six months ended 30 June 2018: approximately RMB4.7 million).
- Basic and diluted earnings per share for the six months ended 30 June 2019 amounted to approximately RMB0.17 cents (loss per share for the six months ended 30 June 2018: approximately RMB1.01 cents as restated).
- The directors of the Company do not recommend the declaration of any interim dividend for the six months ended 30 June 2019.

The board of directors (the "Board") of Mayer Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2019 (the "Period") together with the comparative figures for the corresponding period in 2018.

* *For identification only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**254,262**	194,387
Cost of sales		**(226,221)**	(173,395)
Gross profit		**28,041**	20,992
Interest revenue		**123**	5,120
Other income		**4,957**	3,982
Other net (loss)/ income		**(542)**	793
Distribution costs		**(9,300)**	(8,033)
Administrative expenses		**(16,028)**	(22,548)
Profit from operations		**7,251**	306
Impairment loss on amounts due from investee companies		**–**	(9)
Finance costs		**(728)**	(1,622)
Profit/(loss) before tax		**6,523**	(1,325)
Income tax expense	*6*	**(1,741)**	(1,661)
Profit/(loss) for the period	*5*	**4,782**	(2,986)
Profit/(loss) for the period attributable to:			
Owners of the Company		**2,947**	(4,688)
Non-controlling interests		**1,835**	1,702
		4,782	(2,986)
Earnings/(loss) per share	*8*		(restated)
Basic and diluted *(RMB cents)*		**0.17**	(1.01)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**4,782**	(2,986)
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(1,723)**	(1,076)
Items that may not be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**48**	(223)
Financial assets at fair value through other comprehensive income	**–**	1,318
Other comprehensive (loss)/income for the period, net of tax	**(1,675)**	19
Total comprehensive income/(loss) for the period	**3,107**	(2,967)
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	**1,272**	(4,914)
Non-controlling interests	**1,835**	1,947
	3,107	(2,967)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**30,438**	30,024
Prepaid land lease payments		**–**	5,752
Right-of-use assets		**5,863**	–
		36,301	35,776
Current assets			
Inventories		**90,412**	69,304
Trade and other receivables	*9*	**274,962**	195,946
Prepaid land lease payments		**–**	222
Current tax assets		**–**	1,054
Cash and cash equivalents		**103,988**	174,667
		469,362	441,193
Current liabilities			
Trade and other payables	*10*	**73,643**	70,018
Current tax liabilities		**2,630**	–
Borrowings		**40,000**	20,668
		116,273	90,686
Net current assets		**353,089**	350,507
Total assets less current liabilities		**389,390**	386,283
NET ASSETS		**389,390**	386,283
Capital and reserves			
Share capital		**318,093**	318,093
Reserves		**18,434**	17,162
Equity attributable to owners of the Company		**336,527**	335,255
Non-controlling interests		**52,863**	51,028
TOTAL EQUITY		**389,390**	386,283

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for its accounting period beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

HKFRS 16 "Leases"

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under HKAS 17 "Leases."

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of HKFRS 16 are therefore recognised in the opening balance sheet on 1 January 2019 as follows:

	RMB'000
At 1 January 2019:	
Increase in right-of-use assets	5,974
Decrease in prepaid land lease payments	(5,974)

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018 ("2018 Annual Report").

The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2018 except as stated below.

(a) Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual terms are as follows:

Land and buildings	20%
Land use right	5%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

3. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the board of directors of the Company, being the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

The directors regularly review the composition of the Group's reportable segments in order to improve the resource allocation and better assess the performance of the Group. During the year 2018, the directors considered that the "Investment" segment, which was reported separately in previous financial years, was not significant to the Group's business. As a result, the results, assets and liabilities were not reported to the directors for the year afterwards. Therefore, the Group has identified "Steel – PRC" as the single reportable segment. This segment primarily derives its revenue from the manufacturing and trading of steel pipes, steel sheets and other products made of steel. These products are manufactured in the Group's manufacturing facilities located in the People's Republic of China (the "PRC").

Since "Steel – PRC" is the only operating segment of the Group, no further analysis therefore is presented.

Geographical information:

Since the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical information is disclosed.

Revenue from major customers:

No customers individually contributed more than 10% of the total consolidated revenue of the Group for the period ended 30 June 2019 and 2018.

4. REVENUE

The Group's revenue represents the aggregate of sales value of goods supplied to customers less goods returned, trade discounts and sales tax. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of steel pipes, steel sheets and other products made of steel	**254,262**	194,387

Disaggregation of revenue from contracts with customers:

	Six months ended 30 June	
	2019	2018
Segments	**Steel – PRC**	Steel – PRC
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Nature of sales		
Indirect export sales	**30,741**	43,190
Domestic sales	**210,355**	147,659
Direct export sales	**13,166**	3,538
Total	**254,262**	194,387

All revenue is recognised at a point in time.

5. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**224,823**	171,999
Depreciation	**1,612**	1,460
Depreciation of right-of-use assets	**111**	–
Amortisation of prepaid land lease	**–**	111
Net exchange losses/(gain)	**361**	(793)
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**15,578**	15,465
– Retirement benefits scheme contributions	**2,454**	2,776
	18,032	18,241

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
PRC corporation income tax	**1,741**	1,661

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for the periods ended 30 June 2019 and 30 June 2018.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

7. INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company of approximately RMB2,947,000 (2018: loss of RMB4,688,000) and the weighted average number of 1,748,000,000 ordinary shares (2018: 463,782,000 ordinary shares) in issue during the six months ended 30 June 2019.

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is equal to basic earnings/(loss) per share as there are no potential ordinary shares outstanding for both periods.

9. TRADE AND OTHER RECEIVABLES

The trade and other receivables included trade receivables of approximately RMB167,131,000 as at 30 June 2019. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**45,194**	49,847
31 to 60 days	**46,831**	37,755
61 to 90 days	**41,868**	27,418
91 to 180 days	**31,902**	21,608
Over 180 days	**1,336**	605
	167,131	137,233

10. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables of approximately RMB34,579,000 as at 30 June 2019. The aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
0 to 30 days	**18,413**	13,019
31 to 60 days	**9,800**	2,611
61 to 90 days	**1,684**	678
91 to 180 days	**652**	843
181 to 365 days	**2,960**	734
Over 365 days	**1,070**	541
	34,579	18,426

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

For the six months ended 30 June 2019 (the "Period"), the Group reported consolidated revenue of approximately RMB254,262,000 representing an increase of 30.8% compare to same period last year's RMB194,387,000. Gross profit margin was 11% compared to the same period of last year's 10.8%. Profit attributable to owners of the Company was approximately RMB2,947,000, compared with same period of last year's loss attributable to owners RMB4,688,000. Earnings per share for the Period was RMB0.17 cents versus same period of last year's loss per share RMB1.01 cents (restated).

BUSINESS REVIEW

In the first half of 2019, Guangzhou Mayer Corporation Limited ("Guangzhou Mayer") achieved outstanding performance in both production and sales with significant improvements in production, operation, marketing and technological innovation. In particular, Guangzhou Mayer won the "Best Investment Value Award（最具投資價值獎）" at the "The Power of Exemplar – FIT Guangdong Technology and Innovation Pioneers Competition（榜樣的力量－FIT粵科創先鋒大賽）" jointly organised by the Fintech Innovation Centre（科技金融創新中心）of China Construction Bank and Guangdong Southern Newspaper Media Group（南方報業傳媒集團）.

In respect of product sales, total sales revenue for the first half of the year was RMB254 million, representing an increase of 30.80% compared with that for the same period of 2018. In particular, sales revenue from steel products was RMB196 million, representing an increase of 24.21% compared with that for the same period of 2018, while sales revenue from stainless steel products was RMB58 million, representing an increase of 59.32% compared with that for the same period of 2018.

With respect to operation and management, the knowledge and skills framework ("KSF") comprehensive performance-based remuneration management model was pushed ahead to motivate the staff, improve operational efficiency and reduce production costs. As a result, the Group's profitability was greatly enhanced.

In terms of technological innovation, the Group has transformed and updated more production equipment to boost its production efficiency and capacity. It successfully passed the annual audit of the IATF16949 quality management system certification. The newly developed 304 stainless steel products gained a pass in the professional inspection by the provincial quality inspection centre. The collaboration with the Guangdong University of Technology and other smart manufacturing enterprises yielded a number of new smart automatic equipment that will secure the Company's leadership in terms of production techniques. Last but not least, the Group actively participated in the formulation and modification of national industry standards and regulations, thereby highlighting its leading position in the industry.

PRODUCTION AND SALES

The revenue from indirect export sales of steel products in the PRC during the Period was approximately RMB30,741,000 representing a decrease of approximately 28.8% compared with approximately RMB43,190,000 for the same period of last year. The revenue from domestic sales of steel products in the PRC during the Period was approximately RMB210,355,000, representing an increase of approximately 42.5% compared with the same period of last year's approximately RMB147,659,000. The revenue from direct export sales of steel products outside the PRC during the Period was approximately RMB13,166,000 representing an increase of approximately 272.1% while it was approximately RMB3,538,000 for the same period of last year.

GROSS PROFIT

The Group recorded a gross profit of approximately RMB28,041,000 for the Period, with a gross profit margin of approximately 11%, compared with the gross profit of approximately RMB20,992,000 and a gross profit margin of approximately 10.8% for the same period of last year. The increase in gross profit was mainly attributable to the increase in revenue.

OPERATING EXPENSES

The total operating expenses of the Group for the Period were approximately RMB25,328,000 of which approximately RMB9,300,000 in distribution costs and RMB16,028,000 in administrative expenses, accounting for approximately 3.7% and 6.3% of revenue respectively while the amounts for the same period of last year were approximately RMB8,033,000 and RMB22,548,000 respectively, accounting for approximately 4.1%, 11.6% respectively.

FINANCE COSTS

During the Period, the Group incurred approximately RMB728,000 in finance costs, compared with approximately RMB1,622,000 for the same period of last year. The Group relied on borrowings to finance its trading activities, the decrease in finance costs paid during the Period was mainly due to the decrease in borrowing.

FINANCIAL RESOURCES AND TREASURY POLICIES

The Group continues to adhere to prudent treasury policies. The Group continued to insure against major 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. As at 30 June 2019, the Group had bank deposits and cash balances of approximately RMB103,988,000.

The Group had net current assets of approximately RMB353,089,000 as at 30 June 2019 as compared with RMB350,507,000 as at 31 December 2018. The current ratio (current assets divided by current liabilities) changed to approximately 4:1 as at 30 June 2019 from 5:1 as at 31 December 2018.

As at 30 June 2019, the Group had a total of approximately RMB40,000,000 borrowings from third parties to finance the Group's working capital purposes and capital expenditures. The debt-to-equity ratio (total liabilities divided by total capital) as at 30 June 2019 was approximately 29.9% while it was 23.5% as at 31 December 2018. Current portion of borrowings accounted for approximately 7.9% and 4.3% of the total assets of the Group as at 30 June 2019 and 31 December 2018, respectively.

CASH FLOW

For the Period, the Group generated net cash outflow of RMB85,523,000 from its operating activities, mainly due to the increase in inventories. Net cash outflow of approximately RMB2,092,000 was from investing activities for the Period, mainly resulted from purchases of property, plant and equipment. Net cash inflow of approximately RMB18,604,000 was from financing activities, mainly resulted from new borrowing. Banks deposits and cash balances as at 30 June 2019 amounted to approximately RMB103,988,000, mainly denominated in Renminbi ("RMB"), US dollars and HK dollars.

FOREIGN EXCHANGE EXPOSURES

As most of the Group's monetary assets and liabilities are denominated in RMB, US dollars and HK dollars and those currencies remained relatively stable during the Period, the Group was not exposed to any significant foreign exchange risk. In general, it is the Group's policy for each operating entity to borrow in local currencies, where necessary, to minimize currency risk.

CHARGE ON GROUP ASSETS

As at 30 June 2019, no assets were pledged to banks for securing banking or other financing facilities granted to the Group.

CONTINGENT LIABILITIES

The Group has contingent liabilities in connection to the following litigations outstanding up to the date of this results announcement:

i. Winding up petition

On 4 August 2014, Mr. Lai Yueh-Hsing, a former director of the Company, filed a winding up petition dated 29 July 2014 against the Company under the Grant Court of Cayman Islands ("Grant Court") to demand for the repayment of loan of HK$11,030,000 due to him. The Group acknowledged the loan was owing to him. On 7 November 2014 and judgment was handed down by Grant Court to dismiss the petition. Subsequently an appeal against the decision of the Grant Court was filed by Mr. Lai Yueh-Hsing. On 19 October 2017, the Company filed an application to strike out the appeal to the Cayman Islands Court of Appeal. The hearing of the Cayman Islands Court of Appeal was held on 15 November 2017 and order that both the appeal filed by Mr. Lai Yueh-Hsing and the Company be dismissed. Therefore, it is the opinion of the Board that the outcome will not have a material impact on the Group's financial position.

ii. Writs of summons against the Company

On 29 March 2012, writs of summons were issued by Capital Wealth Finance Company Limited and Capital Wealth Corporation Limited against the Company to claim the sum of HK$15,500,000 plus relevant legal costs incurred/to be incurred. The Company intends to contest the claim. In the Board's opinion, the ultimate liability, if any, will not have a material impact on the Group's financial position.

LEGAL CASES UPDATE

Claim Disputes in Shenzhen

Reference is made to the Company's announcements dated 13 October 2017, 5 October 2018, 20 November 2018 and 27 November 2018, Guangzhou Mayer had provided investments in aggregate amounted to RMB50 million, doubtfully, to three investment companies by former management of Guangzhou Mayer. The current management of Guangzhou Mayer considers these investments as deceitful acts committed by the former management of Guangzhou Mayer and the three investment companies, and so proper legal actions have been conducted by Guangzhou Mayer for recovering these investments, including filing claim petitions to the Court of Qianhai Cooperation District, Shenzhen, Guangdong Province* ("Court of Qianhai")* and reporting to the relevant police department in the People's Republic of China. In October 2018, the People's Court of Futian District of Shenzhen City* taken up the mentioned petitions from the Court of Qianhai and had heard on 20 November 2018 but had not yet made the judgement. As the Company considered the recovery of these RMB50 million receivables as uncertain since relevant personnel of the three investment companies were uncontactable, full impairment over these investments were made in the financial year ended 31 December 2018 in a prudent manner.

Petition filed by a Shareholder

Reference is made to the Company's announcement dated 19 October 2018, the Company received a petition dated 15 October 2018 issued by Mr. Chu Ting Yi ("Mr. Chu", the petitioner), a shareholder of the Company, in the High Court of the Hong Kong Special Administrative Region against, among other respondents, the Company. According to this petition, Mr. Chu sought for (i) an order that Mr. Lee Kwok Leung, being the chairman of the Company's extraordinary general meeting held on 15 October 2018 (the "EGM"), do exercise his power and/or discretion pursuant to Article 85(b) of the articles of association of the Company (the "Articles of Association") to disqualify Aspial Investment Limited ("Aspial") and Bumper East Limited ("Bumper"), both being substantial shareholders of the Company, from voting on the resolutions at the EGM; (ii) alternatively, an order that the votes of Aspial and Bumper be excluded in determining the results of the resolutions at the EGM; (iii) such further or other reliefs and all necessary and consequential directions as the Court may think fit; and (iv) costs.

Mr. Chu and the respondents in this petition made a joint application to the High Court of Hong Kong for its approval of the withdrawal of the petition by Mr. Chu, and such approval was granted by the High Court of Hong Kong on 30 April 2019.

Winding Up Petition Against a Subsidiary

Guangzhou Mayer had received a notice dated 6 December 2017 from the Intermediate Court of Guangzhou Municipality, Guangdong Province (the "Intermediate Court") that the Intermediate Court had received the application of the winding up petition against Guangzhou Mayer filed by Wealth & Health Investments Limited and Taishun Industrial (Inner Mongolia) Food Co., Limited. The Intermediate Court had heard the winding up petition on 27 December 2018. Guangzhou Mayer had received a civil judgement letter dated 5 May 2019, which stated all claims by the plaintiffs in this petition were rejected and the plaintiffs were liable to all the litigation costs of this petition.

OPEN OFFER

On 20 July 2018, the Company entered into underwriting agreements in relation to the underwriting and certain other arrangements in respect of the open offer on the basis of four offer shares for every one share in issue and held on 26 October 2018, being the record date, at the subscription price of HK$0.2 each (the "Open Offer"). The Open Offer was completed on 19 November 2018 and totally 1,398,400,000 offer shares were issued. The net proceeds of the Open Offer amounted to approximately RMB243,873,000 (HK$274,894,000) (equivalent to a net price of approximately HK$0.2 per offer share). Details of the Open Offer were set out in the Company's announcements dated 16 January 2018, 20 July 2018, 18 September 2018 and 19 November 2018, the circular dated 21 September 2018 and the Company's prospectus dated 29 October 2018.

As at 30 June 2019, approximately RMB42,404,000 (HK$48,761,000) was used for settling legal, consultancy and professional fees and other costs and expenses arising from trading resumption of the Shares, approximately RMB55,720,000 (HK$64,074,000) was used for repayment of outstanding loans, approximately RMB4,605,000 (HK$5,296,000) was used for settling directors' remuneration, approximately RMB1,200,000 (HK$1,380,000) was used for capital expenditure, approximately RMB43,212,000 (HK$49,690,000) was used for the general working capital of the Group and the remaining balance of approximately RMB92,878,000 (HK$105,693,000) remained unutilized, which is expected to be utilized mainly in the year of 2019.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 30 June 2019, the Group had total of around 300 employees. Total staff costs for the Period were approximately RMB18,032,000, including retirement benefits cost of approximately RMB2,454,000. Remuneration packages of the Group are maintained at a competitive level to attract, retain and motive employees and are reviewed on a periodic basis. The Group always maintains good relation with its employees and is committed to employee training and development on a regular basis to maintain the quality of our products. The Company adopted a new share option scheme on 31 May 2019. No share option has been granted yet.

OUTLOOK

In the second half of 2019, the US-China trade war might linger on and dampen export prospects. However, the central government has rolled out a series of economic stimuli such as shoring up support for the real economy, opening up its market, promoting business transformation and advocating the development of the Guangdong-Hong Kong-Macau Greater Bay Area. Being a high-tech enterprise in the Greater Bay Area, Guangzhou Mayer will grasp this golden opportunities, keep abreast of the latest developments and promote its business growth.

In respect of carbon steel products, Guangzhou Mayer will take advantage of its close proximity to the largest steel market and automobile production base in southern China and sustain its product sales by pursuing domestic customers to offset the loss of overseas customers due to the US-China trade war while mitigating the adverse impact brought by the sluggish electronic material processing industry.

With respect to stainless steel pipes and tubes, the Company will step up its efforts in promoting the application of its products and boost its share in the stainless steel tube market by seizing the opportunities and capturing the increase in domestic demand for stainless steel tubes brought by the rise in living standard, the nationwide implementation of the Evaluation Standard for Green Building and the increased efforts in the reconstruction of municipal water supply systems.

The increasingly complicated domestic and overseas economy and fierce market fluctuations will expose the Group's operation to various challenges. Nevertheless, the management of the Group and, in particular, Guangzhou Mayer will tackle such challenges and achieve sustainable growth of the Company by expansion in the domestic market through multiple channels as well as diversification into overseas markets such as Australia, Southeast Asia, the Middle East and Europe.

The management of the Group unanimously believes that by utilising extensive experience in project research, market analysis and investigation, product research, development and sales, customer development and services, production operation and cost control, the Group will be able to maintain and expand its customer base and market share, enhance the competitiveness and added value of its products, obtain the best economic benefits, identify new investment opportunities and maximise value for its investors.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with Harbour Prestige International Limited (as vendor) and Mr. Zhou Shi Hao (as guarantor) to acquire the entire equity interest in Happy (Hong Kong) New City Group Limited at a consideration of HK$260,000,000, which shall be settled by cash, issue and allotment of consideration shares and issue of promissory note. This acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, it is therefore subject to approval by the Shareholders. Details of this acquisition are set out in the announcements of the Company dated 11 June 2019, 3 July 2019 and 2 August 2019. A circular for this transaction had been dispatched on 23 August 2019, and an extraordinary general meeting will be held on 12 September 2019 for approving this transaction.

CAPITAL COMMITMENTS

The Group had no other significant capital commitments as at 30 June 2019 and 31 December 2018.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee comprises two independent non-executive directors of the Company; namely, Mr. Lau Kwok Hung (who is also the chairman of the Audit Committee) and Mr. Deng Shimin, and one non-executive director of the Company; namely Mr. Wang Dongqi. The interim results of the Company for the Period have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Company was not in compliance with the following code provision:

The code provision	Reason for the non-compliance and improvement actions took or to be taken
A.1.8	No directors' and officer's liabilities insurance coverage was arranged for the Period. The Company is sourcing an appropriate insurance coverage and targeted to get it in place as soon as possible.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding the Directors' securities transactions. All Directors have confirmed that, following specific enquiries made by the Company, they have complied with the required standards set out in the Model Code for the six months ended 30 June 2019.

INTERIM DIVIDENDS

No dividend was paid during the period of six months ended 30 June 2019. The Directors do not recommend the payment of an interim dividend for the Period.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PUBLICATION OF THE 2019 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's interim report and this interim result announcement for the six months ended 30 June 2019 will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.mayer.com.hk in due course.

For and on behalf of the Board
Mayer Holdings Limited
Lee Kwok Leung
Chairman and Executive Director

Hong Kong, 28 August 2019

As at the date hereof, the Board comprises two executive directors; namely, Mr. Lee Kwok Leung and Mr. Xu Lidi; one non-executive director, namely, Mr. Wang Dongqi; and two independent non-executive directors, namely, Mr. Lau Kwok Hung and Mr. Deng Shimin.