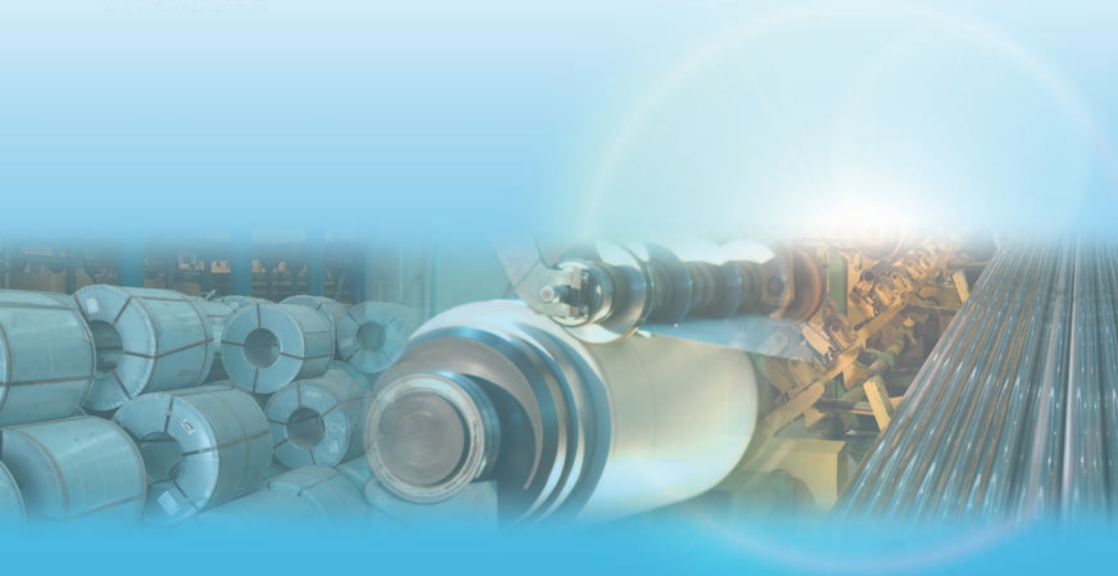




美亞控股有限公司*
MAYER HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)



INTERIM REPORT 2004

DIRECTORS

Executive directors

Mr. Lai Yueh-hsing
Mr. Lo Haw
Mr. Shen Heng-chiang
Mr. Wu Kuo-lung
Mr. Cheng Dar-terng
Mr. Chiang Jen-chin

Non-executive directors

Mr. Hsiao Ming-chih
Mr. Huang Chun-fa

Independent non-executive directors

Mr. Lin Sheng-bin
Mr. Huang Jui-hsiang
Mr. Alvin Chiu

COMPANY SECRETARY

Mr. Lui Cho Tak, *LL.B., P.C.LL., LL.M.*

QUALIFIED ACCOUNTANT

Mr. Tsang Hung Kei, *ACCA, AHKSA*

REGISTERED OFFICE

P.O. Box 309GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 501, 5th Floor
Aon China Building
29 Queen's Road Central
Central
Hong Kong

AUDITORS

CCIF CPA Limited
37th Floor, Hennessy Centre
500 Hennessy Road
Causeway Bay
Hong Kong

SOLICITORS

Dibb Lupton Alsop
41st Floor, Bank of China Tower
No. 1 Garden Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International
(Cayman) Ltd.
P.O. Box 705
Butterfield House
68 Fort Street
George Tower
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Rooms 1901-05, 19th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

EMAIL

adm@mayer.com.hk

TELEPHONE

(852) 3523 1116

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 INCOME STATEMENT

For the six months ended 30 June 2004

		Six months ended 30 June	
		2004	2003
	<i>Notes</i>	(Unaudited)	(Unaudited)
		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)	8	11.1 cents	6.2 cents

CONDENSED COMBINED BALANCE SHEET

As at 30 June 2004

	<i>Notes</i>	30 June 2004 (Unaudited) RMB'000	31 December 2003 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	75,804	67,154
Land use rights		9,193	9,304
Club debentures		720	720
Deferred tax assets		258	268
		85,975	77,446
CURRENT ASSETS			
Inventories		125,599	77,033
Trade receivables	10	196,549	187,439
Prepayments, deposits and other receivable		14,139	3,126
Bank balances and cash		94,761	35,034
		431,048	302,632
CURRENT LIABILITIES			
Trade payables	11	19,511	4,835
Other payable and accruals		10,791	5,425
Tax payable		1,773	380
Amount due to ultimate holding company		82	34
Interest-bearing bank borrowings	12	212,275	187,483
		244,432	198,157
NET CURRENT ASSETS			
		186,616	104,475
		272,591	181,921
CAPITAL AND RESERVES			
Issued capital	13	42,480	–
Reserves		179,412	141,211
		221,892	141,211
MINORITY INTERESTS			
		50,699	40,710
		272,591	181,921

CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2004

	Issued capital <i>(Note)</i> RMB'000	Share premium RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Statutory public welfare fund RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2003	83,570	-	-	6,445	-	259	53,050	143,324
Exchange differences on transaction of overseas operation not recognised in the combined income statement	-	-	-	-	-	(57)	-	(57)
Net profit for the period	-	-	-	-	-	-	18,746	18,746
At 30 June 2003	83,570	-	-	6,445	-	202	71,796	162,013
At 1 January 2004	-	-	83,570	10,176	1,866	202	45,397	141,211
Capitalisation issue of shares	31,860	(31,860)	-	-	-	-	-	-
New issue on public listing	10,620	47,790	-	-	-	-	-	58,410
Share issue expenses	-	(11,761)	-	-	-	-	-	(11,761)
Net profit for the period	-	-	-	-	-	-	34,032	34,032
At 30 June 2004	42,480	4,169	83,570	10,176	1,866	202	79,429	221,892

Note: The issued capital at 1 January 2003 and 30 June 2003 represented the nominal value of the share capital of the companies comprising the Group at the respective dates.

CONDENSED COMBINED CASH FLOW STATEMENT

For the six months ended 30 June 2004

	Six months ended 30 June	
	2004 (Unaudited) RMB'000	2003 (Unaudited) RMB'000
NET CASH FROM OPERATING ACTIVITIES	3,099	4,244
NET CASH USED IN INVESTING ACTIVITIES	(12,811)	(1,957)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	69,439	(6,879)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	59,727	(4,592)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	35,034	22,776
CASH AND CASH EQUIVALENTS AT END OF PERIOD	94,761	18,184
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	94,761	18,184

NOTES TO CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

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.

The unaudited condensed combined interim financial statements are presented in Renminbi ("RMB"), the currency in which majority of the Group's transactions are denominated.

2. TURNOVER

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

3. SEGMENT INFORMATION

According to SSAP 26 segment information is presented by way of segment formats:

- (i) on a primary segment reporting basis, by business segment; and
- (ii) on a secondary segment reporting basis, by geographical segment.

(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 (Unaudited) RMB'000	2003 (Unaudited) 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 (Unaudited) RMB'000	2003 (Unaudited) RMB'000
Interest on bank borrowings wholly repayable within one year	2,084	1,247

6. TAXATION

	Six months ended 30 June	
	2004 (Unaudited) RMB'000	2003 (Unaudited) 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. DIVIDEND

No dividend has been paid or declared by the Company since its date of incorporation.

During the six months ended 31 December 2003, Bamian declared and paid a dividend of RMB31,500,000 to its then shareholder prior to the Group Reorganisation.

8. 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.

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately RMB12,811,000.

10. TRADE RECEIVABLES

The Group normally allows credit terms to its customers ranging from 40 to 100 days.

An aging analysis of the trade receivables as at the balance sheet date, based on the date of recognition of the sales, is as follows:

	30 June 2004 (Unaudited) RMB'000	31 December 2003 (Audited) RMB'000
1 – 30 days	88,971	59,717
31 – 60 days	43,948	62,753
61 – 90 days	43,990	40,936
91 – 180 days	19,640	24,033
	196,549	187,439

11. TRADE PAYABLES

An aging analysis of the trade payables as at the balance sheet date, based on the receipt of goods purchased, is as follows:

	30 June 2004 (Unaudited) RMB'000	31 December 2003 (Audited) RMB'000
1 – 30 days	19,487	4,011
31 – 60 days	–	655
61 – 90 days	1	–
91 – 180 days	23	27
Over 180 days	–	142
	19,511	4,835

12. INTEREST-BEARING BANK BORROWINGS

The interest-bearing bank borrowings are repayable within one year and are analysed as follows:

	30 June 2004 (Unaudited) RMB'000	31 December 2003 (Audited) RMB'000
Bank loans, secured	61,727	57,865
Bank loans, unsecured	150,548	129,618
	212,275	187,483

At the balance sheet dates, the bank loans are secured by the following assets with net book values of:

	30 June 2004 (Unaudited) RMB'000	31 December 2003 (Audited) RMB'000
Land use rights	9,193	9,304
Buildings and factory premises	23,777	24,529
Plant and machinery	27,536	13,829
	60,506	47,662

13. ISSUED CAPITAL

The following is a summary of the movements in the authorised and issued share capital of the Company:

	Number of authorised shares <i>'000</i>	Number of issued shares <i>'000</i>	Nominal value of shares issued <i>RMB'000</i>
One share of HK\$0.10 allotted and issued at par on incorporation	1,000	–	–
One share of HK\$0.10 issued at par as consideration for the acquisition of the entire issued share capital of Bamian pursuant to the Group Reorganisation	–	–	–
Pro forma share capital as at 31 December 2003	1,000	–	–
Increase in authorised share capital	999,000	–	–
Capitalisation issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the issue of new shares to the public	–	300,000	31,860
New issue on public listing	–	100,000	10,620
Share capital as at 30 June 2004	1,000,000	400,000	42,480

14. OPERATING LEASE COMMITMENTS

At the balance sheet dates, the Group had total future lease payments under non-cancellable operating leases:

- (i) Motor vehicles

	30 June 2004 (Unaudited) RMB'000	31 December 2003 (Audited) RMB'000
Within one year	533	330
(ii) Rented premises		
Within one year	168	168
In the second to fifth years inclusive	252	336
	420	504

15. CAPITAL COMMITMENTS

	30 June 2004 (Unaudited) RMB'000	31 December 2003 (Audited) RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment		
– Contracted for but not provided for in the financial statements	10,454	3,401
– Authorised but not contracted for	20,310	–
	30,764	3,401

16. 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).

17. RELATED PARTY TRANSACTIONS

- (a) During the Period and the six months ended 30 June 2003, the Group had the following transactions, which were conducted in the ordinary course of the Group's business, with its related parties:

	Notes	Six months ended 30 June	
		2004 (Unaudited) RMB'000	2003 (Unaudited) RMB'000
Rental paid to a director and his spouse	(i)	84	84
Service fee expenses paid to ultimate holding company	(ii)	–	182
Interest paid to a minority shareholder of a subsidiary	(iii)	–	8

- (i) The rental was paid for premises owned by Mr. Lo Haw and his spouse, which was determined with reference to prevailing market rentals.
- (ii) Service fee expense was charged at actual costs incurred by the ultimate holding company for liaising the bank loans for the Company.
- (iii) The interest paid was charged at interest rate of 4% per annum on loan advance to the Group.

Except for (i) above, all the above transactions have ceased during the Period.

- (b) Certain directors provided unlimited personal guarantees to banks as part of the security to secure for banking facilities granted to the Group during the Period. These personal guarantees will be released and replaced by the corporate guarantees executed by the Company or members of the Group.
- (c) The ultimate holding company of the Group has provided corporate guarantees in favour of banks as part of the security for banking facilities granted to the Group during the Period. The guarantee will be released and replaced by the corporate guarantee executed by the Company or members of the Group.

In the view of the directors, the above related party transactions were conducted in normal business terms in the ordinary course of the Group's business.

18. ULTIMATE HOLDING COMPANY

The directors of the Company regard Mayer Steel Pipe Corporation, a company incorporated in the Republic of China, as the ultimate holding company of the Company.

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.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

As at 30 June 2004, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or deemed to have taken under such provisions), or which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the share capital of Mayer Steel Pipe Corporation ("Taiwan Mayer")

Name of director	Number of ordinary shares in Taiwan Mayer				Total shareholding	Approximate % of
	Personal	Family	Corporate	Other		
Mr. Lo Haw	171,311	923	8,829,220	-	9,001,454	7.95%
Mr. Cheng Dar-terng	973,769	29,298	-	-	1,003,067	0.89%
Mr. Chiang Jen-chin	792	-	-	-	792	0.00%
Mr. Shen Heng-chiang	-	7,000	-	-	7,000	0.01%
Mr. Wu Kuo-lung	3,141,164	49,607	-	-	3,190,771	2.82%

Long positions in the share capital of Guangzhou Mayer Corp., Ltd. ("Guangzhou Mayer")

Name of director	Number of ordinary shares in Taiwan Mayer				Total shareholding	Approximate % of total
	Personal	Family	Corporate	Other		
Mr. Lo Haw	-	-	8,160,000	-	-	6.40%

Save as disclosed above, as at 30 June 2004, none of the directors or chief executives of the Company nor their respective associates, had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or deemed to have taken under such provisions), or which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein, or which were required pursuant

to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange, and none of the directors or chief executives, or their respective spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights at any time during the period.

SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, the person/entity (not being a director or a chief executive of the Company) who has interests or short positions 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 IV of the SFO, were as follows:

Long positions in the share capital of the Company

Name of shareholder	Number of shares held	Percentage of issued share capital of the Company
Taiwan Mayer (<i>Note</i>)	300,000,000	75%
Mayer Corporation Development International Limited ("BVI Mayer")	300,000,000	75%

Note: BVI Mayer is a wholly-owned subsidiary of Taiwan Mayer. Taiwan Mayer is deemed to be interested in the 300,000,000 shares held by BVI Mayer under the SFO.

Save as disclosed above, as at 30 June 2004, the directors of the Company are not aware of any other person/entity (not being a director or a chief executive of the Company) who has interests or short positions 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 IV of the SFO, or who is directly or indirectly interested in 10% or more of the shares of the Company or equity interest in any member of the Group representing 10% or more of the equity interest in such company.

SHARE OPTION SCHEME

On 24 May 2004, a share option scheme was approved and adopted by written resolutions of the then sole shareholder of the Company under which the board of directors may, at its discretion, offer to grant full-time employees and directors of the Group and other eligible persons options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. As at 30 June 2004, no option has been granted since the adoption of the share option scheme. Apart from the above, at no time during the period has the Company or any of its subsidiaries a party to any arrangements to enable the directors or chief executives of the Company or their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

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.

Staff

The Group employed 307 staff at 30 June 2004. The Company has a share option scheme for the benefit of the directors and employees of the Group. No option has been granted under the scheme since its adoption.

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.

Compliance with model code for securities transactions by directors of listed issuers

Having made specific enquiry of all directors of the Company, during the accounting period covered by the interim report, the directors of the Company have strictly complied with the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. The Company has not adopted a code of conduct regarding the securities transactions of the directors of the Company on terms no less exacting than the required standard set out in the Model Code.

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.

By Order of the Board
Lai Yueh-hsing
Chairman

Hong Kong, 26 August 2004