Building a Future

Interim Report 2005

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

* For identification purposes only

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. Chan Lai Yin Tommy, *CPA, AICPA*

REGISTERED OFFICE

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AUDITORS

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The board of directors of Mayer Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2005 (the "Period").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2005

		Six months ended 30 June	
		2005	2004
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
TURNOVER	*2, 3*	**546,105**	426,052
COST OF SALES		**(507,791)**	(366,637)
GROSS PROFIT		**38,314**	59,415
Other revenue		**3,399**	3,238
Selling and distribution costs		**(4,829)**	(4,408)
Administrative expenses		**(15,632)**	(8,295)
Other operating expenses		**(565)**	(242)
PROFIT FROM OPERATING ACTIVITIES	*4*	**20,687**	49,708
Finance costs	*5*	**(5,076)**	(2,084)
PROFIT BEFORE TAXATION		**15,611**	47,624
Taxation	*6*	**(1,903)**	(3,603)
PROFIT BEFORE MINORITY INTERESTS		**13,708**	44,021
Minority interests		**(3,738)**	(9,989)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**9,970**	34,032
EARNINGS PER SHARE	*7*		
– basic *(RMB)*		**2.5 cents**	11.1 cents
– diluted *(RMB)*		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2005

	Notes	**30 June 2005 (Unaudited)** ***RMB'000***	31 December 2004 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**106,117**	77,975
Interest in leasehold land held for own use under an operating lease		**8,971**	9,082
Club debentures		**720**	720
Deferred tax assets		**268**	268
		116,076	88,045
CURRENT ASSETS			
Inventories		**218,283**	113,378
Trade receivables	*10*	**285,521**	226,075
Prepayments, deposits and other receivable		**8,159**	10,920
Cash and bank balances		**76,616**	103,481
		588,579	453,854
CURRENT LIABILITIES			
Trade payables	*11*	**116,937**	17,880
Other payable and accruals		**12,992**	11,843
Fair value derivatives		**2,018**	–
Taxation payable		**360**	468
Borrowings	*12*	**291,365**	230,807
		423,672	260,998
NET CURRENT ASSETS		**164,907**	192,856
NET ASSETS		**280,983**	280,901
CAPITAL AND RESERVES			
Issued capital		**42,480**	42,480
Reserves		**183,352**	174,666
Proposed final dividend		**–**	12,000
		225,832	229,146
MINORITY INTERESTS		**55,151**	51,755
TOTAL EQUITY		**280,983**	280,901

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

	Attributable to equity holders of the Company									
	Issued capital *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*	Proposed dividend *RMB'000*	Minority interest *RMB'000*	Total *RMB'000*
At 1 January 2005	42,480	4,076	71,570	16,345	4,950	352	77,373	12,000	51,755	280,901
Opening adjustments Changes in fair value of derivative financial instruments	–	–	–	–	–	–	(1,178)	–	(342)	(1,520)
At 1 January 2005, as restated	42,480	4,076	71,570	16,345	4,950	352	76,195	12,000	51,413	279,381
Appropriations	–	–	–	1,712	856	–	(2,568)	–	–	–
Net profit for the period	–	–	–	–	–	–	9,970	–	3,738	13,708
Exchange differences arising from translation of overseas operations and loss not recognised in the consolidated income statement	–	–	–	–	–	(106)	–	–	–	(106)
Final dividend paid	–	–	–	–	–	–	–	(12,000)	–	(12,000)
At 30 June 2005	**42,480**	**4,076**	**71,570**	**18,057**	**5,806**	**246**	**83,597**	**–**	**55,151**	**280,983**
At 1 January 2004	–	–	83,570	10,176	1,866	202	45,397	–	40,710	181,921
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	–	9,989	44,021
At 30 June 2004	42,480	4,169	83,570	10,176	1,866	202	79,429	–	50,699	272,591

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2005

	Six months ended 30 June	
	2005	2004
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(37,766)**	3,099
NET CASH USED IN INVESTING ACTIVITIES	**(32,581)**	(12,811)
NET CASH FROM FINANCING ACTIVITIES	**43,482**	69,439
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(26,865)**	59,727
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**103,481**	35,034
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**76,616**	94,761
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**76,616**	94,761

NOTES TO CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2005

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"), the Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRSs") issued by The Hong Kong Institute of Certified Public Accountants ("HKICPA").

The basis of preparation and accounting policies adopted in these unaudited condensed consolidated interim financial statements are consistent with those adopted in the Company's 2004 Annual Report, except that the Group has changed certain of its accounting policies following its adoption of new / revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2005.

The changes to the Group's accounting policies and the effect on adoption of these new policies are set out in note 1(b) below.

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

(b) Changes in accounting polices

In 2005, the Group adopted the applicable new / revised HKFRSs below. Accordingly, the 2004 comparatives had been restated in accordance with the relevant requirements except for HKAS 39 which is adopted prospectively as of 1 January 2005.

HKAS1	Presentation of Financial Statements
HKAS2	Inventories
HKAS7	Cash Flow Statements
HKAS8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS10	Events after the Balance Sheet Date
HKAS12	Income Taxes
HKAS14	Segment Reporting
HKAS16	Property, Plant and Equipment
HKAS17	Leases
HKAS18	Revenue
HKAS19	Employee Benefits
HKAS21	The Effects of Changes in Foreign Exchange Rates
HKAS23	Borrowing Costs
HKAS24	Related Party Disclosures
HKAS27	Consolidated and Separate Financial Statements
HKAS32	Financial Instruments: Disclosure and Presentation
HKAS33	Earnings Per Share
HKAS34	Interim Financial Reporting
HKAS36	Impairment of Assets
HKAS37	Provisions, Contingent Liabilities and Contingent Assets
HKAS38	Intangible assets
HKAS39	Financial Instruments: Recognition and Measurement

The adoption of the above new HKASs 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 33, 34, 36, 37 and 38 did not result in substantial changes to the Group's accounting policy. In summary:

HKAS 1 affects certain presentation and disclosure of the accounts;

HKASs 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 33, 34, 36, 37 and 38 had no material effect on the company's policies; and

The adoption of HKASs 32 and 39 has resulted in a change in accounting policy for recognition, measurement and disclosure of financial instruments. Prior to 1 January 2005, derivatives of the Group was not recorded on the balance sheet based on the then prevailing accounting standards. In accordance with the provisions of HKAS 39, all derivatives financial instruments have been recognized at their fair value on the balance sheet on 1 January 2005.

This change was adopted by way of an adjustment to the opening balance of retained profits of RMB1,520,000 as at 1 January 2005 as shown in "Consolidated Statement of Changes in Equity" and net profit for the six months ended 30 June 2005 has been decreased by RMB498,000. Comparatives amounts have not been restated as HKAS 39 is adopted prospectively as of 1 January 2005.

2. TURNOVER

Turnover represents the net amount received and receivable for sale of goods by the Group to outside customers.

3. SEGMENT INFORMATION

According to HKAS 14 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

As over 90% of the Group's turnover and contributions to operating profit are attributable to the manufacturing and trading of steel pipes, steel sheets and other products made of steel, no separate analysis of business segment is presented accordingly.

(b) Geographical segments

The Group's turnover for the six months ended 30 June 2005 are substantially made to customers based in the People's Republic of China ("PRC") and the operations, assets and liabilities of the Group are substantially located in the PRC, no separate analysis for the geographical segment information is presented accordingly.

4. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended 30 June	
	2005	2004
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Depreciation and amortisation	**4,737**	4,270
Cost of inventories recognised as expenses	**506,116**	363,723
Operating leases rental in respect of		
– rented premises	**60**	84
– motor vehicles	**67**	400
Contribution to defined contribution retirement schemes	**956**	414
Other staff costs	**3,380**	4,700

5. FINANCE COSTS

	Six months ended 30 June	
	2005	2004
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank borrowings wholly repayable within one year	**5,076**	2,084

6. TAXATION

	Six months ended 30 June	
	2005	2004
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PRC enterprise income tax	**1,903**	3,593
Deferred taxation	**–**	10
	1,903	3,603

Pursuant to the relevant laws and regulations in the PRC, Guangzhou Mayer Corp., Ltd. ("Guangzhou Mayer"), 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 and the reduced tax rate is 7.5%. The foregoing tax concession has expired. Pursuant to a further tax concession granted in the current period, the applicable income tax rate is 10%. The charge of PRC enterprise income tax for the Period and for the six months ended 30 June 2004 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 RMB9,970,000 (2004: RMB34,032,000) and the weighted average of 400,000,000 (2004: 305,494,505) ordinary shares in issue during the Period.

There were no potential dilutive ordinary shares in existence for the Period and the six months ended 30 June 2004, and accordingly, no diluted earnings per share amount have been presented.

8. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2005.

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately RMB33,027,000.

10. TRADE RECEIVABLES

The Group has a policy of allowing an average credit period of 40 to 100 days to its trade customers and may be extended to selected customers depending on their trade volume and settlement with the Group.

An aging analysis of the trade receivables is as follows:

	30 June 2005 (Unaudited) ***RMB'000***	31 December 2004 (Audited) *RMB'000*
1 – 30 days	**104,799**	96,092
31 – 60 days	**81,966**	75,258
61 – 90 days	**61,523**	37,143
91 – 180 days	**36,094**	17,005
Over 180 days	**1,139**	577
	285,521	226,075

11. TRADE PAYABLES

An aging analysis of the trade payables is as follows:

	30 June 2005 (Unaudited) ***RMB'000***	31 December 2004 (Audited) *RMB'000*
1 – 30 days	**83,160**	15,776
31 – 60 days	**11,466**	1,000
61 – 90 days	**21,883**	1,076
91 – 180 days	**428**	21
Over 180 days	**–**	7
	116,937	17,880

12. BORROWINGS

The borrowings are repayable within one year and are analysed as follows:

	30 June 2005 (Unaudited) ***RMB'000***	31 December 2004 (Audited) *RMB'000*
Bank loans, secured	**38,113**	168,744
Bank loans, unsecured	**253,252**	62,063
	291,365	230,807

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

	30 June 2005 (Unaudited) ***RMB'000***	31 December 2004 (Audited) *RMB'000*
Interest in leasehold land held for own use under an operating lease	**8,971**	9,082
Buildings, plant and machinery	**40,065**	60,567
	49,036	69,649

13. OPERATING LEASE COMMITMENTS

At the balance sheet dates, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of motor vehicles and rented premises which fall due as follows:

		30 June 2005 (Unaudited) *RMB'000*	31 December 2004 (Audited) *RMB'000*
(i)	**Motor vehicles**		
	Within one year	**540**	133
(ii)	**Rented premises**		
	Within one year	**414**	397
	In the second to fifth years inclusive	**360**	553
		774	950

Leases are negotiated for term of one to four years with fixed monthly rentals over the term of the leases.

14. OTHER COMMITMENTS

	30 June 2005 (Unaudited) *RMB'000*	31 December 2004 (Audited) *RMB'000*
Capital expenditure contracted for but not provided for in respect of acquisition of property, plant and equipment	**5,333**	10,649

15. CONTINGENT LIABILITIES

At 30 June 2005, the Company has given corporate guarantees in favour of certain banks to secure banking facilities of RMB198,888,000 (31 December 2004: RMB173,808,000) granted to Guangzhou Mayer, a subsidiary. Out of these banking facilities, RMB119,614,000 (31 December 2004: RMB104,320,000) was utilised by Guangzhou Mayer.

Apart from the above, the Group has no other significant contingent liabilities at both balance sheet dates.

16. RELATED PARTY TRANSACTIONS

During the Period and the six months ended 30 June 2005, the Group had the following transactions, which were conducted in the ordinary course of the Group's business, with its related parties:

			Six months ended 30 June	
		Nature of	**2005**	2004
Name	**Capacity**	**transaction**	**(Unaudited)**	(Unaudited)
			RMB'000	*RMB'000*
Lo Haw and his spouse	Director of the Company	Rental paid *(note (i))*	**60**	84
Daily Air Corporation, Inc.	Common directorship	Rental fee received *(note (ii))*	**330**	–

(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) The rental fee received are determined with reference to the prevailing market rentals.

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.

17. ULTIMATE PARENT ENTERPRISE

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

18. SUBSEQUENT EVENTS

On 12 August 2005 an ordinary resolution was passed that Guangzhou Mayer will provide a corporate guarantee (the "Guarantee") of maximum amount of RMB60,000,000 in favour of certain banks of Shanghai Fervent Alloy Wheel Manufacturing Co., Ltd., a fellow subsidiary of the Company. Pursuant to the enforcement of the Guarantee, Guangzhou Mayer will receive a back-to-back guarantee from Mayer Steel Pipe Corporation.

Further details are set out in the Company's circular dated 15 July 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

The unaudited turnover of the Group for the Period was approximately RMB546,105,000, representing an increase of approximately 28.2% compared with approximately RMB426,052,000 for the corresponding period last year while the net profit was approximately RMB9,970,000, representing an decrease of approximately 70.7% compared with approximately RMB34,032,000 for the corresponding period last year.

Business Review

The steady growth in operating results is primarily due to that the Group is still in the stage of development and its market share is increasing. Sales volume increased 6.1% from 66,150 tonnes for the corresponding period last year to 70,160 tonnes. At the same time, although the selling price of the Group's products increased by approximately 21.9% compared with that for the corresponding period last year, the gross profit decreased and was mainly because of relatively lower growth rate of the selling prices of our products as compared to that of the purchasing costs of raw materials and fuels during the Period.

Production and Sales

The revenue from domestic sales of products in the PRC during the Period was approximately RMB78,029,000, representing an increase of approximately 19.7% compared with approximately RMB65,180,000 for the corresponding period 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 RMB466,024,000, representing an increase of approximately 30.3% compared with approximately RMB357,640,000 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 RMB2,052,000 while it was approximately RMB3,230,000 for the corresponding period last year. The Group will continue to develop and maintain a good momentum of the international market, especially in respect of the newly launched product (stainless steel pipes) which has been exported to countries such as the U.S. and Vietnam.

Gross Profit

The Group recorded a gross profit of approximately RMB38,314,000 for the Period, with a gross profit margin of approximately 7.0%, compared with the gross profit of approximately RMB59,415,000 and a gross profit margin of approximately 13.9% for the corresponding period last year. This was mainly attributable to the lower growth rate of the selling prices of our products as compared to that of the purchasing costs of raw materials and fuels, coupled with tight supply of power and transport.

Operating Expenses

The total operating expenses of the Group for the Period were approximately RMB21,026,000, of which approximately RMB4,829,000 in selling and distribution costs, RMB15,632,000 in administrative expenses, RMB565,000 in other operating expenses and RMB5,076,000 in finance costs, accounting for approximately 0.9%, 2.9%, 0.1% and 0.9% of turnover respectively while the amounts for the corresponding period last year were approximately RMB4,408,000, RMB8,295,000, RMB242,000 and RMB2,084,000 respectively, accounting for approximately 1.0%, 1.9%, 0.1% and 0.5% respectively. The increase in the operating expenses was mainly due to the listing of the Company from 21 June 2004, 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 2005 was approximately 129.0% (31 December 2004: 100.7%). The total bank borrowings of the Group amounted to approximately RMB291,365,000 (31 December 2004: RMB230,807,000), mainly denominated in US dollars, HK dollars and Renminbi with floating interest rates. The Group's short term loans from banks accounted for approximately 41.3% of the total assets (31 December 2004: 42.6%).

The current ratio (current assets divided by current liabilities) as of 30 June 2005 was approximately 1.39 (31 December 2004: 1.74). The Group continued 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 outflow of approximately RMB37,766,000 was used in operating activities for the Period, mainly resulted from the increase of inventories level of the Group. Despite approximately RMB60,558,000 raised from bank borrowings, the net decrease in cash and cash equivalents amounted to approximately RMB26,865,000, as a result of net cash outflow of approximately RMB33,027,000 used for plant expansion and purchase of machinery and equipment and RMB12,000,000 dividend paid. Bank balances and cash as at 30 June 2005 amounted to approximately RMB76,616,000 , 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. Meanwhile, the Group is also studying and implementing various measures in relation to reducing any exchange impact from the revalued of Renminbi against the US dollars.

Pledge of Assets

As at 30 June 2005, property, plant and equipment and interest in leasehold land held for own use under an operating lease of the Group with net book value of approximately RMB40,065,000 and RMB8,971,000 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 2004: Nil). At 30 June 2005, the Company had provided corporate guarantees of RMB198,888,000 (31 December 2004: RMB173,808,000) in favour of certain banks for banking facilities granted to a subsidiary. Out of which, approximately RMB119,614,000 had been utilised (31 December 2004: RMB104,320,000).

Outlook

Following the completion of Phase III of our plant and the new installation of steel-cutting and pipe-making machines, the Group's future production capacity and market competitiveness would be enhanced to meet the steady but moderately fast growth of the national economy of the PRC. 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 those markets.

Looking forward to latter half of 2005, the Group's management is confident that the Group will fully capitalize its extensive experience in cost management and achieve greater cost effectiveness, increased output of high value-added products and welcome to every investment opportunity which are beneficial to the Group, with an aim to generate the best return from investments and generate the best returns to our investors.

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

As at 30 June 2005, 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")

	Number of ordinary shares in Taiwan Mayer					Approximate % of
Name of director	Personal	Family	Corporate	Other	Total	shareholding
Mr. Lo Haw	171,311	923	9,424,962	–	9,597,196	6.29%
Mr. Cheng Dar-terng	757,769	29,298	–	–	787,067	0.52%
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	2.09%

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

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

Save as disclosed above, as at 30 June 2005, 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 *(Note)*	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 2005, 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

The share option scheme of the Company was adopted on 24 May 2004 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 2005, no option has been granted since the adoption of the share option scheme.

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors, supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

OTHER INFORMATION

Audit committee

The interim financial report of the Company for the six months ended 30 June 2005 has been reviewed by the Audit Committee comprising the three independent non-executive directors of the Company. At the request of the directors, the interim financial statements have also been reviewed by our auditors, CCIF CPA Limited, in accordance with Statement of Auditing Standard 700 "Engagement to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants and an unmodified review report has been issued.

Staff

The Group employed 360 staff as at 30 June 2005. The Company has adopted 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 2005.

Model code for securities transactions by directors

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code of the Listing Rules. Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the accounting period covered by the interim report.

Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June, 2005, except for the code provisions A.4.2 and B.1.1 in respect of the rotation of directors and establishment of remuneration committee.

Under the code provisions A.4.2 and B.1.1 of the Code, (a) every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years; and (b) a remuneration committee with specific written terms of reference which deal with its authority and duties should be established.

According to Article 112 of the Articles of Association of the Company, one-third of the Directors for the time being shall retire from the office by rotation at each annual general meeting provided that the Chairman of the Board, the Managing Director or joint Managing Director of the Company shall not be subject to retirement by rotation. To comply with the code provision A.4.2 of the Code, the Company intends to propose to amend Article 112 of the Articles of Association of the Company at the forthcoming annual general meeting of Company.

The board of directors of the Company established a remuneration committee in compliance with the Code on 22 August 2005. The primary duties of the remuneration committee include making recommendations to the board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, determining the specific remuneration packages of all executive directors and senior management, and reviewing and approving performance-based remuneration and compensation payable to executive directors and senior management. The remuneration committee consists of Lai Yueh-hsing, an executive director, Hsiao Ming-chih, a non-executive director and three independent non-executive directors, namely Lin Sheng-bin and Huang Jui-hsiang and Alvin Chiu.

By Order of the Board
Lai Yueh-hsing
Chairman

Hong Kong, 22 August 2005