



美亞控股有限公司*
MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1116)

INTERIM RESULT 2007

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 2007 (the “Period”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		Six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
	<i>Note</i>		
TURNOVER	3	672,230	467,373
COST OF SALES		(613,698)	(450,184)
GROSS PROFIT		58,532	17,189
Other revenue	4	3,172	3,562
Other income	5	5,955	4,000
Distribution costs		(20,419)	(6,960)
Administrative expenses		(24,081)	(16,931)
Other operating expenses		(3,017)	(2,905)
Profit/ (Loss) from operations	6	20,142	(2,045)
Finance costs	7	(11,513)	(12,482)
Profit/ (Loss) before taxation		8,629	(14,527)
Taxation	8	(1,220)	(100)
Profit/ (Loss) for the Period		7,409	(14,627)
Attributable to:			
Equity holders of the Company		4,736	(10,025)
Minority interests		2,673	(4,602)
		7,409	(14,627)
INTERIM DIVIDEND	9	—	—
Earnings/ (Loss) per share for profit/ (loss) attributable to the equity holders of the Company during the Period			
– Basic	10	0.99 cents	(2.5) cents
– Diluted		N/A	N/A

* For identification purposes only

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	<i>Note</i>	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	109,179	207,796
Leasehold land and land use rights for own use under operating lease		8,527	8,638
Available-for-sale financial assets		720	720
Goodwill		–	4,719
Deferred tax assets		27	27
Investment in an associate company		7,923	–
		126,376	221,900
Current assets			
Inventories		177,828	217,615
Trade receivables	12	415,978	370,155
Prepayments, deposits and other receivables		41,103	23,421
Financial assets at fair value through profit or loss		8,417	–
Amount due from ultimate holding company		4,054	–
Amount due from a related company		3,144	2,736
Pledged bank deposits		3,797	8,652
Bank deposits		–	21,800
Assets classified as held for sale	13	228,033	–
Cash and cash equivalents		24,603	45,689
		906,957	690,068
Total assets		1,033,333	911,968

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)*At 30 June 2007*

		30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
	<i>Note</i>		
LIABILITIES			
Current liabilities			
Trade payables	14	204,393	139,488
Other payables and accruals		14,569	35,322
Tax Payable		907	763
Amount due to a fellow subsidiary		6,979	–
Liabilities classified as held for sale	13	148,926	–
Borrowings		292,237	345,771
		668,011	521,344
Net current assets		238,946	168,724
Total assets less current liabilities		365,322	390,624
Non-current liabilities			
Borrowings		–	28,832
NET ASSETS		365,322	361,792
EQUITY			
CAPITAL AND RESERVES			
Issued capital		50,480	50,480
Reserves		206,775	203,866
Proposed final dividend		9,600	9,600
Attributable to equity holders of the Company		266,855	263,946
Minority interests		98,467	97,846
TOTAL EQUITY		365,322	361,792

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2007

1. BASIS OF PREPARATION

The unaudited condensed financial statements for the six months ended 30 June 2007 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules on the Stock Exchange and with Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA, (hereinafter collectively referred to as the “new HKFRSs”) that are effective for the Group’s financial year beginning on 1 January 2007. The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

Accounting standards not yet effective

The Group has not early applied the new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

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

In accordance with the Group’s internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

(a) Business segments

The Group comprises the following main business segments:

- (i) Steel – the manufacture and trade of steel pipes, steel sheets and other products made of steel.
- (ii) Aluminium – the design, develop, manufacture and trade of aluminium forged and forged– spun wheels and other spare parts for automobiles.

	Steel		Aluminium		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2007	2006	2007	2006	2007	2006
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue						
– External sales	603,991	417,498	68,239	49,875	672,230	467,373
Segment results	16,490	3,177	4,810	(1,982)	21,300	1,195
Unallocated operating income and expenses					(1,158)	(3,240)
Profit/ (Loss) from operations					20,142	(2,045)
Finance costs					(11,513)	(12,482)
Taxation					(1,220)	(100)
Profit/ (Loss) for the period					7,409	(14,627)

(b) Geographical segments

The Group's revenue and segment results, analysed by geographical markets are as follows:

	Revenue		Segment Results	
	Six months ended		Six months ended	
	30 June		30 June	
	2007	2006	2007	2006
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Australia	4,918	–	346	–
Japan	6,306	–	313	–
Mainland China	596,466	425,478	16,285	2,839
Singapore	26,436	–	1,863	–
United States	32,581	38,914	2,297	(1,506)
Vietnam	4,490	–	123	–
Others	1,033	2,981	73	(138)
	672,230	467,373	21,300	1,195

4. OTHER REVENUE

An analysis of the Group's other revenue is as follows:

	Six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Other revenue		
Interest income	364	899
Rental income	2,760	2,518
Consultancy fee	48	145
	<u>3,172</u>	<u>3,562</u>

5. OTHER INCOME

	Six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Scrap sales	4,232	2,839
Exchange gains, net	551	234
Fair value gain on foreign currency contracts	–	124
Fair value gain on financial assets at fair value through profit or loss	825	–
Gain on disposal of property, plant and equipment	315	–
Sundry income	32	803
	<u>5,955</u>	<u>4,000</u>

6. PROFIT/ (LOSS) FROM OPERATIONS

Profit/ (Loss) from operations has been arrived at after charging:

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories recognised as expenses	544,452	450,152
Depreciation	13,414	16,308
Amortisation of operating lease prepayment	364	111
Loss on disposal of property, plant and equipment, net	47	6
Operating leases in respect of		
– rented premises	489	1,074
– motor vehicles	695	423
Impairment loss on trade receivables	3,317	50
Contribution to defined contribution retirement schemes	1,193	786
Staff costs (including directors' remuneration)	16,752	18,660
	<u>16,752</u>	<u>18,660</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings wholly repayable		
– within five years	11,513	12,175
– after five years	–	307
	<u>11,513</u>	<u>12,482</u>

8. TAXATION

The charge comprises:

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Income tax		
Current period	1,220	100
	<u>1,220</u>	<u>100</u>

Pursuant to the tax authorities in the PRC, Guangzhou Mayer Corporation Limited (“Guangzhou Mayer”) is subjected to PRC enterprise income tax of 15% for six months ended 30 June 2007 (six months ended 30 June 2006: preferential rate 10%).

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

9. INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2007 and 2006.

10. EARNINGS/ (LOSS) PER SHARE

The calculations of the basic earnings / (loss) per share is based on the net profit from ordinary activities attributable to equity holders for the Period of approximately RMB4,736,000 (six months ended 30 June 2006: Net loss of RMB10,025,000) and the weighted average of 480,000,000 (six months ended 30 June 2006: 400,000,000) shares in issue during the period.

There were no potential dilutive shares in existence for the six months ended 30 June 2007 and 2006, and accordingly, no diluted earnings per share amount has been presented.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2007, the Group acquired property, plant and equipment of approximately RMB17,962,000.

12. TRADE RECEIVABLES

The Group has a policy of allowing an average credit period of 30-100 days to its trade customers and may be extended to selected customers depending on their trade volume and settlement with the Group.

An ageing analysis of trade receivables is as follows:

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
1-30 days	119,012	125,713
31-60 days	108,229	83,493
61-90 days	76,819	65,695
91-180 days	105,413	85,905
Over 180 days	6,505	19,844
	415,978	380,650
Provision for impairment of receivables	—	(10,495)
	415,978	370,155

The carrying amounts of trade receivables approximate to their fair values.

13. ASSETS AND LIABILITIES HELD FOR SALE

On 13 April 2007, the Group entered an agreement with Mayer Steel Pipe Corporation, the ultimate controlling shareholder of the Company to sell its entire interest in Fullchamp Technologies Co., Ltd. ("Fullchamp"). The transaction has been substantially completed in July, 2007. Following the agreement, the assets and liabilities related to Fullchamp have been presented as held for sale.

	30 June 2007 (Unaudited) <i>RMB'000</i>
Property, plant and equipment	101,386
Goodwill	4,719
Inventories	75,455
Trade receivables	26,268
Prepayment and deposits	8,083
Cash and cash equivalents	<u>12,122</u>
Assets classified as held for sale	<u><u>228,033</u></u>
Trade payables	3,864
Other payables and accruals	14,372
Borrowings	<u>130,690</u>
Liabilities classified as held for sale	<u><u>148,926</u></u>

The disposal group held for sale has been stated at lower of carrying amount and fair value less cost to sell.

14. TRADE PAYABLES

An ageing analysis of the trade payables is as follows:

	30 June 2007 (Unaudited) <i>RMB'000</i>	31 December 2006 (Audited) <i>RMB'000</i>
1-30 days	81,628	53,387
31-60 days	30,033	42,611
61-90 days	59,857	17,071
91-180 days	29,589	26,366
Over 180 days	<u>3,286</u>	<u>53</u>
	<u><u>204,393</u></u>	<u><u>139,488</u></u>

The carrying amounts of trade payables approximate to their fair values.

15. POST BALANCE SHEET EVENTS

(i) Disposal of Fullchamp

On 13 April 2007, Sunbeam, a wholly-owned subsidiary of the Company, entered into the Share Disposal Agreement with Taiwan Mayer, the ultimate holding company, to dispose all of its remaining 28.51% equity interest in Fullchamp for a consideration of NTD149,500,000 (equivalent to approximately RMB34.7 million) in cash. The disposal of Fullchamp is completed in July 2007.

(ii) Acquisition of property

On 11 June 2007, the Company entered into an agreement with Da Cin Development Co., Ltd., an independent third party, to acquire the Property at a total consideration of NT\$880,000,000 (equivalent to RMB204 million). The property, an industrial building, is situated at Land No. 14, Kuang Fu Sec., Hsinchu City, Taiwan with a site of approximately 3,664.54 square metres.

An initial refundable deposit of NT\$24,000,000 (equivalent to RMB5.6 million) was paid by the Company on 11 June 2007. The Acquisition of Property is expected to be completed in December 2007. Details of the Acquisition of Property are set out in the Company's circular dated 10 July 2007.

(iii) Issue of 96,000,000 New Subscription Shares

On 13 August 2007, the Company entered into seven Subscription Agreements with seven Subscribers (the "Subscribers"), an independent third parties, whereby the Company agreed to issue 96,000,000 new Subscription Shares at a price of HK\$0.60 per Subscription Share. The Subscription Shares were issued under the existing issue mandate to issue shares granted to the Directors at the Company's AGM held on 31 May 2007.

The net proceeds from the Subscription amounted to approximately HK\$57.3 million out of which approximately HK\$23 million will be used as partial payment of the consideration for the Acquisition of Property as mentioned in (ii) above and the remaining balance of HK\$34.3 million will be used as additional working capital of the Group.

All 96,000,000 new Subscription Shares were issued and allotted to the Subscribers on 27 August 2007. These shares rank pari passu with the existing shares of the Company in all respects.

Details of the above transactions are set out in the Company's announcement dated 13 August 2007.

(iv) Refreshment of Generate Mandate to Issue and Allot Shares

On 13 August 2007, the Board proposed to seek a refreshment of the generate mandate to authorize the Directors to allot, issue and deal with Shares up to 20% of the issued share capital of the Company. The relevant resolution will be proposed at the Company's extraordinary general meeting ("EGM") on 19 September 2007.

Details of the above transactions are set out in the Company's circular dated 4 September 2007.

Save as disclosed above, the Group and the Company had no other material post balance sheet events at the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

For the six months ended 30 June 2007, the Group reported consolidated turnover of RMB672,230,000, representing an increase of 43.8% compared to the same period last year's RMB467,373,000. Gross profit margin was 8.7% compared to the same period last year's 3.7%. Net profit attributable to shareholders was RMB4,736,000, compared with last year's net loss attributable to shareholders of RMB10,025,000. Earnings per share for the Period was RMB0.99 cents versus the same period last year's loss per share of RMB2.51cents.

Business Review

The national economy of the PRC is basically achieving a balance after the PRC government implemented those macro control measures. The increase in market demand and overall prices of steel products has been slightly raised in the first half of 2007. The Group immediately captured the opportunities of market growth and timely adjusted its product prices under our Steel business segment for the purpose of maximizing its return and profit.

The Group's steel business segment has recorded a segment profit of RMB16,490,000 for the period. During the Period, the Group sold approximately 78,000 tonnes of steel products, representing 20% increased from approximately 65,000 tonnes for the same period last year. The average selling price of the Group's steel products during the Period increased by approximately 13.8% compared with that for the same period last year.

The Group's Aluminum business segment has recorded a segment profit of RMB4,810,000 for the Period. However, the segment has still been loss making for the previous years. On May 2007, the Group decided to dispose the Fullchamp Aluminum segment for a total cash consideration of NTD149,500,000 (equivalent to RMB32.4 million) to a connected party. The disposal of Fullchamp was completed in July 2007.

The Group then applied partial proceeds received from the Disposal of Fullchamp to acquire an additional two aircrafts for rental purpose which aimed for a steady rental income to the Group.

Production and Sales

The revenue from indirect export sales of steel products in the PRC during the Period was approximately RMB469,972,000 representing an increase of approximately 27.1% compared with approximately RMB369,879,000 for the corresponding period last year. The market for indirect export sales in the PRC continued to be the core market for the Group's steel segment.

The revenue from domestic sales of steel products in the PRC during the Period was approximately RMB102,735,000, representing an increase of approximately 163.8% compared with approximately RMB38,949,000 for the corresponding period last year.

The revenue from direct export sales of steel products outside the PRC during the Period was approximately RMB31,284,000, representing an increase of approximately 260.8% while it was approximately RMB8,670,000 for the corresponding period last year.

The revenue from export sales of aluminum products during the Period was approximately RMB68,239,000, representing an 36.8% increase from approximately RMB49,875,000 for the same period last year.

Rental income from aircrafts leasing during the Period was approximately RMB2,760,000 of which creates a stable stream of income for the Group.

Gross Profit

The Group recorded a gross profit of approximately RMB58,532,000 for the Period, with a gross profit margin of approximately 8.7 %, compared with the gross profit of approximately RMB17,189,000 and a gross profit margin of approximately 3.7% for the corresponding period last year.

This was mainly attributable to the growth rate of the selling prices of our products is higher than of the purchasing costs of raw materials.

Operating Expenses

The total operating expenses of the Group for the Period were approximately RMB47,518,000, of which approximately RMB20,420,000 in selling and distribution costs, RMB24,081,000 in administrative expenses, RMB3,017,000 in other operating expenses, accounting for approximately 3.0%, 3.6% and 0.5% of turnover respectively while the amounts for the same period last year were approximately RMB6,960,000, RMB16,931,000 and RMB2,905,000 respectively, accounting for approximately 1.5%, 3.6% and 0.6% respectively.

Finance Costs

During the Period, the Group incurred RMB11,513,000 in finance costs, compared to same period last year of RMB12,482,000. The Group relied on bank borrowings to finance its trading activities, the decrease in finance costs paid during the Period was mainly due to the Group's liquidity has been improved by a HK\$40 million fund raising exercise at the end of 2006 and the disposal of Fullchamp.

Financial Resources and Treasury Policies

The Group continues to adhere to prudent treasury policies.

As at 30 June 2007, the Group had bank deposits and cash balances, including pledged bank deposits of approximately RMB28,400,000, of which bank deposits of approximately RMB3,797,000 were pledged to secure financing facilities granted to the Group.

The Group had net current assets of approximately RMB238,946,000 as at 30 June 2007 as compared with RMB168,724,000 as at 31 December 2006. The current ratio (current assets divided by current liabilities) improved and changed to approximately 1.36 as of 30 June 2007 from 1.32 as at 31 December 2006. 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.

The Group had a total of approximately RMB673,844,000 financing facilities from banks were available, of which approximately RMB292,237,000, mainly denominated in US dollars, HK dollars, Renminbi and new Taiwan dollars with floating interest rates, had been drawn down to finance the Group's working capital purposes, capital expenditures and for other acquisition opportunities.

The gearing ratio (borrowings divided by shareholders' funds) as of 30 June 2007 was approximately 109.5% while it was 141.9% as of 31 December 2006. Current portion of borrowings accounted for approximately 28.3% and 37.9% of the total assets of the Group for 30 June 2007 and 31 December 2006, respectively.

Cash Flow

For the Period, the Group generated net cash outflow of RMB19,122,000 from its operating activities, as compared to net cash inflow of approximately RMB90,367,000 in the same period last year. The increase in net cash generated from operating activities was primarily due to the increase in the Group's turnover and profit during the Period.

Net cash outflow of approximately RMB34,897,000 was from investing activities for the Period, mainly resulted from the Group's capital expenditures. Net cash inflow of approximately RMB36,812,000 was from financing activities.

Banks deposits and cash balances as at 30 June 2007 amounted to approximately RMB24,603,000, mainly denominated in Renminbi, US dollars, HK dollars and new Taiwan dollars.

Exchange Rate Exposures

As most of the Group's monetary assets and liabilities are denominated in US dollars, HK dollars and Renminbi, new Taiwan dollars 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, including emerging financial products launched by the banks, in relation to reducing any exchange impact from the revalued of Renminbi against the US dollars.

Charge on Assets

At 30 June 2007, 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 RMB73,671,000 and RMB8,527,000 respectively were pledged to secure the bank borrowings and other financing facilities granted to the Group.

Contingent Liabilities

At 30 June 2007, the Group had no significant contingent liabilities. The Company had provided corporate guarantees of RMB98,956,000 in favour of certain banks for banking facilities granted to subsidiaries. These financing facilities had been utilised to the extent of approximately RMB70,141,000 at 30 June 2007.

Employment, Training and Development

As at 30 June 2007, the Group had a total of 550 employees. Total staff costs for the Period were approximately RMB16,752,000 including retirement benefits cost of approximately RMB1,193,000. Remuneration packages of the Group are maintained at a competitive level to attract, retain and motivate employees and are reviewed on a periodic basis.

Outlook

Looking forward to the second half of 2007, the imbalance between demand and supply in the steel sector will continue and the prices of steel products will still remain at a relatively steady but moderately fast level. The Group's steel business segment will continue to develop its international market, especially the newly developing country such as Vietnam. Accordingly, a steel products manufacturing plant in Vietnam has been under construction to address the keen market needs in the areas.

The Group will also continue to seek new investment opportunities in stakes in potential growth and balanced return. On 12 July 2007, the Group has entered into a sale and purchase agreement to acquire a Taiwan property for a total consideration of NTD880,000,000 (equivalent to RMB204 million). The Group considers that the acquisition was in line with the Group's current business diversification strategy and to broaden the income base of the Group.

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.

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.

Dividends

No dividend was paid during the period of six months ended 30 June 2007. The directors do not recommend the payment of an interim dividend for the period.

Audit Committee

The Audit Committee was established on 24 March 2004 and is comprised of three independent non-executive directors. Mr. Huang Jui-hsiang is the chairman of the Audit Committee.

The Committee is primary responsible for reviewing and monitoring the reporting, accounting, financial and control aspects of the executive management's activities. Written terms of reference in compliance with the Listing Rules have been adopted for the Audit Committee.

The interim financial report of the Company for the six months ended 30 June 2007 has been reviewed by the Audit Committee. 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 Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Remuneration Committee

The Remuneration Committee was established on 22 August 2005 and is comprised of three independent non-executive directors, one non-executive director and one executive director (as the Committee Chairman).

The committee determines the compensation structure and rewards for the chief executive officer and other executive directors and monitors the policies being applied in remunerating other senior executives in the Group. In addition, it has responsibility for reviewing and making appropriate recommendations to the Board on management development and succession plans for executive directors and senior management levels.

The fundamental policy underlying the Company's remuneration and incentive schemes is to link total compensation for senior management with the achievement of annual and long-term performance goals. By providing total compensation at competitive industry levels for delivering on-target performance, the Company seeks to attract, motivate and retain key executives essential to its long-term success. Senior management incentive schemes include any equity component that is designed to align the long-term interest of management with those of shareholders.

Nomination Committee

The Nomination Committee was established on 22 August 2005 and is comprised of three independent non-executive directors, one non-executive director and one executive director (as the Committee Chairman).

The committee is responsible for the identification and evaluation of candidates for appointment or reappointment as a director, as well as the development and maintenance of the Group's overall corporate governance policies and practices.

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 provisions laid down in 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 2007, except for the code provisions (i) A.2.1. whereas there is no separation of the role of Chairman and Chief Executive Officer. Mr. Lai Yueh-hsing currently assumes the role of both the Chairman and the Chief Executive Officer; and (ii) A.4.1 whereas all non-executive directors of the Company are not appointed for a specific term as they are subject to retirement and rotation in accordance with the Company's articles of association.

Publication of Interim Results Announcement and Interim Report

This result announcement is published on the website of Stock Exchange and the Company. The 2007 Interim Report of the Company will be dispatched to the shareholders of the Company as well as published on the website of the Stock Exchange and the Company in due course.

Board Composition

As at the date of this announcement, the executive directors of the Company are Mr. Lai Yueh-hsing, Mr. Lo Haw, Mr. Cheng Dar-terng, Mr. Chiang Jen-chin, Dr. Lin Meng-chang and Mr. Lu Wen-yi, the non-executive directors of the Company are Mr. Hsiao Ming-chih and Mr. Huang Chun-fa, and the independent non-executive directors of the Company are Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang and Mr. Alvin Chiu respectively.

By Order of the Board

Lai Yueh-hsing

Chairman

Hong Kong, 19 September 2007