



美亞控股有限公司\*  
MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1116)

**INTERIM RESULT ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

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 2008 (the “Period”).

**CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the six months ended 30 June 2008*

	Note	Six months ended 30 June					
		Continuing operations		Discontinued operations		Total	
		2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000 (as restated)	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000 (as restated)	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000 (as restated)
TURNOVER	3	405,152	610,752	-	61,478	405,152	672,230
COST OF SALES		(346,571)	(569,278)	-	(44,420)	(346,571)	(613,698)
<b>GROSS PROFIT</b>		<b>58,581</b>	41,474	-	17,058	<b>58,581</b>	58,532
Other revenue	4	5,666	3,722	-	69	5,666	3,791
Other income	5	12,600	3,988	-	1,967	12,600	5,955
Distribution costs		(5,308)	(17,075)	-	(3,344)	(5,308)	(20,419)
Administrative expenses		(17,618)	(14,271)	-	(9,810)	(17,618)	(24,081)
Other operating expenses		(4,024)	(1,735)	-	(1,282)	(4,024)	(3,017)
Profit from operations	6	49,897	16,103	-	4,658	49,897	20,761
Valuation gain on investment property	12	88,377	-	-	-	88,377	-
Finance cost	7	(11,797)	(9,541)	-	(2,591)	(11,797)	(12,132)
Profit before taxation		126,477	6,562	-	2,067	126,477	8,629
Taxation	8	(20,617)	(1,220)	-	-	(20,617)	(1,220)
Profit for the period		<b>105,860</b>	5,342	-	2,067	<b>105,860</b>	7,409

\* For identification purposes only

		Six months ended 30 June					
		Continuing operations		Discontinued operations		Total	
		2008	2007	2008	2007	2008	2007
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Note		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(as restated)		(as restated)		(as restated)
<b>Attributable to:</b>							
	Equity holders of the Company	97,721	4,130	-	606	97,721	4,736
	Minority interests	8,139	1,212	-	1,461	8,139	2,673
		<u>105,860</u>	<u>5,342</u>	<u>-</u>	<u>2,067</u>	<u>105,860</u>	<u>7,409</u>
<b>INTERIM DIVIDEND</b>	9					<u>-</u>	<u>-</u>
<b>Earnings per share for profit attributable to the equity holders of the Company during the Period</b>							
From continuing operations							
	- Basic	10				<u>17 cents</u>	<u>0.86 cents</u>
	- Diluted					<u>N/A</u>	<u>N/A</u>
From discontinued operations							
	- Basic	10				<u>-</u>	<u>0.13 cents</u>
	- Diluted					<u>N/A</u>	<u>N/A</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2008

	<i>Note</i>	<b>30 June 2008 (Unaudited) RMB'000</b>	31 December 2007 (Audited) RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	112,929	117,110
Investment property	12	283,534	–
Leasehold land and land use rights for own use under operating lease		10,460	8,416
Deposit for acquisition of property		–	192,142
Available-for-sale investments		14,685	–
		<b>421,608</b>	317,668
<b>Current assets</b>			
Inventories		120,546	169,214
Trade receivables	13	220,716	373,538
Prepayments, deposits and other receivables		31,870	16,683
Financial assets at fair value through profit or loss		–	15,633
Amount due from a related company		11,056	6,473
Pledged bank deposits		58,978	46,537
Cash and bank balances		103,713	67,461
		<b>546,879</b>	695,539
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	14	9,335	144,626
Other payables and accruals		26,576	181,852
Tax payable		3,258	2,368
Borrowings		320,657	311,402
		<b>359,826</b>	640,248
<b>Net current assets</b>		<b>187,053</b>	55,291
<b>Total assets less current liabilities</b>		<b>608,661</b>	372,959
<b>Non-current liabilities</b>			
Deferred Tax Liabilities		12,922	–
Borrowings		121,409	–
		<b>134,331</b>	–
<b>NET ASSETS</b>		<b>474,330</b>	372,959
<b>CAPITAL AND RESERVES</b>			
Issued capital		59,460	59,460
Reserves		337,578	245,143
Proposed final dividend		11,520	11,520
<b>Attributable to equity holders of the Company</b>		<b>408,558</b>	316,123
<b>Minority interests</b>		<b>65,772</b>	56,836
<b>TOTAL EQUITY</b>		<b>474,330</b>	372,959

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2008

### 1. BASIS OF PREPARATION

The unaudited condensed financial statements for the six months ended 30 June 2008 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”).

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 2007.

### 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs” which term collectively includes individual HKFRSs, HKASs and Interpretations) that are effective for accounting periods beginning on or after 1 January 2008. The adoption of these new HKFRSs has 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 recognised.

The Group has not early applied the following new/revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008

The Group is in the process of making an assessment of the impact of these new/revised standards and interpretations to the Group’s results of operations and financial position in the period of initial application.

### 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:

- |                            |   |  |
|----------------------------|---|--|
| <b>Steel</b>               | – | the manufacture and trade of steel pipes, steel sheets and other products made of steel.   |
| <b>Aluminum</b>            | – | the design, develop, manufacture and trade of aluminum forged and forged-spun wheels for automobiles.<br>(discontinued on 1 July 2007) |
| <b>Property Investment</b> | – | the investment and holding of property to earn rentals or for capital appreciation purposes.   |
| <b>Others</b>              | – | the general trading of metal and metal products and leasing of aircrafts for rental purposes.  |

Unallocated costs represent corporate expenses.

Six months ended 30 June

	Continuing Operations				Discontinued Operations	
	Property			Sub-total	Aluminum	Total
Steel	Investment	Others	2008			
	(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	402,666	828	1,658	405,152	–	405,152
– Inter-segment sales	–	–	–	–	–	–
	<u>402,666</u>	<u>828</u>	<u>1,658</u>	<u>405,152</u>	<u>–</u>	<u>405,152</u>
Segment profit	49,189	88,027	3,280	140,496	–	140,496
Unallocated operating income and expenses				(2,222)	–	(2,222)
Profit from operations				138,274	–	138,274
Finance costs	(9,888)	(1,885)	(24)	(11,797)	–	(11,797)
Taxation	(7,533)	(12,922)	(162)	(20,617)	–	(20,617)
Profit for the period				<u>105,860</u>	<u>–</u>	<u>105,860</u>

Six months ended 30 June

	Continuing Operations				Discontinued Operations	
	Property			Sub-total 2007 (Unaudited) RMB'000	Aluminum 2007 (Unaudited) RMB'000	Total 2007 (Unaudited) RMB'000
Steel 2007 (Unaudited) RMB'000	Investment 2007 (Unaudited) RMB'000	Others 2007 (Unaudited) RMB'000				
Revenue						
– External sales	584,891	–	25,861	610,752	61,478	672,230
– Inter-segment sales	–	–	–	–	–	–
	<u>584,891</u>	<u>–</u>	<u>25,861</u>	<u>610,752</u>	<u>61,478</u>	<u>672,230</u>
Segment profit/(loss)	12,356	(7)	2,831	15,180	4,658	19,838
Unallocated operating income and expenses				923	–	923
Profit from operations				16,103	4,658	20,761
Finance costs	(9,446)	–	(95)	(9,541)	(2,591)	(12,132)
Taxation	(1,115)	–	(105)	(1,220)	–	(1,220)
Profit for the period				<u>5,342</u>	<u>2,067</u>	<u>7,409</u>

(b) **Geographical segments**

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

	Six months ended 30 June					
	Continuing operations	Discontinued operations		Continuing operations	Discontinued operations	
				Segment	Segment	
	Revenue	Revenue	Total	Results	Results	Total
	2008	2008	2008	2008	2008	2008
	(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>
Mainland China	385,419	–	385,419	50,805	–	50,805
Taiwan	828	–	828	91,383	–	91,383
Vietnam	17,451	–	17,451	3,359	–	3,359
USA	1,454	–	1,454	(286)	–	(286)
Others	–	–	–	(4,765)	–	(4,765)
	<u>405,152</u>	<u>–</u>	<u>405,152</u>	<u>140,496</u>	<u>–</u>	<u>140,496</u>

	Six months ended 30 June					
	Continuing operations	Discontinued operations		Continuing operations	Discontinued operations	
				Segment	Segment	
	Revenue	Revenue	Total	Results	Results	Total
	2007	2007	2007	2007	2007	2007
	(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>
Australia	–	4,918	4,918	–	346	346
Japan	3,271	3,035	6,306	93	248	341
Mainland China	596,466	–	596,466	16,857	–	16,857
Singapore	–	26,436	26,436	–	1,863	1,863
Vietnam	4,490	–	4,490	127	–	127
USA	6,525	26,056	32,581	184	2,128	2,312
Others	–	1,033	1,033	(2,081)	73	(2,008)
	<u>610,752</u>	<u>61,478</u>	<u>672,230</u>	<u>15,180</u>	<u>4,658</u>	<u>19,838</u>



#### 4. OTHER REVENUE

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

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other revenue		
Interest income	1,356	983
Rental income	4,149	2,760
Consultancy fee	161	48
	<u>5,666</u>	<u>3,791</u>

#### 5. OTHER INCOME

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Scrap sales	4,490	4,232
Exchange gains, net	6,433	551
Fair value gain on financial assets at fair value through profit or loss	–	825
Gain on disposal of property, plant and equipment	–	315
Government subsidies	1,000	–
Sundry income	677	32
	<u>12,600</u>	<u>5,955</u>

#### 6. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories recognised as expenses	332,309	544,452
Depreciation	6,315	13,414
Amortisation of operating lease prepayment	165	364
Loss on disposal of property, plant and equipment, net	400	47
Operating leases in respect of		
– rented premises	717	489
– motor vehicles	–	695
Fair value loss on financial derivatives	796	–
Impairment loss on trade receivables	–	3,317
Contribution to defined contribution retirement schemes	831	1,193
Staff costs (including directors' remuneration)	9,240	16,752
	<u>9,240</u>	<u>16,752</u>

## 7. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings wholly repayable		
– within five years	9,912	12,132
– after five years	1,885	–
	<u>11,797</u>	<u>12,132</u>

## 8. TAXATION

The charge comprises:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Income tax		
Current period	7,695	1,220
Deferred taxation	12,922	–
	<u>20,617</u>	<u>1,220</u>

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law (“Implementation Regulations”). The New Law and Implementation Regulations will change the tax rate to 25% from 1 January 2008 onwards. According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No. 39), certain tax exemption and deduction is still applicable until the end of the five-year transitional period under the New Law.

The tax status of Guangzhou Mayer Corporation Limited (“Guangzhou Mayer”) under the New Law and Implementation Regulations is subjected to PRC enterprise income tax 18% for six months ended 30 June 2008 (six months ended 30 June 2007: 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 2008 and 2007.

## 10. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Weighted average number of ordinary shares in issue	<b>576,000,000</b>	480,000,000
Profit attributable to the equity holders of the Company		
– Continuing operations	<b>97,721</b>	4,130
– Discontinued operations	–	606
Total profit from operations	<b>97,721</b>	4,736
Basic earning per share (RMB):		
– Continuing operations	<b>17 cents</b>	0.86 cents
– Discontinued operations	–	0.13 cents
Total basic earnings per share (RMB)	<b>17 cents</b>	0.99 cents

There were no potential dilutive shares in existence for the period ended 30 June 2008 and 2007, and accordingly, no diluted earnings per share amount has been presented.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately RMB4,965,000.

## 12. INVESTMENT PROPERTY

The Group's investment property was valued as at 30 June 2008 by an independent surveyor, Cushman & Wakefield, Chartered Valuation Surveyors on an open market basis. The revaluation gain of RMB88,377,000 has been recognised in the income statement.

### 13. TRADE RECEIVABLES

The Group has a policy of allowing an average credit period of 30-180 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:

	<b>30 June 2008 (Unaudited) RMB'000</b>	31 December 2007 (Audited) RMB'000
1-30 days	52,083	105,406
31-60 days	57,800	94,652
61-90 days	49,732	58,525
91-180 days	55,471	113,758
Over 180 days	5,630	2,117
	<hr/>	<hr/>
	220,716	374,458
Provision for impairment of receivables	–	(920)
	<hr/>	<hr/>
	<b>220,716</b>	<b>373,538</b>
	<hr/> <hr/>	<hr/> <hr/>

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

### 14. TRADE PAYABLES

An ageing analysis of the trade payables is as follows:

	<b>30 June 2008 (Unaudited) RMB'000</b>	31 December 2007 (Audited) RMB'000
1-30 days	3,980	61,771
31-60 days	988	19,444
61-90 days	52	18,145
91-180 days	3,065	45,106
Over 180 days	1,250	160
	<hr/>	<hr/>
	9,335	144,626
	<hr/> <hr/>	<hr/> <hr/>

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Review of Results**

For the six months ended 30 June 2008, the Group reported consolidated turnover of RMB405,152,000, representing a decrease of 33.7% compared to the same period last year's RMB672,230,000. Gross profit margin was 14.5% compared to the same period last year's 8.7%. Net profit attributable to shareholders was RMB97,721,000, compared with the same period last year's net profit attributable to shareholders of RMB4,736,000. Earnings per share from continuing operations and discontinued operations for the Period were RMB17 cents and RMB nil versus the same period last year's earnings per share of RMB0.86 cents and RMB0.13 cents, respectively.

### **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 raised in the first half of 2008. The Group immediately captured the opportunities of market growth and timely adjusted its marketing strategy and production management 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 RMB53,954,000 for the period. During the Period, the Group sold approximately 55,560 tonnes of steel products, representing 29% decreased from approximately 78,000 tonnes for the same period last year. The average selling price of the Group's steel products during the Period increased by approximately 11% compared with that for the same period last year.

The Group's property investment business segment in Taiwan has recorded a segment profit of RMB88,027,000 for the Period. The Group's investment property was valued as at 30 June 2008 by an independent surveyor, Cushman & Wakefield, Chartered Valuation Surveyors on an open market basis. The revaluation gain of RMB88,377,000 has been recognised in the income statement.

As at 30 June 2008, the property is approximately 40% rented out and given the current market condition of Taiwan, the Group is pleased to recognise a valuation gain over a relative short period of time on its investment into this property.

### **Production and Sales**

The revenue from indirect export sales of steel products in the PRC and Vietnam during the Period was approximately RMB318,726,000, representing a decrease of approximately 32.18% compared with approximately RMB469,972,000 for the same period last year. The market for indirect export sales in the PRC and Vietnam 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 RMB83,940,000, representing a decrease of approximately 18.29% compared with approximately RMB102,735,000 for the same period last year.

Rental income and consultancy fee from aircrafts leasing during the Period was approximately RMB4,310,000 of which creates a stable stream of income for the Group.

### **Gross Profit**

The Group recorded a gross profit of approximately RMB58,581,000 for the Period, with a gross profit margin of approximately 14.5%, compared with the gross profit of approximately RMB58,532,000 and gross profit margin of approximately 8.7% for the same 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. Together with the Group proactively moved forward with different marketing strategy and adjust the product mix.

### **Operating Expenses**

The total operating expenses of the Group for the Period were approximately RMB26,950,000, of which approximately RMB5,308,000 in selling and distribution costs, RMB17,618,000 in administrative expenses, RMB4,024,000 in other operating expenses, accounting for approximately 1.3%, 4.3% and 1.0% of turnover, respectively, while the amounts for the same period last year were approximately RMB20,419,000, RMB24,081,000 and RMB3,017,000 respectively, accounting for approximately 3.0%, 3.6% and 0.5%, respectively.

### **Finance Costs**

During the Period, the Group incurred RMB11,797,000 in finance costs, compared to same period last year of RMB12,132,000. The Group relied on bank borrowings to finance its trading activities.

### **Financial Resources and Treasury Policies**

The Group continues to adhere to prudent treasury policies.

As at 30 June 2008, the Group had bank deposits and cash balances, including pledged bank deposits of approximately RMB162,691,000, of which bank deposits of approximately RMB58,978,000 were pledged to secure financing facilities granted to the Group.

The Group had net current assets of approximately RMB187,053,000 as at 30 June 2008 as compared with RMB55,291,000 as at 31 December 2007. The current ratio (current assets divided by current liabilities) improved and changed to approximately 1.52 as of 30 June 2008 from 1.09 as at 31 December 2007. 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 RMB929,222,000 financing facilities from banks were available, of which approximately RMB442,066,000, mainly denominated in Renminbi, US dollars, HK dollars 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 is defined as net debt divided by total capital. Net debt is calculated as total bank borrowings less cash and bank deposits. Total capital is calculated as shareholders' funds (i.e. total equity attributable to equity shareholders of the Company) plus net debt.

The gearing ratio as of 30 June 2008 was approximately 41% while it was 38% as of 31 December 2007.

### **Cash Flow**

For the Period, the Group generated net cash inflow of RMB92,222,000 from its operating activities, as compared to net cash outflow of approximately RMB19,122,000 in the same period last year. The increase in net cash inflow from operating activities was primarily due to the increase in Group's profit during the Period.

Net cash outflow of approximately RMB7,831,000 was from investing activities for the Period, mainly resulted from the Group's capital expenditures. Net cash outflow of approximately RMB43,650,000 was from financing activities.

Bank deposits and cash balances as at 30 June 2008 amounted to approximately RMB103,713,000, 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 2008, property, plant and equipment, interest in leasehold land held for own use under an operating lease and investment property of the Group with net book value or fair value of approximately RMB61,991,000, RMB8,305,000 and RMB283,534,000 respectively were pledged to banks for securing banking and other financing facilities granted to the Group.

### **Contingent Liabilities**

At 30 June 2008, the Group had no significant contingent liabilities. At 30 June 2008, the Company had provided corporate guarantees of RMB75,405,000 in favour of certain banks for financing facilities granted to subsidiaries. These financing facilities had been utilised to the extent of approximately RMB48,014,000 at 30 June 2008.

### **Employment, Training and Development**

As at 30 June 2008, the Group had a total of 350 employees. Total staff costs for the Period were approximately RMB9,240,000, including retirement benefits cost of approximately RMB831,000. Remuneration packages of the Group are maintained at a competitive level to attract, retain and motive employees and are reviewed on a periodic basis.

### **Outlook**

Looking forward to the second half of 2008, 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.

Along with the global economy is likely to be affected by the fallout from the U.S. subprime predicament and the weaken U.S. dollar against other currencies. We expect that the rise in operating costs, oil prices and interest rate drops will continue, and the increasingly intense market competition will present more challenges to the Group's operation.

As the general expectation, Taiwan's economic growth will surge in the next few years following its governmental and economic reforms, plentiful opportunities will appear. The Group is determined to capitalize these opportunities arising from the growth of Taiwan, together with the growth in the PRC and other countries. The Group will continue to seek new property investment opportunities in stakes with potential growth and balanced return.



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 2008. 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 2008 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 2008, 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 2008 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, 29 September 2008