建美集團有限公司*

MAE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 851)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2007

The Board of Directors (the "Board") of MAE Holdings Limited (the "Company") announces the annual results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2007**	2006
		HK$'000	*HK$'000*
TURNOVER	*3*	**26,396**	33,661
COST OF SALES		**(50,255)**	(51,234)
GROSS LOSS		**(23,859)**	(17,573)
OTHER REVENUE		**551**	330
Selling and distribution costs		**(3,963)**	(3,479)
Administrative and operating expenses		**(23,625)**	(26,373)
		(27,588)	(29,852)
LOSS FROM OPERATIONS		**(50,896)**	(47,095)
FINANCE COSTS	*4(a)*	**(3,776)**	(2,869)
LOSS BEFORE INCOME TAX	*4*	**(54,672)**	(49,964)
INCOME TAX	*5*	**—**	—
LOSS FOR THE YEAR		**(54,672)**	(49,964)
Dividends		**—**	—
LOSS PER SHARE	*6*		
Basic		**(HK$0.95)**	(HK$1.16)
Diluted		**—**	—

* *for identification purpose only*

CONSOLIDATED BALANCE SHEET

	Note	**2007** *HK$'000*	2006 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**6,267**	8,968
Deferred costs		**251**	410
		6,518	9,378
CURRENT ASSETS			
Inventories		**8,353**	16,387
Trade and other receivables	*7*	**5,111**	11,371
Cash and bank balances		**2,204**	1,158
		15,668	28,916
CURRENT LIABILITIES			
Bank overdrafts — secured		**3,001**	—
Trade and other payables	*8*	**26,718**	19,636
Obligations under finance leases		**302**	461
Borrowings		**42,217**	150
		(72,238)	(20,247)
NET CURRENT (LIABILITIES)/ASSETS		**(56,570)**	8,669
TOTAL ASSETS LESS CURRENT LIABILITIES		**(50,052)**	18,047
NON-CURRENT LIABILITIES			
Obligations under finance leases		**—**	302
Borrowings		**—**	12,000
Convertible bonds		**2,409**	3,776
		(2,409)	(16,078)
NET (LIABILITIES)/ASSETS		**(52,461)**	1,969
CAPITAL AND RESERVES			
Share capital		**6,395**	5,558
Reserves		**(58,856)**	(3,589)
TOTAL EQUITY		**(52,461)**	1,969

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

b) Basis of Preparation of the Financial Statements

The consolidated financial statements for the year ended 30 April 2007 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain assets and liabilities are stated at their fair value.

In preparing the financial statements, the directors of the Company have given careful consideration to the liquidity of the Group and its ability to meet its ongoing obligations in light of its financial position as at 30 April 2007. At the balance sheet date, the Group had consolidated net liabilities of approximately HK$52,461,000 and consolidated net current liabilities of approximately HK$56,570,000.

Notwithstanding going concerns and liquidity concerns arising from the consolidated net current liabilities as at 30 April 2007, the financial statements have been prepared on the assumption that the Group will continue to operate as a going concern in the foreseeable future. In the opinion of directors, the liquidity of the Group can be maintained in the coming year, after taking into account several measures adopted and to be adopted subsequent to the balance sheet date as further detailed below:

(i) the Company had entered into the subscription agreement with Prime Sun Group Limited ("Prime Sun") and Grand Promise Enterprises Limited ("Grand Promise") on 20 April 2007 (as amended by a supplemental agreement dated 16 May 2007) pursuant to which Prime Sun has conditionally agreed to subscribe for 70,000,000 new shares at a price of HK$0.12 per share and Grand Promise has conditionally agreed to subscribe for the new convertible notes in the principal amount of HK$51,600,000. The subscription agreement was completed subsequent to the balance sheet date on 17 July 2007 and capital of HK$60,000,000 was raised through this subscription;

(ii) the Group's management has prepared a cash flow forecast for the period ending 31 October 2008. Based on the cash flow forecast, the directors are of the opinion that the Group will be able to generate adequate cash flows from its operations;

(iii) Prime Sun, the then major shareholder of the Company has committed to provide adequate funds for the Group to meet its liabilities as they fall due; and

(iv) the directors are planning to adopt various cost control measures to reduce various general and administrative and other operating expenses.

In the opinion of the directors, in light of the measures adopted, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, the directors are of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to achieve the above and fail to continue in business as a going concern, adjustments would have to be made to restate the values of the assets to their immediate recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements.

Financial guarantees issued (Amendments to HKAS 39, Financial instruments: Recognition and measurement: financial guarantee contracts)

In prior years, financial guarantees issued by the Company were disclosed as contingent liabilities in accordance with HKAS 37, Provisions, contingent liabilities and contingent assets. No provisions were made in respect of these guarantees unless it was more likely than not that the guarantees would be called upon.

With effect from 1 May 2006, in order to comply with the amendments to HKAS 39 in respect of financial guarantee contracts, the Company has changed its accounting policy for financial guarantees issued. Under the new policy, financial guarantees issued are accounted for as financial liabilities under HKAS 39 and measured initially at fair value, where the fair value can be reliably measured. Subsequently, they are measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that should be recognised in accordance with HKAS 37.

The change in accounting policy has no material impact on the financial statements for the years presented.

POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 APRIL 2007

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 April 2007 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

		Effective for accounting periods beginning on or after
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
Amendments to HKAS 1	Presentation of financial statements: capital disclosures	1 January 2007

3. BUSINESS SEGMENTS

For management purposes, the Group is currently organised into three operating divisions — manufacturing and trading of electrical products, adaptors and transformers and other products.

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers during the year.

These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

	Electrical products		Adaptors and transformers		Other products		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover — external	**10,503**	12,149	**14,672**	12,544	**1,221**	8,968	**26,396**	33,661
Segment result	**(7,102)**	(5,958)	**(11,181)**	(5,581)	**(5,661)**	(10,155)	**(23,944)**	(21,694)
Unallocated corporate income							**551**	330
Unallocated corporate expenses							**(27,503)**	(25,731)
Loss from operations							**(50,896)**	(47,095)
Finance costs							**(3,776)**	(2,869)
Loss for the year							**(54,672)**	(49,964)
ASSETS								
Segment assets	**7,072**	10,367	**7,571**	10,259	**2,161**	10,471	**16,804**	31,097
Unallocated corporate assets							**5,382**	7,197
Consolidated total assets							**22,186**	38,294
LIABILITIES								
Segment liabilities	**8,756**	7,648	**10,814**	7,519	**999**	4,469	**20,569**	19,636
Unallocated corporate liabilities							**54,078**	16,689
Consolidated total liabilities							**74,647**	36,325

	Electrical products		Adaptors and transformers		Other products		Unallocated		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
OTHER INFORMATION										
Amortisation of deferred costs	**86**	167	**105**	178	**10**	106	**—**	—	**201**	451
Capital expenditure	**—**	—	**538**	1,142	**—**	560	**—**	1,434	**538**	3,136
Depreciation of property, plant and equipment	**1,089**	1,560	**1,206**	1,558	**269**	1,513	**—**	—	**2,564**	4,631
Loss on disposal of property, plant and equipment	**—**	—	**—**	—	**—**	—	**591**	—	**591**	—
Write down of inventories to net realisable value	**—**	—	**5,770**	759	**1,296**	2,159	**—**	—	**7,066**	2,918
Provision for impairment loss on trade receivable	**—**	—	**1,932**	299	**—**	105	**—**	—	**1,932**	404
Deferred cost written off	**—**	—	**—**	—	**—**	—	**24**	—	**24**	—
Gain on disposal of investment property	—	—	—	—	—	—	**—**	58	**—**	58

4. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
a) FINANCE COSTS:		
Interest on bank overdrafts	**640**	22
Interest on other borrowings wholly repayable within five years	**3,079**	2,792
Finance charges on obligations under finance leases	**57**	55
	3,776	2,869
b) STAFF COSTS:		
Staff costs, including directors' emoluments		
— Salaries and allowances	**20,534**	20,842
— Retirement benefits scheme contribution	**440**	432
	20,974	21,274
c) OTHER ITEMS:		
Auditors' remuneration	**453**	430
Cost of inventories sold	**28,474**	25,307
Depreciation		
— owned assets	**2,388**	4,379
— assets held under finance leases	**176**	252
Operating leases in respect of land and buildings	**6,423**	8,796
Less: Sub-letting income	**(420)**	(359)
	6,003	8,437
Amortisation of deferred costs	**201**	451
Provision for impairment loss on trade receivables	**1,932**	404
Loss on disposal of property, plant and equipment	**591**	—
Deferred cost written off	**24**	—

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

No provision for Hong Kong profits tax has been made in the financial statements as the Group does not have any assessable profits for the year (2006: Nil).

No provision for People's Republic of China (the "PRC") enterprise income tax has been made in the financial statements as the PRC subsidiary incurred a tax loss for the year (2006: Nil).

6. LOSS PER SHARE

a) BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the year of HK$54,672,000 (2006: HK$49,964,000) and the weighted average of 57,402,368 ordinary shares (2006: 43,216,030 ordinary shares) in issue during the year.

b) DILUTED LOSS PER SHARE

Diluted loss per share for the years ended 30 April 2007 and 2006 have not been disclosed as the potential ordinary shares outstanding during the year had an anti-dilutive effect on the basic loss for the year.

7. TRADE AND OTHER RECEIVABLES

		The Group	
		2007	2006
	Note	***HK$'000***	*HK$'000*
Trade receivables	*(a)*	**1,933**	5,333
Prepayments, deposits and other receivables		**3,178**	6,038
		5,111	11,371

(a) Included in trade and other receivables are trade receivables (net of impairment losses for bad and doubtful debts) with the following ageing analysis:

	The Group	
	2007	2006
	HK$'000	*HK$'000*
0 — 90 days	**1,456**	2,578
91 — 180 days	**69**	354
Over 180 days	**408**	2,401
	1,933	5,333

(b) The Group allows an average credit period of 0 day to 90 days to its trade customers.

8. TRADE AND OTHER PAYABLES

	Note	The Group 2007 HK$'000	2006 HK$'000
Trade payables	*(a)*	**6,781**	7,056
Bills payable, secured		**6,149**	570
Due to a related company	*(b)*	**1,006**	—
Other payables and accruals		**12,782**	12,010
		26,718	19,636

(a) Included in trade and other payables are trade payables with the following ageing analysis:

	The Group 2007 HK$'000	2006 HK$'000
0 — 90 days	**1,502**	3,834
91 — 180 days	**963**	549
Over 180 days	**4,316**	2,673
	6,781	7,056

(b) The balance is unsecured, interest free and repayable on demand.

9. EVENTS AFTER THE BALANCE SHEET DATE

The Company entered into the subscription agreement with Prime Sun Group Limited ("Prime Sun") and Grand Promise Enterprises Limited ("Grand Promise") on 20 April 2007 (as amended by a supplemental agreement dated 16 May 2007) pursuant to which Prime Sun has conditionally agreed to subscribe for 70,000,000 new shares at a price of HKD0.12 per share and Grand Promise has conditionally agreed to subscribe for the new convertible note in the principal amount of HKD51,600,000. The subscription agreement was completed subsequent to the balance sheet date on 17 July 2007 and the Group has raised HK$60,000,000 as a result of these subscriptions ("Subscriptions"). Both Prime Sun and Grand Promise were ultimately wholly and beneficially owned by Mr. Ko Chun Shun, Johnson, who then became an executive director of the Company. The detail of the Subscriptions and the terms of the convertible note were also set out in the Circular of the Company dated 21 June 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

During the year ended 30 April 2007, the shortage of labor supply in Pearl River region, gravely affected our production capacity and efficiency. We lost orders from certain major customers and this resulted in significant decrease in turnover to HK$26,396,000 (2006: HK$33,661,000) which represented a decrease of 22% as compared with last year. In addition, the continuous tense supply of copper caused tremendous pressure on turnover.

The prices of copper and fuel were persistently at high level led to the gross loss for the year at HK$23,859,000 (2006: HK$17,573,000) and the net loss for the year was escalated to HK$54,672,000 (2005: HK$49,964,000). The basic loss per share was HK$0.95 (2006: HK$1.16).

Final dividend

The Board does not recommend the payment of any dividend (2006 Nil).

Business review

The turnover for electrical products was HK$10,503,000 and represented a decrease of 14% in comparison with last year. The decrease was mainly due to the loss of orders from certain major customers resulting from loss of certain senior management of this segment.

The turnover for adaptors and transformers recorded HK$14,672,000 and represented an increase of 17% in comparison with last year. The increase was due to the effort of exploring the market niche and the successful introduction of new customers.

The other products consisted of manufacture and sale of plastics, moulding and electronic assembly services.

Prospects

Following the completion of the Subscriptions, the Group has introduced new management team to formulate new business strategy and direction. The new management team will review the existing operation and take appropriate steps to restructure the Group's operation to cope with the future challenge. To leverage on the experience and business connection of the new management team, the Group will seek for good business acquisition opportunities with high growth potential in order to broaden the Group's revenue base. The Group also has the need to raise more funding to strengthen the capital base for future acquisitions.

Liquidity and financial resources

The Group financed its operation with internally generated cash flow, banking facilities and loan facility from a major shareholder. As at 30 April 2007, the Group had current assets of approximately HK$15,668,000 (2006: HK$28,916,000) and current liabilities of approximately HK$72,238,000 (2006: HK$20,247,000). The Group's current ratio (current assets over current liabilities) dropped to 22% (2006: 143%) and the gearing ratio (total interest-bearing borrowings over shareholders' funds) was 8.76 times for year 2006.

The Group's transactions are mainly denominated in Hong Kong dollars and United States dollars. As Hong Kong dollars is pegged to United State dollars, the Group's exposure to exchange rate fluctuations is minimal.

Subsequent to the balance sheet date, the Group has raised HK$60,000,000 as a result of the subscriptions of 70,000,000 news shares at a price of HK$0.12 per share by Prime Sun Group Limited and new convertible note in the principal amount of HK$51,600,000 by Grand Promise Enterprises Limited.

Employees and remuneration policies

As at 30 April 2007, the Group employed approximately 450 employees and workers in both Hong Kong and Mainland China. Remuneration policies are reviewed regularly and maintained at competitive level with the market. In addition to basic salary, discretionary bonuses, mandatory provident fund, medical insurance scheme and share options may also be granted to eligible employees which are at the discretion of the Board and are based on the performance of the individual employee as well as the Group. Subsequent to the balance sheet date, the Group has taken measures to reduce the cost of labour by reducing number of employees and to enhance the work efficiency.

Contingent liabilities

The Company has given guarantees to a bank and a financial institution to secure facilities of HK$20,000,000 (2006: HK$815,000) granted to subsidiaries. Under the guarantees, the Company is liable for the borrowings and finance leases of the subsidiary from the bank and financial institution which are the beneficiaries of the guarantees.

At the balance sheet date, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees is the amount of the facilities drawn down by all the subsidiaries which are covered by the guarantees, being HK$6,149,000 (2006: HK$285,000).

The Company has not recognised any deferred income in respect of the guarantees as their fair value cannot be reliably measured and their transaction price is HK$Nil.

Subsequent to the balance sheet date, the Group has repaid all the outstanding bank loans and finance leases.

Scope of work of CCIF CPA Limited

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 April 2007 have been agreed by the Group's auditors, CCIF CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 April 2007. The work performed by CCIF CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCIF CPA Limited on the preliminary announcement.

Purchase, sale or redemption of the listed shares of the Company

During the year ended 30 April 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company.

Audit committee

With effect from today, the Board has appointed the three independent non-executive Directors namely, Mr. Yuen Kin, Mr. Tang Ho Sum and Mr. Liu Tsun Kin as members of Audit Committee and Mr. Yuen Kin has been appointed as chairman of the Committee. The Audit Committee has adopted the terms of references which are in line with the Code on Corporate Governance Practices. The Audit Committee has reviewed and discussed with the auditors the Group's annual results for the year ended 30 April 2007.

Compliance with the code on corporate governance practices

The Board has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 30 April 2007, save for the following deviation:

A.2.1: the roles of chairman and chief executive officer should be separated.

There is no separation of the role of Chairman ("Chairman") and chief executive officer ("CEO") as set out in the code provision A.2.1. Mr. Lo Wai Shing, Felix has assumed the role of both the Chairman and the CEO of the Company as the Company cannot identify any suitable candidate to be the CEO of the Company.

Model code for securities transactions by directors

The Company has adopted the Model Coded for Securities Transaction by Directors of Listed Issuers ("Model Code") set out in the Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the year.

Appreciation

The Board wishes to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group. We also thank our shareholders, customers and suppliers for their continuous support.

By order of the Board
Lo Wai Shing, Felix
Chairman

Hong Kong, 27 August 2007

As at the date hereof, the Board comprises:

Executive Directors
Mr. Lo Wai Shing, Felix
(Chairman and Managing Director)
Mr. Ko Chun Shun, Johnson
Mr. Wong Siu Kang
Mr. Lau Kevin

Independent non-executive Directors
Mr. Tang Ho Sum
Mr. Yuen Kin
Mr. Liu Tsun Kie