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 2010

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 2010 (the "Period").

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

		Six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Note	***RMB'000***	*RMB'000*
TURNOVER	*3*	**279,803**	157,752
COST OF SALES		**(238,280)**	(146,509)
GROSS PROFIT		**41,523**	11,243
Other revenue		**5,753**	2,825
Other net income		**114**	278
Valuation gain on investment property		**10,573**	–
Distribution costs		**(4,887)**	(3,228)
Administrative expenses		**(17,431)**	(14,072)
Other operating expenses		**–**	(499)
Profit/(loss) from operations		**35,645**	(3,453)
Finance costs	*4(a)*	**(2,826)**	(2,343)
Profit/(loss) before taxation	*4*	**32,819**	(5,796)
Income tax	*5*	**(1,114)**	(2,486)
Profit/(loss) for the period		**31,705**	(8,282)
Attributable to:			
Owners of the Company		**26,449**	(6,564)
Non-controlling interest		**5,256**	(1,718)
Profit/(loss) for the period		**31,705**	(8,282)
Earnings/(loss) per share	*7*		
Basic and diluted		**RMB4.59 cents**	(RMB1.14 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Profit/(loss) for the period	**31,705**	(8,282)
Other comprehensive (loss)/income for the period:		
Exchange differences on translation of financial statements to presentation currency	**(2,690)**	479
Total comprehensive income/(loss) for the period	**29,015**	(7,803)
Attributable to:		
Owners of the Company	**24,275**	(6,396)
Non-controlling interest	**4,740**	(1,407)
Total comprehensive income/(loss) for the period	**29,015**	(7,803)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	Note	At 30 June 2010 (Unaudited) RMB'000	At 31 December 2009 (Audited) RMB'000
Non-current assets			
Fixed assets			
– Other property, plant and equipment		**96,298**	103,773
– Investment property	*8*	**227,724**	220,867
		324,022	324,640
Prepaid lease payments		**9,439**	9,641
Available-for-sale financial assets		**18,970**	19,100
		352,431	353,381
Current assets			
Inventories		**74,881**	62,870
Trade and other receivables	*9*	**167,052**	175,355
Prepaid lease payments		**263**	266
Tax recoverable		**–**	8
Pledged bank deposits		**5,371**	5,404
Deposits with banks (maturity over 3 months)		**–**	1,707
Cash and cash equivalents		**133,374**	98,736
		380,941	344,346
Current liabilities			
Borrowings	*11*	**154,047**	155,646
Trade and other payables	*10*	**78,764**	53,038
Current taxation		**218**	–
		233,029	208,684
Net current assets		**147,912**	135,662
Total assets less current liabilities		**500,343**	489,043
Non-current liabilities			
Borrowings	*11*	**105,420**	123,772
Deferred tax liabilities		**7,696**	7,059
		113,116	130,831
NET ASSETS		**387,227**	358,212

	Note	At **30 June 2010** **(Unaudited)** ***RMB'000***	At 31 December 2009 (Audited) *RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**59,460**	59,460
Reserves		**260,325**	236,050
		319,785	295,510
Non-controlling interest		**67,442**	62,702
TOTAL EQUITY		**387,227**	358,212

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2010

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 26 August 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by Crowe Horwath (HK) CPA Limited ("CHHK") in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2009 that is included in the interim financial report as being previously reported information does not constitute the Group's annual financial statements prepared under HKFRSs for that financial year but is derived from those financial statements. The Group's annual financial statements for the year ended 31 December 2009 are available at the Company's registered office. The independent auditor has expressed an unqualified opinion on those financial statements in the audit report dated 23 April 2010.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Amendments to HKFRS 5, *Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary*
- Amendments to HKAS 39, *Financial instruments: Recognition and measurement – eligible hedged items*
- Improvements to HKFRSs (2009)
- HK(IFRIC) 17, *Distributions of non-cash assets to owners*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. These developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. On adoption of HKFRS 8, Operating Segments and in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Steel (Mainland China/Vietnam): given the importance of the steel division to the Group, the Group's steel business is segregated further into two reportable segments on a geographical basis, as the divisional managers for each of these regions report directly to the senior executive team. All two segments primarily derive their revenue from the manufacture and trading of steel pipes, steel sheets and other products made of steel. These products are manufactured in the Group's manufacturing facilities located primarily in Mainland China and Vietnam.

- Property investment: this segment leases office premises to generate rental income and to gain from the appreciation in the property's value in the long term. Currently the Group's investment property portfolio is located entirely in Taiwan.

- Investments: this segment invests in unlisted equity securities issued by private entities incorporated in Taiwan and Cayman Islands to generate dividend income and/or to gain from the appreciation in the investments' values in the long term.

- Aircraft: this segment leases aircrafts to generate rental income and provides consultancy services to the lessee to generate consultancy fee income. Currently, the operation of aircraft business is located entirely in Taiwan.

(a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed has been prepared in a manner consistent with the information used by the Group's chief operating decision maker for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of corporate assets. Segment liabilities include trade creditors, accruals and borrowings managed directly by the segments with the exception of corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of steel products, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment profit is "adjusted EBIT" i.e. "adjusted earnings before interest and taxes".

In addition to receiving segment information concerning adjusted EBIT, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

Information regarding to the Group's reportable segments or provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the periods is set out below:

Six months ended 30 June 2010

	Steel		Property			
	China	Vietnam	investment	Investments	Aircraft	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	254,167	17,713	3,909	–	4,014	279,803
Inter-segment sales	–	–	–	–	–	–
Reportable segment revenue	254,167	17,713	3,909	–	4,014	279,803
Reportable segment profit	19,933	3,172	13,804	780	2,122	39,811
Interest income	292	142	6	–	–	440
Interest expenses	981	253	1,496	–	–	2,730
Depreciation and amortisation	4,915	561	–	–	1,916	7,392
Net (gain)/loss on disposal of fixed assets	(231)	117	–	–	–	(114)
Reversal of write down of inventories	4,536	–	–	–	–	4,536
Reportable segment assets	369,987	44,247	232,823	19,783	19,607	686,447
Additions to non-current segment assets during the period	234	961	–	–	–	1,195
Reportable segment liabilities	135,563	16,843	165,794	–	–	318,200

Six months ended 30 June 2009

	Steel China	Steel Vietnam	Property investment	Investments	Aircraft	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	145,385	3,644	4,324	–	4,399	157,752
Inter-segment sales	–	–	–	–	–	–
Reportable segment revenue	145,385	3,644	4,324	–	4,399	157,752
Reportable segment profit/(loss)	(6,141)	(84)	3,490	10	2,925	200
Interest income	208	78	2	–	–	288
Interest expenses	1,075	4	1,133	–	–	2,212
Depreciation and amortisation	4,991	304	–	–	1,174	6,469
Net (gain)/loss on disposal of fixed assets	463	–	–	–	–	463
Reversal of write down of inventories	19,321	887	–	–	–	20,208
Reportable segment assets	301,545	27,335	218,456	21,427	24,094	592,857
Additions to non-current segment assets during the period	1,189	1,254	–	–	–	2,443
Reportable segment liabilities	89,961	938	139,813	–	–	230,712

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Revenue		
Total reportable segment revenues	**279,803**	157,752
Consolidated turnover	**279,803**	157,752
Profit or loss		
Total reportable segment profit	**39,811**	200
Reportable segment profit derived from Group's external customers	**39,811**	200
Interest income	**4**	10
Depreciation	**108**	–
Finance costs	**(2,826)**	(2,343)
Unallocated head office and corporate expenses	**(4,278)**	(3,663)
Consolidated profit/(loss) before taxation	**32,819**	(5,796)

	At 30 June 2010	At 31 December 2009
	RMB'000	*RMB'000*
Assets		
Total reportable segment assets	**686,447**	688,240
Unallocated head office and corporate assets	**46,925**	9,487
Consolidated total assets	**733,372**	697,727
Liabilities		
Total reportable segment liabilities	**318,200**	318,338
Unallocated head office and corporate liabilities	**27,945**	21,177
Consolidated total liabilities	**346,145**	339,515

(c) Geographic information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers is refers to the location at which the services were provided or the goods delivered. The Group's non-current assets include fixed assets and prepaid lease payments. The geographical location of fixed assets and prepaid lease payments is based on the physical location of the asset under consideration.

	Revenue from external customers Six months ended 30 June		Non-current assets	
	2010	2009	**At 30 June 2010**	At 31 December 2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong	**–**	–	**890**	1,009
Mainland China	**240,270**	145,086	**72,094**	76,856
Taiwan	**8,933**	8,735	**239,940**	235,082
Vietnam	**17,004**	3,185	**20,800**	21,600
Other countries	**13,596**	746	**–**	–
	279,803	157,752	**333,724**	334,547

(d) Information about major customers

For the period ended 30 June 2010, no single customer contributing 10% or more of the total sales of the Group.

For the period ended 30 June 2009, revenue from customer from sales of steel in China contributing 10% or more of the total sales of the Group is as follows:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Customer A	**–**	16,586

4. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank and other borrowings wholly repayable		
– within five years	**1,330**	1,210
– over five years	**1,496**	1,133
Total interest expense on financial liabilities not at fair value through profit or loss	**2,826**	2,343
(b) Staff costs		
Salaries, wages and other benefits	**8,548**	7,622
Contributions to defined contribution retirement plans	**718**	794
	9,266	8,416
(c) Other items		
Dividend income	**(717)**	–
Government subsidies	**(443)**	–
Auditor's remuneration – other services	**351**	115
Cost of inventories#	**238,280**	146,509
Depreciation for property, plant and equipment	**7,368**	6,358
Amortisation of prepaid lease payments	**132**	111
Net (gain)/loss on disposal of fixed assets	**(114)**	463
Operating lease charges: minimum lease payments	**391**	614
Interest income	**(444)**	(298)
Reversal of impairment loss on trade and other receivables	**–**	(55)
Reversal of write down of inventories	**(4,536)**	(20,208)
Gross rental income from investment property less direct outgoings of RMB658,000 (Six months ended 30 June 2009: RMB725,000)	**(3,251)**	(3,599)
Net foreign exchange loss	**5**	211

\# Cost of inventories includes (i) RMB7,852,000 (Six months ended 30 June 2009: RMB7,171,000) relating to staff costs, depreciation and operating lease charges and (ii) reversal of write down of inventories of RMB4,536,000 (Six months ended 30 June 2009: RMB20,208,000) for the six months ended 30 June 2010 which amount are also included in the respective total amounts disclosed separately above or in note 4(c) for each of these types of expenses.

5. INCOME TAX

Income tax in the consolidated income statement represents:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Current tax		
– Hong Kong	**–**	–
– PRC Enterprise Income Tax	**–**	–
– Other jurisdictions	**351**	157
	351	157
Under/(over) provision in respect of prior years		
– Hong Kong	**–**	–
– PRC Enterprise Income Tax	**–**	1,739
– Other jurisdictions	**–**	1
	–	1,740
Deferred tax		
– Current year	**2,147**	589
– Attributable to a change in tax rate	**(1,384)**	–
	763	589
Total	**1,114**	2,486

No Hong Kong Profits Tax has been provided for in the interim financial statements as the Group has no assessable profits for the period (Six months ended 30 June 2009: Nil).

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

6. INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2010 (Six months ended 30 June 2009: Nil).

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of RMB26,449,000 (Six months ended 30 June 2009: loss of RMB6,564,000) and the weighted average number of 576,000,000 ordinary shares (At 30 June 2009: 576,000,000 ordinary shares) in issue during the interim period.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is equal to basic earnings/(loss) per share as there were no dilutive ordinary shares outstanding for both periods presented.

8. INVESTMENT PROPERTY

The investment property of the Group carried at fair value of RMB227,724,000 (At 31 December 2009: RMB220,867,000) was revalued as at 30 June 2010 on an open market value basis calculated by reference to recent market transactions in comparable properties and to net rental income allowing for reversionary income potential. The valuations were carried out by an independent surveyor, Cushman & Wakefield Valuation Advisory Services (HK) Ltd., being a chartered valuation surveyor who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant location and category of property being valued.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Trade debtors and bills receivables	**155,993**	166,515
Less: allowance for doubtful debts	**(2,460)**	(2,460)
	153,533	164,055
Other receivables	**1,573**	785
Amount due from a related company	**7,337**	8,557
Loans and receivables	**162,443**	173,397
Prepayments and deposits	**4,609**	1,958
	167,052	175,355

Trade debtors and bills receivables are net of allowance for doubtful debts of RMB2,460,000 (At 31 December 2009: RMB2,460,000) with the following age analysis as of the end of the reporting period:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Current	**149,955**	164,055
1 to 3 months overdue	**3,578**	–
	153,533	164,055

Trade debtors are due within 30-180 days from the date of billing.

10. TRADE AND OTHER PAYABLES

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Trade payables	**18,537**	18,351
Other payables	**56,163**	21,395
Dividend payables	**560**	566
Amount due to directors	**1,148**	1,119
Amount due to ultimate holding company	**2,356**	11,607
Financial liabilities measured at amortised cost	**78,764**	53,038

The following is an age analysis of trade payables as at the end of the reporting period:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Current – 30 days	**17,388**	17,106
31 – 60 days	**877**	872
61 – 90 days	**–**	–
91 – 180 days	**15**	2
Over 180 days	**257**	371
	18,537	18,351

11. BORROWINGS

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Bank loans		
Secured *(note (a))*	**174,576**	183,558
Unsecured *(note (b))*	**75,534**	95,860
	250,110	279,418
Loan from ultimate holding company, unsecured *(note (c))*	**9,357**	–
	259,467	279,418

At 30 June 2010, the borrowings were repayable as follows:

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Within 1 year or on demand	**154,047**	155,646
After 1 year but within 2 years	**5,040**	19,206
After 2 years but within 5 years	**16,380**	16,645
After 5 years	**84,000**	87,921
	105,420	123,772
	259,467	279,418

Note:

(a) The secured bank borrowings comprise:

(i) approximately RMB124,320,000 (equivalent to approximately NTD592,000,000) (At 31 December 2009: approximately RMB128,894,000 (equivalent to approximately NTD604,000,000)) from a bank is bearing interest rate at 2.5% (At 31 December 2009: 2.5%) per annum and secured by an investment property with carrying amount of approximately RMB227,724,000 (At 31 December 2009: approximately RMB220,867,000) and a bank deposit with carrying amount of approximately RMB21,000 (equivalent to approximately NTD102,000) (At 31 December 2009: approximately RMBNil) and repayable by installments up to 18 June 2024. The loans are fully settled subsequent to the reporting period.

(ii) approximately RMB43,461,000 (equivalent to approximately USD6,400,000) (At 31 December 2009: approximately RMB47,798,000 (equivalent to approximately USD7,000,000)) from banks are bearing interest ranging from 2.13% to 2.38% (At 31 December 2009: 1.67% to 2.5%) per annum and repayable within one year and secured by guarantee given by the Company.

(iii) at 30 June 2010, approximately RMB6,795,000 (equivalent to approximately USD1,000,000) from a bank is bearing interest rate at 1.87% per annum and secured by a bank deposit with aggregate carrying amount of approximately RMB5,350,000 (equivalent to approximately USD787,000) and guarantee given by the Company and a subsidiary, and repayable on 26 August 2010.

at 31 December 2009, approximately RMB6,866,000 (equivalent to approximately USD1,000,000) from a bank was bearing interest rate at 1.96% per annum and secured by a bank deposit with aggregate carrying amount of approximately RMB5,404,000 (equivalent to approximately USD787,000) and guarantee given by the Company and certain subsidiaries, and fully settled during the six months ended 30 June 2010.

(b) The unsecured bank borrowings comprise:

(i) approximately RMB65,942,000 (equivalent to approximately USD9,710,000) (At 31 December 2009: approximately RMB90,444,000 (equivalent to approximately USD13,246,000)) from banks are unsecured, unguaranteed, bearing interest ranging from 1.34% to 2.74% (At 31 December 2009: 0.28% to 1.35%) per annum and repayable within one year.

(ii) at 30 June 2010, approximately RMB9,592,000 (equivalent to approximately VND595,068,000 and USD1,380,000) from a bank is unsecured, unguaranteed, bearing interest ranging from 3% to 12% per annum and repayable within one year.

at 31 December 2009, approximately RMB5,416,000 (equivalent to approximately VND14,647,884,000) from a bank was unsecured, unguaranteed and bearing interest ranging from 5.5% to 12% per annum. The loan was fully settled during the period ended 30 June 2010.

(c) The loan from ultimate holding company is unsecured, unguaranteed, bearing interest rate at 1.5% per annum and repayable on demand.

The loan is fully settled subsequent to the reporting period.

12. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2010 not provided for in the interim financial report are as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Contracted for		
– Acquisition of property, plant and equipment	**175**	3,722

(b) At 30 June 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Within 1 year	**192**	602
After 1 year but within 5 years	**39**	99
	231	701

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

(c) At 30 June 2010, the total future minimum lease receivables under non-cancellable operating leases in respect of aircrafts and investment property are as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Within 1 year	**14,758**	14,941
After 1 year but within 5 years	**9,433**	14,237
	24,191	29,178

13. PLEDGE OF ASSETS

At 30 June 2010, the following assets of the Group are pledged to banks for the banking facilities and loans granted to the Group:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Investment property *(note)*	**155,232**	157,745
Pledged bank deposits	**5,371**	5,404
	160,603	163,149

Note: The pledged amount of the investment property is limited to approximately RMB155,232,000 (equivalent to NTD739,200,000) (At 31 December 2009: approximately RMB157,745,000 (equivalent to NTD739,200,000)).

14. MATERIAL RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following material related party transactions which were carried out in the normal course of the Group's business:

(i) ROC Advance Limited ("ROC"), a wholly-owned subsidiary of the Company, entered into an aircraft lease agreement with Daily Air Corporation ("Daily Air"), a related company in which Mr. Huang Chun-fa, a non-executive director of the Company, has beneficial interest, regarding the leasing of four aircrafts and the provision of consultancy services by ROC to Daily Air for a term of three years commencing from 1 May 2006 to 30 April 2008 in consideration of rental income and consultancy fee income. On 6 May 2008, the lease agreement was further extended to 7 July 2011 with rental income and consultancy fee income remain unchanged. At the end of the reporting period, RMB7,337,000 (At 31 December 2009: RMB8,557,000) is due from this related company (note 9). The amounts of transactions during the period are disclosed in (iii) below.

(ii) On 13 April 2007, Guangzhou Mayer Corporation Limited ("Guangzhou Mayer"), a 81.4% indirectly owned subsidiary of the Company, entered into the Raw Material Purchase Agreement with Mayer Steel Pipe Corporation ("Taiwan Mayer"), the ultimate holding company, for the acquisition of raw materials from Taiwan Mayer for the period commencing from 1 April 2007 to 31 March 2010. The directors of the Company expect that the maximum amount of raw material purchase for the three years ended 31 March 2010 will be in the amounts of USD3,900,000 (equivalent to approximately RMB30,100,000), USD4,300,000 (equivalent to approximately RMB33,200,000) and USD4,700,000 (equivalent to approximately RMB36,300,000), respectively.

Further on 22 May 2009, Guangzhou Mayer entered into a revised Raw Material Purchase Agreement with Taiwan Mayer for the period commencing from 1 July 2009 to 31 December 2011. The directors of the Company expect that the maximum amount of raw material purchase for the six months ended 31 December 2009 will be in the amount of USD1,560,000 (equivalent to approximately RMB10,723,000) and the two years ending 31 December 2011 will be in the amounts of approximately USD2,340,000 (equivalent to approximately RMB16,080,000) and USD2,340,000 (equivalent to approximately RMB16,080,000), respectively.

On the same date, Guangzhou Mayer entered into a Finished Goods Sales Agreement with Taiwan Mayer for the sales of finished goods to Taiwan Mayer for the period commencing from 1 July 2009 to 31 December 2011. The directors of the Company expect that the maximum amount of finished goods sales for the six months ended 31 December 2009 will be in the amount of USD1,837,000 (equivalent to approximately RMB12,626,000) and the two years ending 31 December 2011 will be in the amounts of approximately USD3,675,000 (equivalent to approximately RMB25,261,000) and USD5,512,000 (equivalent to approximately RMB37,878,000), respectively. The amounts of transactions during the period are disclosed in (iii) below.

(iii) In addition to the transactions and balances disclosed elsewhere in the interim financial report, the Group also entered into the following material related party transactions during the period:

Name of related party	Nature of relationship	Nature of transaction	*Note*	**Amount paid to/(received from) the related parties Six months ended 30 June 2010** *RMB'000*	2009 *RMB'000*
Lo Haw and his spouse	Family member of director of the Company	Rental paid	(i)	**60**	60
Daily Air	Common director	Rental income	(ii)	**(4,014)**	(4,018)
		Consultancy fee income	(ii)	**(183)**	(172)
		Consumable stock sales	(ii)	**–**	(381)
Taiwan Mayer	Ultimate holding company	Rental paid	(i)	**12**	–
		Sales	(ii)	**(1,010)**	–

Notes:

(i) The rental which was paid for premises owned by Mr. Lo Haw and his spouse and Taiwan Mayer were determined with reference to the prevailing market rental.

(ii) Mutually agreed by the parties concerned.

(iv) Amount due from/(to) related parties:

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Amount due from a related company *(note 9)*	**7,337**	8,557
Amount due to directors *(note 10)*	**(1,148)**	(1,119)
Amount due to ultimate holding company *(note 10)*	**(2,356)**	(11,607)
Loan from ultimate holding company *(note 11)*	**(9,357)**	–

(b) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	1,738	1,716
Retirement scheme contributions	8	8
	1,746	1,724

Total remuneration is included in "staff costs" (see note 4(b)).

15. EVENTS AFTER THE REPORTING PERIOD

Other than those disclosed elsewhere in the interim financial report, the Group has the following significant events after the end of the reporting period that need to be disclosed:

(a) On 12 May 2010, Mei Kong Shih Ye Limited ("Mei Kong"), a subsidiary of the Group engaged in property investment, entered into a conditional sale and purchase agreement with China Life Insurance Co., Ltd. (the "Purchaser") to dispose the investment property located in Taiwan at a total consideration of approximately RMB258,300,000 (equivalent to NTD1,230,000,000). Pursuant to the terms of the agreement, Mei Kong warrants the Purchaser that within three years commencing from the day after the point of delivery date, the minimum annual rental to be generated from the property shall be NTD56,100,000 (equivalent to approximately RMB11,781,000) (the "Guarantee Income") and if the actual rental income is less than the Guarantee Income, Mei Kong shall compensate the difference to the Purchaser.

The disposal constituted, under the Listing Rules, a very substantial disposal of the Company, the details of which were set out in the announcement and the circular issued by the Company on 19 May 2010 and 21 June 2010 respectively. The disposal had been approved in the extraordinary general meeting of the independent shareholders held on 7 July 2010. The disposal is completed on 15 July 2010 after the processing of relevant transfer and registration procedures by the Group and the consideration has been received in full by the Group by 15 July 2010.

(b) On 12 July 2010, the Company entered into the Warrant Subscription Agreement with Valley Park Global Corporation (the "Subscriber"), a company incorporated in the British Virgin Islands with limited liability and an independent third party to the Group. Pursuant to the Warrant Subscription Agreement, the Company has agreed to issue and the Subscriber has agreed to subscribe 115,200,000 non-listed warrants, each of which carries the right to subscribe for one new ordinary share of the Company of HK$0.10 at the warrant exercise price of HK$0.54 (subject to adjustment upon occurrence of any of the adjustment events in accordance with the Warrant Subscription Agreement), at an aggregate consideration of HK$1,152,000 (equivalent to approximately RMB1,004,000), which will be satisfied in cash at completion of the warrant subscription. The subscription rights attaching to the warrants may be exercised at any time during a period of 12 months commencing from the date immediately after the date of issue of the warrants on 12 July 2010.

(c) On 13 August 2010, Sunbeam Group Limited ("Sunbeam"), a directly wholly-owned subsidiary of the Company, entered into a disposal agreement with Taiwan Mayer, the ultimate holding company, pursuant to which Sunbeam has conditionally agreed to sell and Taiwan Mayer has conditionally agreed to purchase the entire shares of Mei Kong, at a consideration of approximately NTD260,474,000 (equivalent to approximately RMB54,700,000) in cash.

    The disposal constituted, under the Listing Rules, a very substantial disposal and connected transaction of the Company, the details of which were set out in the announcement issued by the Company on 18 August 2010. The disposal has not completed up to 26 August 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

For the six months ended 30 June 2010, the Group reported consolidated turnover of RMB279,803,000, representing an increase of 77.4% compared to the same period last year's RMB157,752,000. Gross profit margin was 14.84% compared to the same period last year's 7.13%. Net profit attributable to owners of the Company was RMB26,449,000, compared with the same period last year's net loss attributable to owners of the Company of RMB6,564,000. Earnings per share for the Period was RMB4.59 cents versus the same period last year's loss per share of RMB1.14 cents.

Business Review

The national economy of the PRC is continually impacted by the economic recovery, yet the oversupply problem in the steel product market remained acute due to the overcapacity in the industry. The increase in market demand and overall prices of steel products has been raised in the first half of 2010, easing operating pressure to the steel business segment. From January to June, management took measures under the steel business segment and immediately enhanced efficiency and adjusted its marketing strategy for the purpose of leveraging on the price surge opportunities.

The Group's steel business segment has recorded a reportable segment profit of RMB23,105,000 for the period. During the Period, the Group sold approximately 58,909 tonnes of steel products, representing 46% increase from approximately 40,221 tonnes for the same period last year. The average selling price of the Group's steel products during the Period increased by approximately 25% compared with that for the same period last year.

The Group's property investment business segment in Taiwan has recorded a reportable segment profit of RMB13,804,000 for the Period. The Group's investment property was valued as at 30 June 2010 by an independent property valuer, Cushman & Wakefield Valuation Advisory Services (HK) Ltd. The valuation gain of RMB10,573,000 has been recognised in the income statement.

As at 30 June 2010, the property is approximately 70% rented out and given the current market condition of Taiwan, the Group is satisfied with 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 RMB179,473,000, representing an increase of approximately 49.5% compared with approximately RMB120,024,000 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 and Vietnam during the Period was approximately RMB77,801,000, representing an increase of approximately 168% compared with approximately RMB29,005,000 for the same period last year.

The revenue from direct export sales of steel products outside the PRC and Vietnam during the Period was approximately RMB14,606,000, representing an increase of 100% while it was RMB Nil for the same period last year.

Rental income and sales of parts from aircrafts leasing during the Period was approximately RMB4,014,000 of which creates a stable stream of income for the Group.

Gross Profit

The Group recorded a gross profit of approximately RMB41,523,000 for the Period, with a gross profit margin of approximately 14.84%, compared with the gross profit of approximately RMB11,243,000 and gross profit margin of approximately 7.13% for the same period last year.

Operating Expenses

The total operating expenses of the Group for the Period were approximately RMB22,318,000 of which approximately RMB4,887,000 in distribution costs, RMB17,431,000 in administrative expenses and RMB Nil in other operating expenses, accounting for approximately 1.75%, 6.23% and Nil of turnover, respectively, while the amounts for the same period last year were approximately RMB3,228,000, RMB14,072,000 and RMB499,000 respectively, accounting for approximately 2.05%, 8.92% and 0.32%, respectively.

Finance Costs

During the Period, the Group incurred RMB2,826,000 in finance costs, compared to same period last year of RMB2,343,000. 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 2010, the Group had bank deposits and cash balances of approximately RMB138,745,000, of which bank deposits of approximately RMB5,371,000 were pledged to secure financing facilities granted to the Group.

The Group had net current assets of approximately RMB147,912,000 as at 30 June 2010 as compared with RMB135,662,000 as at 31 December 2009. The current ratio (current assets divided by current liabilities) changed to approximately 1.63 as of 30 June 2010 from 1.65 as at 31 December 2009. 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 RMB200,610,000 financing facilities from banks were available, of which approximately RMB174,661,000, mainly denominated in US 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 borrowings less cash and bank deposits. Total capital is calculated as shareholders' funds (i.e. total equity attributable to owners of the Company) plus net debt.

The gearing ratio as of 30 June 2010 was approximately 27% while it was 37% as of 31 December 2009.

Cash Flow

For the Period, the Group generated net cash inflow of RMB53,200,000 from its operating activities, as compared to net cash inflow of approximately RMB67,310,000 in the same period last year.

Net cash inflow of approximately RMB2,215,000 was from investing activities for the Period. Net cash outflow of approximately RMB20,245,000 was from financing activities.

Bank deposits and cash balances (including pledged bank deposits of approximately RMB5,371,000) as at 30 June 2010 amounted to approximately RMB138,745,000, 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 Renminbi, US dollars, HK dollars and 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 Group Assets

As at 30 June 2010, investment property of the Group with carrying amount of approximately RMB227,724,000 of which pledged amount was limited to RMB155,232,000 and bank deposits of approximately RMB5,371,000 were pledged to banks for securing banking and other financing facilities granted to the Group. These financing facilities had been utilised to the extent of approximately RMB131,115,000 at the end of the reporting period.

Contingent Liabilities

As at 30 June 2010, the Group had no significant contingent liabilities. As at 30 June 2010, the Company had provided corporate guarantee of RMB33,955,000 in favour of bank for financing facilities granted to subsidiary. These financing facilities had been utilised to the extent of approximately RMB33,955,000 as at 30 June 2010.

Employment, Training and Development

As at 30 June 2010, the Group had a total of 280 employees. Total staff costs for the Period were approximately RMB9,266,000, including retirement benefits cost of approximately RMB718,000. 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 2010, the imbalance between demand and supply in the steel sector will continue and the prices of steel products will still remain at a relatively unstable in moderate terms. Along with the global market is likely to be continually affected by the major financial risks in some nations during the recovery process. We expect that the pressure on operating costs, oil prices and interest rate will continue create a negative impact on the sustained recovery of economy and the increasingly intense market competition will present more challenges to the Group's operation.

With the PRC fiscal and monetary policies continue to relay and roll out to help balancing the demand and supply of the domestic market, we are confident that the recovery will pick up again. The Group's management is confident that the Group will fully capitalise its extensive experience in cost management and achieve greater cost effectiveness, increased output of high value-added products and welcome to every investment opportunity around the world 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.

INTERIM DIVIDENDS

No dividend was paid during the period of six months ended 30 June 2010. 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 four 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 2010 has been reviewed by the Audit Committee. At the request of the directors, the interim financial statements have also been reviewed by our auditor, Crowe Horwath (HK) CPA Limited, in accordance with Hong Kong Standard on 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 and two executive directors (Mr. Lai Yueh-hsing 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 and two executive directors (Mr. Lai Yueh-hsing 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 Period, except for the code provisions (i) A.2.1 whereas there is no separation of the role of Chairman and Chief Executive Officer. Mr. Hsiao Ming-chih 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.

BOARD COMPOSITION

As at the date of this announcement, the executive directors of the Company are Mr. Hsiao Ming-chih, Mr. Lai Yueh-hsing, Mr. Lo Haw, Mr. Cheng Dar-terng, Mr. Chiang Jen-chin, Mr. Lu Wen-yi and Mr. Cheng Koon Cheung; the non-executive directors of the Company are Mr. Huang Chun-fa and Mr. Chan Kin Sang; and the independent non-executive directors of the Company are Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang, Mr. Alvin Chiu and Mr. Peter V.T. Nguyen respectively .

By Order of the Board
Hsiao Ming-chih
Chairman

Hong Kong, 26 August 2010

* *For identification purposes only*