美亞控股有限公司*
MAYER HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1116)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the "**Board**") of Mayer Holdings Limited (the "**Company**") is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2021 (the "**Period**") together with the comparative figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**345,275**	238,837
Cost of sales		**(294,561)**	(200,686)
Gross profit		**50,714**	38,151
Interest revenue		**337**	178
Other income		**5,606**	4,303
Other net gain		**959**	226
Distribution costs		**(19,843)**	(9,412)
Administrative expenses		**(25,764)**	(19,962)
Other operating expenses		**(15)**	(38)
Profit from operations		**11,994**	13,446
Share of loss of a joint venture		**–**	(400)
Share of loss of an associate		**(77)**	(365)
Finance costs		**(7,399)**	(7,323)
Profit before tax		**4,518**	5,358
Income tax expense	*5*	**(3,659)**	(1,859)
Profit for the period	*6*	**859**	3,499
Profit for the period attributable to:			
Owners of the Company		**(897)**	1,884
Non-controlling interests		**1,756**	1,615
		859	3,499
(Loss)/earnings per share	*7*		
Basic and diluted *(RMB cents)*		**(0.04)**	0.09

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**859**	3,499
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**2,298**	(7,839)
Items that will not be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(3,740)**	6,502
Other comprehensive loss for the period, net of tax	**(1,442)**	(1,337)
Total comprehensive (loss)/income for the period	**(583)**	2,162
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	**(2,339)**	547
Non-controlling interests	**1,756**	1,615
	(583)	2,162

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*9*	**51,213**	47,482
Right-of-use assets		**6,938**	7,820
Interest in joint ventures		**–**	–
Interest in an associate		**209,258**	209,335
		267,409	264,637
Current assets			
Inventories		**107,311**	87,635
Trade and other receivables	*10*	**462,827**	384,721
Financial assets at fair value through profit or loss		**1,238**	19
Cash and cash equivalents		**18,835**	37,575
		590,211	509,950
Current liabilities			
Trade and other payables	*11*	**143,813**	98,749
Current tax payables		**13,407**	11,315
Lease liabilities		**1,346**	1,536
Borrowings		**75,000**	40,000
Promissory notes	*12*	**131,098**	127,003
		364,664	278,603
Net current assets		**225,547**	231,347
Total assets less current liabilities		**492,956**	495,984

	At 30 June 2021 *RMB'000* (Unaudited)	At 31 December 2020 *RMB'000* (Audited)
Non-current liabilities		
Lease liabilities	**300**	885
	300	885
NET ASSETS	**492,656**	495,099
Capital and reserves		
Share capital	**391,760**	391,760
Reserves	**40,931**	43,270
Equity attributable to owners of the Company	**432,691**	435,030
Non-controlling interests	**59,965**	60,069
TOTAL EQUITY	**492,656**	495,099

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting period beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information (the "**Interim Financial Statements**") have been prepared in accordance with HKAS 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020 ("**2020 Annual Report**").

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the 2020 Annual Report.

3. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Board of Directors of the Company, being the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment. The Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Steel – PRC: this segment primarily derive its revenue from the manufacture and trading of steel pipes, steel sheets and other steel products. These products are manufactured in the Group's manufacturing facilities located in the PRC.

– Service – PRC: this segment primarily derive its revenue from urban renewal projects planning and consulting in Zhuhai City of Guangdong Province of the PRC.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, 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 all liabilities including trade and other payables 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. The accounting policies of the reportable segments are the same as the Group's accounting policies. The measure used for reporting segment profit is "EBIT" i.e. "earnings before interest and taxes".

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

	Urban renewal projects planning and consulting	**Sales of steel pipes, steel sheets and other steel products**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Period ended 30 June 2021 (Unaudited)			
Revenue from external customers	**–**	**345,275**	**345,275**
Segment profit/(loss)	**(2,088)**	**19,752**	**17,664**
At 30 June 2021 (Unaudited)			
Segment assets	**346,054**	**486,267**	**832,321**
Segment liabilities	**21,333**	**194,291**	**215,624**

	Urban renewal projects planning and consulting	Sales of steel pipes, steel sheets and other steel products	Total
	RMB'000	*RMB'000*	*RMB'000*
Period ended 30 June 2020 (Unaudited)			
Revenue from external customers	11,201	227,636	238,837
Segment profit	5,869	12,264	18,133
At 31 December 2020 (Audited)			
Segment assets	348,829	406,974	755,803
Segment liabilities	19,633	113,442	133,075

Reconciliations of reportable segment profit or loss:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue:		
Total revenue of reportable segments and consolidated revenue	**345,275**	238,837
Profit or loss:		
Total profit of reportable segments	**17,664**	18,133
Corporate and unallocated profit or loss	**(16,805)**	(14,634)
Consolidated profit for the period	**859**	3,499

	At 30 June 2021	At 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Assets:		
Total assets of reportable segments	**832,321**	755,803
Corporate and unallocated assets	**25,299**	18,784
Consolidated total assets	**857,620**	774,587
Liabilities:		
Total liabilities of reportable segments	**215,624**	133,075
Corporate and unallocated liabilities	**149,340**	146,413
Consolidated total liabilities	**364,964**	279,488

Geographical information:

Since the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical information is disclosed.

Revenue from major customers:

No customers individually contributed more than 10% of the total consolidated revenue of the Group for the period ended 30 June 2021 and 2020.

4. REVENUE

The Group's revenue represents the aggregate of sales value of goods supplied and services provided to customers less goods returned, trade discounts and sales tax. An analysis of the Group's revenue for the period are as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of steel pipes, steel sheets and other steel products	**345,275**	227,636
Urban renewal projects planning and consulting	**–**	11,201
	345,275	238,837

Disaggregation of revenue from contracts with customers:

	Six months ended 30 June			
	2021		2020	
Segments	**Steel – PRC**	**Service – PRC**	Steel – PRC	Service – PRC
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
Sales of steel pipes, steel sheets and other steel products:				
– Domestic sales	**294,730**	**–**	181,724	–
– Indirect export sales	**35,987**	**–**	31,942	–
– Direct export sales	**14,558**	**–**	13,970	–
Urban renewal projects planning and consulting:				
– Consulting services	**–**	**–**	–	11,201
	345,275	**–**	227,636	11,201
Timing of recognition of revenue from contracts with customers:				
At a point in time	**345,275**	**–**	227,636	–
Over time	**–**	**–**	–	11,201
	345,275	**–**	227,636	11,201

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
PRC corporation income tax	**3,659**	1,859

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the period ended 30 June 2021. No provision for Hong Kong Profits Tax has been made for the period as the Group did not generate any assessable profits arising in Hong Kong.

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are liable to PRC Corporate Income Tax at a rate of 25% during the period.

During the period, Guangzhou Mayer is accredited as a High and New Tech Enterprise. As being a High and New Tech Enterprise, it was entitled to a reduced corporate income tax rate of 15% for the period.

6. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**294,561**	200,686
Depreciation of property, plant and equipment	**2,650**	1,675
Depreciation of right-of-use assets	**876**	921
Net exchange loss/(gain)	**245**	(531)
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**18,592**	19,308
– Retirement benefits scheme contributions	**2,944**	1,069
	21,536	20,377

7. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earning per share is based on the loss attributable to owners of the Company of approximately RMB897,000 (2020: profit of RMB1,884,000) and the weighted average number of 2,158,000,000 ordinary shares (2020: 2,158,000,000 ordinary shares) in issue during the six months ended 30 June 2021.

Diluted (loss)/earnings per share

Diluted earnings per share is equal to basic earnings per share as there are no potential ordinary shares outstanding for the six months ended 30 June 2021 and 2020.

8. INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, property, plant and equipment of approximately RMB6,174,000 was acquired by the Group (six months ended 30 June 2020: approximately RMB3,445,000).

10. TRADE AND OTHER RECEIVABLES

The trade and other receivables included trade receivables of approximately RMB267,687,000 as at 30 June 2021. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	At 30 June 2021 *RMB'000* **(Unaudited)**	At 31 December 2020 *RMB'000* (Audited)
0 to 30 days	**101,014**	104,402
31 to 60 days	**54,262**	46,642
61 to 90 days	**51,146**	32,743
91 to 180 days	**44,055**	23,616
Over 181 days	**17,210**	7,781
	267,687	215,184

11. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables of approximately RMB63,978,000 as at 30 June 2021. The aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

	At 30 June 2021 *RMB'000* **(Unaudited)**	At 31 December 2020 *RMB'000* (Audited)
0 to 30 days	**19,257**	18,927
31 to 60 days	**9,055**	3,134
61 to 90 days	**2,915**	264
91 to 180 days	**9,181**	6,299
181 to 365 days	**13,781**	2,369
Over 365 days	**9,789**	7,196
	63,978	38,189

12. PROMISSORY NOTES

Upon the completion date of the acquisition of Happy (Hong Kong) New City Group Limited on 26 November 2019, the Company issued Promissory Notes ("**PN**") to a company owned by a substantial shareholder of the Company with a principal amount of HK$158,000,000 as a part of the settlement of the consideration. The PN are interest bearing at 3% p.a. payable semi-annually and the maturity date is in 2 years from the date of issue.

13. COMMITMENTS

The Group has no significant capital commitments outstanding at 30 June 2021 and 31 December 2020.

14. CONTINGENT LIABILITIES

Writs of summons against the Company

On 29 March 2012, writs of summons were issued by Capital Wealth Finance Company Limited and Capital Wealth Corporation Limited against the Company to claim the sum of HK$15,500,000 plus relevant legal costs incurred/to be incurred. The Company intends to contest the claim. In the Directors' opinion, the ultimate liability, if any, will not have a material impact on the Group's financial position.

On 14 April 2021, the two plaintiffs alleged that the Company is indebted to them pursuant to the convertible notes and a promissory note issued in May 2011, the Company will strenuously defend the Claims in compliance the applicable laws and regulations. In the Directors' opinion, the ultimate liability, if any, will not have a material impact on the Group's financial position.

15. RELATED PARTY TRANSACTIONS

a. In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the period:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PN interest to a substantial shareholder	**5,659**	6,165

b. Remuneration for key management personnel of the Group, including amounts paid to the Company's Directors is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefit	**2,405**	1,860
Retirement scheme contribution	**20**	8
	2,425	1,868

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

For the six months ended 30 June 2021 (the "**Period**"), the Group reported consolidated revenue of approximately RMB345,275,000 representing an increase of 44.6% compared to same period of last year's RMB238,837,000. Gross profit margin was 14.7% compared to the same period of last year's 16.0%. The Group recorded profit for the Period of approximately RMB859,000, compared to the same period of last year RMB3,499,000. Loss attributable to owners of the Company for the Period was approximately RMB897,000, compared with same period of last year's profit attributable to owners RMB1,884,000. Loss per share for the Period was RMB0.04 cents versus same period of last year's earnings per share RMB0.09 cents.

Guangzhou Mayer Corporation Limited ("**Guangzhou Mayer**"), the core subsidiary of the Group in the steel business, recorded approximately RMB19,208,000 profit before tax for the Period, representing an increase of 83.9% compared to the same period of last year's approximately RMB10,442,000.

BUSINESS REVIEW

Steel Pipes, Steel Sheets and Other Steel Products

As the COVID-19 pandemic continues to wreak havoc around the world in the first half of 2021, the government of China adjusted its economic policies to adopt the "Dual Circulation" economic development strategy and give the Chinese economy growth momentum notwithstanding a general decline in the world economy. Under the circumstances, Guangzhou Mayer seized development opportunities in a timely manner under the leadership of its operations management team by duly understanding the national development strategy, surmounting all difficulties, re-positioning its segments and taking advantage of the current trends. Tremendous effort has been put into, among other things, production, operation, market expansion and technological innovation. As a result, Guangzhou Mayer has not only achieved all its major economic goals during the Period, but also obtained a number of accolades such as the certificates for Recommended Products of Green & Energy-Saving, China Construction Projects Recommended, High and New Tech Enterprises Recognition and Enterprise Credit Evaluation Credit Grade AAA Enterprise.

As to market expansion, Guangzhou Mayer grasped the opportunities brought by the adjustment in the national development strategy and carefully analysed and identified suitable markets during the Period. It motivated its sales personnel, improved their consciousness on services, adopted online marketing and developed domestic valued clients. In respect of production and operation management, it made the effort to enhance, among other things, the technological level of its production equipment, production efficiency, product quality and cost control, thereby attaining a higher profit from steel products for the first half of the year as compared with the corresponding period last year. In terms of product sales, sales revenue for the Period was approximately RMB345,275,000, representing an increase of 51.7% as compared with the corresponding period of 2020. In particular, sales revenue from carbon steel products and stainless steel products were approximately RMB280,000,000 and RMB65,000,000, respectively, representing increases of 52.8% and 49.2%, respectively, as compared with the corresponding period of 2020.

In respect of operations management, an online marketing model for all sales personnel was implemented for them to surmount the inconvenience brought by the fight against the pandemic by carrying out their work to develop new clients and retain existing ones through the Internet. The management model of knowledge and skills framework ("**KSF**") comprehensive performance-based appraisal and a points-based system were fully implemented in order to motivate the staff and improve their work efficiency. A mentorship scheme and a skills competition were held to enhance the staff's production skills, reduce production costs and thus effectively boost the Group's profit.

As to technological innovation, the applications for 9 patents have been submitted and were accepted. Meanwhile, additional efforts were put into upgrading and replacing production equipment in order to enhance production efficiency and capacity. A number of new intelligent automatic equipment were developed by collaborating with the Guangdong University of Technology and intelligent manufacturing enterprises in order to maintain the Company's leading position in the industry in terms of production technology. The Group also proactively participated in several construction and water supply associations in China in order to stay abreast with latest market development, actively participate in the formulation and improvement of domestic industrial standards and regulations, and highlight its leading position in the industry.

Urban Renewal Projects Planning and Consulting

As at 30 June 2021, the Group had several urban renewal planning and consulting service projects in progress. Located in Zhuhai, these projects had an estimated site area of approximately 480 mu in total (subject to final approval by the government) within their redevelopment zones. The land survey of a project known as the old village redevelopment project of Yuetang Village* (月堂村) located in Sanzao Town, Jinwan District, Zhuhai (the "**Yuetang Village Redevelopment Project**") was completed. The proposal of the redevelopment units was produced, pending review and approval by the relevant government authorities.

The Group will conduct its urban renewal projects planning and consulting services for the redevelopment of old towns, factories and villages ("**Three olds**") in a market-oriented manner. Respective preliminary service agreements have been signed. However, the progress of these projects has been inevitably affected by the intermittent COVID-19 outbreaks since the beginning of 2020.

During the Period, the Group's urban renewal projects planning and consulting services did not record any revenue (corresponding period of 2020: RMB11,201,000). Zhuhai has witnessed satisfactory progress and results since it proactively embarked on the "Three olds" redevelopment in 2012. Therefore, persons in charge of the Group's project companies believe that participating in the "Three olds" redevelopment projects by way of consulting service could be one of the Group's business strategies. With extensive knowledge of the real estate markets in the Greater Bay Area and Zhuhai, the project companies of the Group have conducted in-depth researches in their subject land lots. With such knowledge and research, the Group will select and develop more land lots with strategic value in these regions while actively identifying more projects with demand for consulting services as well as expanding the Group's business in these markets. The Group also continues coordinating and facilitating project co-ordination, reporting and development while closely following up the promulgation of rules and measures in relation to the "Three olds" redevelopment policy so as to expedite the application, approval and other preliminary internal and external procedures of its projects.

FINANCIAL REVIEW

Production and Sales of Steel Products

In disaggregation of revenue from contracts with customers, the revenue from domestic sales of steel products in the PRC during the Period was approximately RMB294,730,000, representing an increase of approximately 62.2% compared with the same period of last year's approximately RMB181,724,000. The revenue from indirect export sales of steel products in the PRC during the Period was approximately RMB35,987,000 representing an increase of approximately 12.7% compared with approximately RMB31,942,000 for the same period of last year. The revenue from direct export sales of steel products outside the PRC during the Period was approximately RMB14,558,000 representing an increase of approximately 4.2% while it was approximately RMB13,970,000 for the same period of last year.

Urban Renewal Project Planning and Consulting

During the Period, no revenue was recorded from this segment (2020: RMB11,201,000). Recognition of revenue in this segment mainly depends on the progress of the redevelopment projects accordingly.

Gross Profit

The Group recorded a gross profit of approximately RMB50,714,000 for the Period, with a gross profit margin of approximately 14.7%, compared with the gross profit of approximately RMB38,151,000 and a gross profit margin of approximately 16.0% for the same period of last year. The slight decrease in gross profit margin was mainly attributable to the volume increase in domestic sales of steel pipe, steel sheets and other steel products which with a lower profit margin.

Operating Expenses

The total operating expenses of the Group for the Period were approximately RMB45,622,000 of which approximately RMB19,843,000 was distribution costs, approximately RMB25,764,000 was administrative expenses and approximately RMB15,000 was other operating expenses, while the amounts for the same period of last year were approximately RMB9,412,000 and RMB19,962,000 and RMB38,000 respectively.

Finance Costs

During the Period, the Group incurred finance costs of approximately RMB7,399,000 (2020: RMB7,323,000), of which the interest for a promissory note issued in an acquisition completed in 2019, amounted to approximately RMB5,659,000 (2020: RMB6,165,000).

CAPITAL STRUCTURE, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 June 2021, the authorised share capital of the Company was approximately RMB724,843,000 (HK$800,000,000) divided into 4,000,000,000 Shares and the issued share capital of the Company was approximately RMB391,760,000 (HK$431,600,000) divided into 2,158,000,000 Shares. As at the date of this announcement, the share capital of the Company comprises ordinary Shares only.

The Group continues to adhere to prudent treasury policies. The Group continued to insure against major 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 net current assets of approximately RMB225,547,000 as at 30 June 2021 as compared with RMB231,347,000 as at 31 December 2020. The current ratio (current assets divided by current liabilities) changed to approximately 1.6 times as at 30 June 2021 from 1.8 times as at 31 December 2020.

As at 30 June 2021, the Group had a balance of approximately RMB75,000,000 borrowings from bank to finance the Group's working capital and capital expenditures (31 December 2020: from bank RMB40,000,000).

During the Period, the Group recorded net cash outflow of RMB42,165,000 from its operating activities, mainly due to the increase in trade and other receivables. Net cash outflow of approximately RMB5,827,000 was from investing activities for the Period, mainly resulted from purchases of property, plant and equipment. Net cash inflow of approximately RMB32,541,000 was from financing activities, mainly resulted from new borrowings. Cash and cash equivalents as at 30 June 2021 amounted to approximately RMB18,835,000, mainly denominated in Renminbi and HK dollars (31 December 2020: RMB37,575,000).

The debt-to-equity ratio (total liabilities divided by share capital) as at 30 June 2021 was approximately 93.2% while it was 71.3% as at 31 December 2020. Current portion of borrowings accounted for approximately 8.7% and 5.2% of the total assets of the Group as at 30 June 2021 and 31 December 2020, respectively.

Update on the use of proceeds from Open Offer

On 20 July 2018, the Company entered into underwriting agreements in relation to the underwriting and certain other arrangements in respect of the open offer on the basis of four offer shares for every one share in issue and held on 26 October 2018, being the record date, at the subscription price of HK$0.2 each (the "**Open Offer**"). The Open Offer was completed on 19 November 2018 and totally 1,398,400,000 offer shares were issued. The net proceeds of the Open Offer amounted to approximately RMB243,873,000 (HK$274,894,000) (equivalent to a net price of approximately HK$0.2 per offer share). Details of the Open Offer were set out in the Company's announcements dated 16 January 2018, 20 July 2018, 18 September 2018 and 19 November 2018, the Company's circular dated 21 September 2018 and the Company's prospectus dated 29 October 2018.

During the year of 2020, the Company re-allocated partial of the unused proceeds of capital expenditure in the amount of approximately RMB43,000,000 (equivalent to approximately HK$50,955,000 based on the exchange rate of RMB1 = HK$1.185) to general working capital, to support the daily business of the Group. Detail of the change of use of proceeds were set out in the Company's announcement dated 21 December 2020 and 20 January 2021.

As at 30 June 2021, approximately RMB43,396,000 (HK$48,761,000) was used for settling legal, consulting and professional fees and other costs and expenses arising from trading resumption of the Shares, approximately RMB57,024,000 (HK$64,074,000) was used for repayment of outstanding loans, approximately RMB4,713,000 (HK$5,296,000) was used for settling directors' remuneration, approximately RMB35,223,000 (HK$42,353,000) was used for capital expenditure, approximately RMB83,919,000 (HK$100,645,000) was used for the general working capital of the Group and the remaining balance of approximately RMB11,448,000 (HK$13,765,000) remained unutilized, which is expected to be utilized mainly in the year of 2022.

FOREIGN EXCHANGE EXPOSURES

As most of the Group's monetary assets and liabilities are denominated in RMB, US dollars and HK dollars and those currencies remained relatively stable during the Period, the Group was not exposed to any significant foreign exchange risk. In general, it is the Group's policy for each operating entity to borrow in local currencies, where necessary, to minimize currency risk.

CHARGE ON GROUP ASSETS

As at 30 June 2021, no assets were pledged to banks for securing banking or other financing facilities granted to the Group.

CONTINGENT LIABILITIES

Writs of summons against the Company

On 29 March 2012, writs of summons were issued by Capital Wealth Finance Company Limited and Capital Wealth Corporation Limited against the Company to claim the sum of HK$15,500,000 plus relevant legal costs incurred/to be incurred. The Company intends to contest the claim. In the Directors' opinion, the ultimate liability, if any, will not have a material impact on the Group's financial position.

Claims against the Company

On 14 April 2021, the Company received two writs of summons under action number HCA 548 of 2020 and HCA 213 of 2021 issued in the High Court of Hong Kong Special Administrative Region by the solicitors acting for plaintiffs against the Company (as defendant). The plaintiffs alleged that the Company is indebted to them pursuant to convertible notes (principal amount HK$90,000,000 in aggregate) and a promissory note (principal amount HK$300,000,000) issued in May 2011 by the Company ("**Claims**").

After seeking professional advice from the legal advisor, and to the best of the knowledge, information and belief of the Directors having made all reasonable enquires, the board of Directors believes that the claimants are attempting to cause harm to the interests of the Company through the use of legal proceedings. Accordingly, the Company will strenuously defend the Claims in compliance the applicable laws and regulations, reserve the right to counterclaim against the claimants, and use its best endeavours to safeguard the overall interests of the shareholders of the Company. In the Directors' opinion, the Claims, if any, will not have a material impact on the Group's financial position. Details of which were set out in the announcements of the Company dated 14 April 2021 and 6 May 2021.

LEGAL CASES UPDATE

Claim Disputes in Shenzhen

Reference is made to the Company's announcements dated 13 October 2017, 5 October 2018, 20 November 2018, 27 November 2018 and 19 March 2020 and circular dated 23 August 2019, Guangzhou Mayer had provided investments in aggregate amounted to RMB50 million, doubtfully, to three investment companies by former management of Guangzhou Mayer. The current management of Guangzhou Mayer considers these investments as deceitful acts committed by the former management of Guangzhou Mayer and the three investment companies, and so proper legal actions have been conducted by Guangzhou Mayer for recovering these investments, including filing claim petitions to the People's Court of Qianhai Cooperation District, Shenzhen, Guangdong Province* ("**Court of Qianhai**")* and reporting to the relevant police department in the PRC. In October 2018, the People's Court of Futian District of Shenzhen City* ("**Futian District Court**") taken up the mentioned petitions from the Court of Qianhai and had heard on 20 November 2018. The Futian District Court made decisions that two defendants shall repay in total RMB30 millions plus interest for the period of possession of the fund to Guangzhou Mayer. Auditors of the Company expressed their qualified opinion on the issue in the financial statement for the year ended 31 December 2018 with full impairment made in the same year.

Guangzhou Mayer is considering to apply a civil lawsuit against the ultimate beneficial owner of two defendants, as Guangzhou Mayer has received notices from Futian District Court that the two defendants did not have any executable assets for legal enforcement procedure to settle the claims according to such court decisions.

Further announcement will be made to update on the progress of the matter as and when appropriate.

Updates on Market Misconduct Tribunal's Determination

By a notice dated 4 March 2016, the Company was notified by the Securities and Futures Commission (the "**SFC**") that it has commenced proceedings in the Market Misconduct Tribunal (the "**MMT**") against (i) the Company for failing to disclose price sensitive information as soon as reasonably practicable; and (ii) certain former senior officers of the Company for their reckless or negligent conduct causing the alleged breach by the Company of the provisions of the statutory corporate disclosure regime. Hearings were held on 1 November 2016 (on liability) and 15 March 2017 (on sanctions) (the "**MMT Proceedings**"). The MMT issued two reports on 7 February 2017 and 5 April 2017 respectively ("**MMT's Determination**"), which (i) found that the Company and each of those former senior officers (together, the "**Specified Persons**") were in breach of the disclosure requirements; and (ii) imposed sanctions on each of the Specified Persons. Details of MMT's Proceedings are set out in the Company's announcements dated 14 March 2016, 8 February 2017 and 6 April 2017.

Following an appeal against the MMT's Determination, the Court of Appeal on 5 June 2020 handed down its judgment which set aside the determination of liability against the Specified Persons, including the Company. However, the Court ordered the case to be remitted to the MMT to consider the limited issue of whether the subject information would be likely to materially affect the price taking into account the post-suspension events.

The remitted hearing before MMT was originally scheduled to be heard in August 2021 but has been adjourned to dates to be fixed by the MMT. The Company will keep the shareholders of the Company and potential investors informed of any further material developments in connection with the above proceedings.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 30 June 2021, the Group had total of around 357 employees. Total staff costs for the Period were approximately RMB21,536,000, including retirement benefits cost of approximately RMB2,944,000. Remuneration packages of the Group are maintained at a competitive level to attract, retain and motive employees and are reviewed on a periodic basis. The Group always maintains good relation with its employees and is committed to employee training and development on a regular basis to maintain the quality of our products. The Company adopted a new share option scheme on 31 May 2019. No share option has been granted yet as at the date of this announcement.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2021 and did not have any significant investments held as at 30 June 2021.

PROSPECTS

Under the impact of the pandemic, even China has put strong and great efforts to fight against the pandemic, the global environment still remains complex and severe. Whilst China's economy continues its steady recovery, the external uncertainties will pose challenges for the country's economic recovery. In this situation, China adopts a new development pattern known as "Dual Circulation", which takes the domestic market as the mainstay while letting domestic and foreign markets boost each other, expect it will boost economy relying on domestic demand while "developing collaborative, mutually beneficial and win-win relationship with other countries" amid rising protectionism and risks of global supply chain disruption.

By following the central government of China's development policies, directions and pattern, the Group is prudently optimistic that, particularly Guangzhou Mayer's management, could surmount all difficulties, realise sustainable development and make precise efforts to ensure the implementation of annual indicators.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee comprises three independent non-executive Directors of the Company; namely, Mr. Lau Kwok Hung (who is also the chairman of the Audit Committee), Mr. Cheung, Eddie Ho Kuen, and Dr. Li Yutong. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim result for the six months ended 30 June 2021 and is of the opinion that such results complied with the applicable accounting standards and the requirements under the Listing Rules, and that adequate disclosures have been made.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules during the Period except the following:

The code provision	Reason for the non-compliance and improvement actions took or to be taken
A.1.8	As it took time for the Company to solicit a suitable insurer with an insurance plan at reasonable commercial terms and conditions, the Company did not arrange appropriate insurance cover in respect of legal action against its Directors for the Period.
A.2.1	The Company has not appointed a chief executive officer as role and functions of chief executive officer have been performed by all the executive Directors collectively. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives effectively and efficiently in response to the changing environment. The Board will continuously assess whether any changes are necessary.
A.5.1	Mr. Cheng Yuk Ping ("**Mr. Cheng**"), the then Chairman, an executive Director and the then chairman of the nomination committee of the Board (the "**Nomination Committee**"), passed away on 28 February 2021. On 2 March 2021, Mr. Xu Lidi, who was an executive Director, has been appointed as the chairman of the Nomination Committee, which deviated from code provision A.5.1 (requires the Nomination Committee to be chaired by the chairman of the Board or an independent non-executive director). Thereafter, on 12 March 2021, Mr. Xu Lidi was appointed as the Chairman and the Company has fulfilled the code provision A.5.1 of the CG Code.

Save as the aforesaid and in the opinion of the Directors, the Company has met all code provisions as set out in the CG Code during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding the Directors' securities transactions. All Directors have confirmed that, following specific enquiries made by the Company, they have complied with the required standards set out in the Model Code for the six months ended 30 June 2021.

INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the period of six months ended 30 June 2021. No dividend was paid during the Period.

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.

PUBLICATION OF THE 2021 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's interim report and this interim results announcement for the six months ended 30 June 2021 will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.mayer.com.hk in due course.

By order of the Board
Mayer Holdings Limited
Xu Lidi
Chairman and Executive Director

Hong Kong, 30 August 2021

As at the date hereof, the Board comprises four executive Directors, namely, Mr. Xu Lidi, Mr. Lee Kwok Leung, Mr. Zhou Shi Hao and Mr. Chen Zhirui; one non-executive Director, namely, Mr. Wang Dongqi; and three independent non-executive Directors, namely, Mr. Lau Kwok Hung, Mr. Cheung, Eddie Ho Kuen and Dr. Li Yutong.

* *For identification purpose only*