

**MAYER HOLDINGS LTD:
STANDING IN GOOD STEAD FOR CHINA'S
CONTINUED ECONOMIC GROWTH**

While the debt load of Mayer Holdings Ltd (Code: 1116, Main Board, The Stock Exchange of Hongkong Ltd) appeared to be high, relative to the Turnover of the Company, as at December 31, 2003, actually it was quite manageable because of the way in which the debt was structured, plus, of course, the fact that the interest factor on the 187.48-million renminbi borrowings was based on LIBOR (London Interbank Offer Rate) plus a premium, ranging of between 0.40 percent and 2.25 percent.

If LIBOR were to go too high, logic dictates that Management of Mayer Holdings would restructure its borrowings from short-term to long-term.

It was a clever way to manage the Company's bridge-financing requirements.

Not that there is much that was novel about this modus operandi, but it does appear to this medium that Management of Mayer Holdings is far from being stupid.

Mayer Holdings went public on The Stock Exchange of Hongkong Ltd on June 10, 2004, when it Placed 90 million, 10-cent Shares at a Premium of 45 cents per Share and, at the same time, it Offered another tranche of 10 million Shares on the same basis as the Placed Shares.

The flotation was a success, with the over-subscription rate, being about 10.40 times.

This Company is owned as to 75 percent by the publicly listed company, Mayer Steel Pipe Corporation, whose shares have been listed on The Taiwan Stock Exchange Corporation since 1993.

Its business is described on Page 47 of its Placing/Offer Prospectus as follows (**TARGET** has omitted certain descriptions from the Prospectus's for the sake of brevity):

'The Group is principally engaged in the processing and the manufacturing of steel sheets and steel pipes, which are generally used in the manufacturing of 3C (Computer, Consumer Electronics and Communication) products, sports equipment as well as spare parts of household appliances and motor vehicle. Major steel sheets and pipes produced by the Group can be classified into the following categories:

Hot rolled steel sheets

Cold rolled steel sheets

Electrolytic zinc-coated steel sheets

Stainless steel sheets'

Hot rolled steel tubes

Cold rolled steel tubes

Stainless steel tubes

According to the Prospectus, the biggest cash-cow for Mayer Holdings are sales of electrolytic zinc-coated steel sheets, which are used in the manufacture of computer peripherals, structural materials of motor vehicles and home appliances.

In the 2003 Financial Year, ended December 31, 2003, about 38 percent of all sales was in electrolytic zinc-coated steel sheets.

Mayer Holdings was founded on November 23, 1995, with the establishment of Guangzhou Mayer Corporation Ltd in the People's Republic of China (PRC). (Page 42 of the Prospectus)

Guangzhou Mayer Corporation Ltd was a wholly owed subsidiary of Mayer Steel Pipe Corporation with a Registered Share Capital of \$US14 million.

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