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**美亞控股有限公司\***  
**MAYER HOLDINGS LIMITED**

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

**FINAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

The board of directors of Mayer Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2009.

**CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 December 2009*

	<i>Note</i>	<b>2009</b> <b>RMB'000</b>	2008 <b>RMB'000</b>
Turnover	4	<b>435,585</b>	667,193
Cost of sales		<b>(385,416)</b>	(603,338)
Gross profit		<b>50,169</b>	63,855
Other revenue	6	<b>6,830</b>	14,183
Other net income	6	<b>55</b>	2,838
Valuation gain on investment property		–	36,655
Distribution costs		<b>(7,738)</b>	(9,155)
Administrative expenses		<b>(37,773)</b>	(44,408)
Other operating expenses		<b>(3,286)</b>	(18,273)
Profit from operations		<b>8,257</b>	45,695
Finance costs	7(a)	<b>(4,913)</b>	(19,388)
Profit before taxation	7	<b>3,344</b>	26,307
Income tax	8	<b>(2,073)</b>	(15,759)
Profit for the year		<b>1,271</b>	10,548
<b>Attributable to:</b>			
Owners of the Company		<b>(510)</b>	7,222
Minority interest		<b>1,781</b>	3,326
<b>Profit for the year</b>		<b>1,271</b>	10,548
<b>(Loss)/earnings per share</b>			
Basic and diluted	10	<b>(RMB0.09 cents)</b>	RMB1.25 cents

\* For identification purpose only

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	<i>Note</i>	<b>2009</b> <b>RMB'000</b>	2008 <i>RMB'000</i>
<b>Profit for the year</b>		<b>1,271</b>	10,548
<b>Other comprehensive income/(loss) for the year:</b>			
Exchange differences on translation of financial statements to presentation currency		<u>527</u>	<u>(11,706)</u>
<b>Total comprehensive income/(loss) for the year</b>		<b><u>1,798</u></b>	<b><u>(1,158)</u></b>
<b>Attributable to:</b>			
Owners of the Company		<b>881</b>	(2,841)
Minority interest		<b>917</b>	1,683
		<b><u>1,798</u></b>	<b><u>(1,158)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	<i>Note</i>	<b>2009</b> <i>RMB'000</i>	2008 <i>RMB'000</i>
<b>Non-current assets</b>			
Fixed assets			
– Other property, plant and equipment		<b>103,773</b>	113,759
– Investment property	5	<b>220,867</b>	215,589
		<b>324,640</b>	329,348
Prepaid lease payments		<b>9,641</b>	7,972
Available-for-sale financial assets		<b>19,100</b>	21,371
		<b>353,381</b>	358,691
<b>Current assets</b>			
Inventories		<b>62,870</b>	89,975
Trade and other receivables	11	<b>175,355</b>	126,199
Prepaid lease payments		<b>266</b>	222
Tax recoverable		<b>8</b>	3,905
Pledged bank deposits		<b>5,404</b>	5,578
Deposits with banks (maturity over 3 months)		<b>1,707</b>	980
Cash and cash equivalents		<b>98,736</b>	78,393
		<b>344,346</b>	305,252
<b>Current liabilities</b>			
Bank borrowings		<b>155,646</b>	139,458
Trade and other payables	12	<b>53,038</b>	53,217
		<b>208,684</b>	192,675
<b>Net current assets</b>		<b>135,662</b>	112,577
<b>Total assets less current liabilities</b>		<b>489,043</b>	471,268
<b>Non-current liabilities</b>			
Bank borrowings		<b>123,772</b>	104,683
Deferred tax liabilities		<b>7,059</b>	7,964
		<b>130,831</b>	112,647
<b>NET ASSETS</b>		<b>358,212</b>	358,621
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>59,460</b>	59,460
Reserves		<b>236,050</b>	237,376
		<b>295,510</b>	296,836
<b>Minority interest</b>		<b>62,702</b>	61,785
<b>TOTAL EQUITY</b>		<b>358,212</b>	358,621

## **NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31 December 2009*

### **1. GENERAL INFORMATION**

Mayer Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands and its registered office is PO Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The Company and its subsidiaries (together the “Group”) are principally engaged in manufacturing and trading of steel pipes, steel sheets and other products made of steel, property investment and leasing of aircrafts.

The Company has its primary listing on Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

### **2. SIGNIFICANT ACCOUNTING POLICIES**

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

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “functional currency”). The functional currencies of the Company and its major subsidiaries are Hong Kong dollars and Renminbi (“RMB”) respectively. The consolidated financial statements are presented in thousands of units of Renminbi (“RMB’000”), unless otherwise stated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investment property is stated at its fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. The following note provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

The Group has adopted the following new and revised Standards, Amendments and Interpretations (“new and revised HKFRSs”) that are first effective for the current accounting period.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 which is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The amendments to HKAS 23 and HKFRS 2 have had no material impact on the Group’s financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group’s chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group’s financial statements into segments based on related products and

services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's chief operating decision maker, and has resulted in additional reportable segments being identified and presented (see note 3). Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (Revised 2007), details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.
- As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.
- The "Improvements to HKFRSs (2008)" comprise a number of amendments to a range of HKFRSs. Of these, the following amendments have resulted in changes to the Group's accounting policies:
  - As a result of amendments to HKAS 40, Investment property, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. As the Group does not currently have any investment property under construction, this change in policy has no impact on net assets or profit or loss for any of the periods presented.
  - The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the

investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

Up to the date of issue of the financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2009.

The Group has not early applied any of the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>6</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>4</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters <sup>3</sup>
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions <sup>3</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>7</sup>
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>6</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>5</sup>

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

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2010.

<sup>4</sup> Effective for annual periods beginning on or after 1 February 2010.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2010.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. In addition, under HKFRS 9, changes in fair value of equity investments are generally recognised in other comprehensive income, with only dividend income recognised in profit or loss. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the leasee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land at revalued amount.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

### **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 first-time 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 leasee 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 bank 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 years is set out below.

	Year ended 31 December 2009					Total RMB'000
	Steel		Property		Aircraft	
	China RMB'000	Vietnam RMB'000	investment RMB'000	Investments RMB'000		
Revenue from external customers	402,760	15,632	8,330	-	8,863	435,585
Inter-segment sales	-	-	-	-	-	-
Reportable segment revenue	<u>402,760</u>	<u>15,632</u>	<u>8,330</u>	<u>-</u>	<u>8,863</u>	<u>435,585</u>
Reportable segment profit/(loss)	<u>10,267</u>	<u>1,064</u>	<u>7,297</u>	<u>(2,270)</u>	<u>2,890</u>	<u>19,248</u>
Interest income	420	146	11	-	-	577
Interest expenses	1,846	81	2,779	-	-	4,706
Depreciation and amortisation	9,963	865	-	-	3,169	13,997
Impairment loss on trade and other receivables	1,116	-	-	-	-	1,116
Impairment loss on available-for-sale financial assets	-	-	-	2,288	-	2,288
Write down of inventories	-	421	-	-	-	421
Reversal of write down of inventories	28,977	1,344	-	-	-	30,321
Reportable segment assets	384,701	36,688	223,084	19,136	24,631	688,240
Additions to non-current segment assets during the year	1,527	5,368	-	-	-	6,895
Reportable segment liabilities	169,437	9,554	138,604	-	743	318,338

	Year ended 31 December 2008					Total RMB'000
	Steel		Property		Aircraft RMB'000	
	China RMB'000	Vietnam RMB'000	investment RMB'000	Investments RMB'000		
Revenue from external customers	629,903	22,317	3,977	–	9,344	665,541
Inter-segment sales	287	–	–	–	–	287
Reportable segment revenue	<u>630,190</u>	<u>22,317</u>	<u>3,977</u>	<u>–</u>	<u>9,344</u>	<u>665,828</u>
Reportable segment profit/(loss)	<u>32,390</u>	<u>2,740</u>	<u>38,498</u>	<u>(16,122)</u>	<u>6,243</u>	<u>63,749</u>
Interest income	3,710	407	4	35	1	4,157
Interest expenses	14,432	–	3,931	–	–	18,363
Depreciation and amortisation	10,067	561	–	–	2,276	12,904
Impairment loss on available-for-sale financial assets	–	–	–	13,956	–	13,956
Write down of inventories	33,836	985	–	–	–	34,821
Net realised loss on disposal of trading securities	–	–	–	2,256	–	2,256
Valuation gain on investment property	–	–	36,655	–	–	36,655
Net loss on derivative financial instrument	386	–	–	–	–	386
Reportable segment assets	365,124	22,289	220,052	21,391	25,053	653,909
Additions to non-current segment assets during the year	3,844	9,114	194,604	–	–	207,562
Reportable segment liabilities	141,344	363	129,118	–	–	270,825

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

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
<b>Revenue</b>		
Total reportable segment revenues	435,585	665,828
Elimination of inter-segment revenue	–	(287)
Unallocated head office and corporate revenue	–	1,652
	<u>435,585</u>	<u>667,193</u>
<b>Profit or loss</b>		
Total reportable segment profit	19,248	63,749
	<u>19,248</u>	<u>63,749</u>
Reportable segment profit derived from		
Group's external customers	19,248	63,749
Interest income	13	356
Depreciation	(83)	(2)
Finance costs	(4,913)	(19,388)
Unallocated head office and corporate expenses	(10,921)	(18,408)
	<u>3,344</u>	<u>26,307</u>
Consolidated profit before taxation	3,344	26,307
	<u>3,344</u>	<u>26,307</u>
<b>Assets</b>		
Total reportable segment assets	688,240	653,909
Unallocated head office and corporate assets	9,487	10,034
	<u>697,727</u>	<u>663,943</u>
Consolidated total assets	697,727	663,943
	<u>697,727</u>	<u>663,943</u>
<b>Liabilities</b>		
Total reportable segment liabilities	318,338	270,825
Unallocated head office and corporate liabilities	21,177	34,497
	<u>339,515</u>	<u>305,322</u>
Consolidated total liabilities	339,515	305,322
	<u>339,515</u>	<u>305,322</u>

(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.

	Revenues from external customers		Non-current assets	
	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Hong Kong	–	–	<b>1,009</b>	2
Mainland China	<b>400,254</b>	629,904	<b>76,856</b>	86,215
Taiwan	<b>18,870</b>	13,320	<b>235,082</b>	232,960
Vietnam	<b>14,566</b>	22,317	<b>21,600</b>	18,365
Other countries	<b>1,895</b>	–	–	–
	<b>435,585</b>	665,541	<b>334,547</b>	337,542

(d) **Information about major customers**

For the years ended 31 December 2009 and 2008, no single customer contributing 10% or more of the total sales of the Group.

**4. TURNOVER**

Turnover represents the sales value of goods supplied to customers and rental income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Sales of goods:		
– steel	<b>418,392</b>	652,220
– others	<b>830</b>	2,825
Gross rentals from leasing of aircrafts	<b>8,033</b>	8,171
Gross rentals from investment property	<b>8,330</b>	3,977
	<b>435,585</b>	667,193

## 5. INVESTMENT PROPERTY

The investment property of the Group carried at fair value was revalued as at 31 December 2009 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 firm of surveyors, 泛亞不動產估價師事務所, being a member of the Republic of China Association of Real Estate Appraisers who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant location and category of property being valued.

## 6. OTHER REVENUE AND OTHER NET INCOME

	<b>2009</b> <i>RMB'000</i>	2008 <i>RMB'000</i>
<b>Other revenue</b>		
Interest income on bank deposits	<u>590</u>	<u>4,513</u>
Total interest income on financial assets not at fair value through profit or loss	<b>590</b>	4,513
Consultancy fee income	<b>356</b>	437
Commission income	<b>1</b>	–
Government subsidy	<b>661</b>	–
Dividend income from listed securities	–	56
Sales of scrap materials	<b>4,384</b>	6,902
Sundry income	<b>838</b>	2,275
	<u><b>6,830</b></u>	<u>14,183</u>
<b>Other net income</b>		
Net foreign exchange gain	–	2,766
Net gain on disposal of fixed assets	–	72
Reversal of impairment loss on trade and other receivables	<b>55</b>	–
	<u><b>55</b></u>	<u>2,838</u>
	<u><b>6,885</b></u>	<u>17,021</u>

## 7. PROFIT BEFORE TAXATION

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

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
<b>(a) Finance costs</b>		
Interest on bank borrowings wholly repayable		
– within five years	2,353	15,457
– over five years	2,560	3,931
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	<b>4,913</b>	19,388
	<hr/> <hr/>	<hr/> <hr/>
<b>(b) Staff costs</b>		
Contributions to defined contribution retirement plans	2,371	1,854
Salaries, wages and other benefits	16,503	23,332
	<hr/>	<hr/>
	<b>18,874</b>	25,186
	<hr/> <hr/>	<hr/> <hr/>
<b>(c) Other items</b>		
Auditor's remuneration		
– audit services	660	477
– other services	290	134
Cost of inventories <sup>#</sup>	385,416	603,338
Depreciation for property, plant and equipment	13,814	12,684
Amortisation of prepaid lease payments	266	222
Operating leases charges:		
– minimum lease payments	990	1,351
Impairment loss on trade and other receivables	1,116	667
Impairment loss on available-for-sale financial assets	2,288	13,956
Gross rental income from investment property less direct outgoings of RMB1,321,000 (2008: RMB2,072,000)	(7,009)	(1,905)
Write down of inventories	421	34,821
Reversal of write down of inventories	(30,321)	–
Net foreign exchange loss/(gain)	311	(2,766)
Net loss/(gain) on disposal of fixed assets	918	(72)
Net realised loss on disposal of trading securities	–	2,256
Net loss on derivative financial instrument	–	386
	<hr/> <hr/>	<hr/> <hr/>

<sup>#</sup> Cost of inventories includes (i) RMB15,689,000 (2008: RMB52,627,000) relating to staff costs, depreciation, operating lease charges and write down of inventories and (ii) reversal of write down of inventories of RMB30,321,000 (2008: RMBNil) for the year ended 31 December 2009 which amount are also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

## 8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Income tax in the consolidated income statement represents:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
<b>Current tax</b>		
– Hong Kong	–	–
– PRC Enterprise Income Tax	–	6,989
– Other jurisdictions	315	323
	<u>315</u>	<u>7,312</u>
<b>Under/(over) provision in respect of prior years</b>		
– Hong Kong	–	–
– PRC Enterprise Income Tax	1,980	–
– Other jurisdictions	–	13
– Withholding tax	844	–
	<u>2,824</u>	<u>13</u>
<b>Deferred tax</b>		
– Current year	–	8,434
– Attributable to a change in tax rate	(1,066)	–
	<u>(1,066)</u>	<u>8,434</u>
<b>Total</b>	<u><u>2,073</u></u>	<u><u>15,759</u></u>

- (i) On 26 June 2008, Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/09. No Hong Kong Profits Tax has been provided for in the financial statements as the Group has no assessable profits for the year (2008: Nil).
- (ii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Enterprise Income Tax Law of the PRC (the "New Tax Law"), which became effective on 1 January 2008. According to the New Tax Law, from 1 January 2008, the standard enterprise income tax rate for enterprises in the PRC was reduced from 33% to 25%. Further, the State Council released the Implementation Rules to the Enterprise Income Tax Law on 6 December 2007 and the Notice on the Implementation Rules of the Grandfathering Relief under the Enterprise Income Tax Law (Guo Fa [2007] No. 39) on 26 December 2007 (collectively, the "Implementation Rules").



Under the New Tax Law and the Implementation Rules, an entity established before 16 March 2007 that was entitled to preferential tax treatment prior to promulgation of the New Tax Law is subject to transitional tax rates commencing in 2008 (“Transitional Tax Rate”) before the new enterprise income tax rate of 25% applies. The Transitional Tax Rate of Guangzhou Mayer Corporation Limited (“Guangzhou Mayer”) is 18%, 20%, 22% and 24% in 2008, 2009, 2010 and 2011 onwards respectively. From 2012 and onwards, Guangzhou Mayer will be subject to income tax rate of 25%.

- (iii) Vietnam Mayer Company Limited (“Vietnam Mayer”) is entitled to a tax concession period in which it is fully exempted from Vietnam income tax for 3 years starting from its first profit-making year (after net off accumulated tax losses), followed by a 50% reduction in the Vietnam income tax for the next 7 years. The first profit making year of Vietnam Mayer is 2008. Accordingly, no provision for Vietnam income tax has been made as Vietnam Mayer is exempted from Vietnam income tax in 2008 and 2009.
- (iv) Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.
- (v) Pursuant to the new PRC Corporate Income Tax Law which took effect from 1 January 2008, a 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors.

On 22 February 2008, Caishui (2008) No.1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax laws and regulations are exempted from the withholding tax.

As at 31 December 2009, deferred tax liabilities of RMBNil (2008: RMBNil) have been recognised in respect of the tax that would be payable on the distribution of the retained profits of the Group’s PRC subsidiary.

Deferred tax liabilities of RMB654,000 have not been recognised, as the Company controls the dividend policy of the subsidiary and it has been determined that it is probable that certain of the profits earned by the Group’s PRC subsidiary for the year from 1 January 2009 to 31 December 2009 will not be distributed in the foreseeable future.

## 9. DIVIDENDS

The directors do not propose the payment of any dividend for the year ended 31 December 2009 (2008: RMBNIL).

## 10. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of RMB510,000 (2008: profit of RMB7,222,000) and the weighted average number of 576,000,000 ordinary shares (2008: 576,000,000 ordinary shares) in issue during the year.

### (b) Diluted (loss)/earnings per share

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

## 11. TRADE AND OTHER RECEIVABLES

	<b>2009</b> <i>RMB'000</i>	2008 <i>RMB'000</i>
Trade debtors and bills receivables	<b>166,515</b>	118,448
Less: allowance for doubtful debts	<b>(2,460)</b>	(1,525)
	<b>164,055</b>	116,923
Other receivables	<b>785</b>	957
Less: allowance for doubtful debts	<b>–</b>	(62)
	<b>785</b>	895
Amount due from a director	<b>–</b>	17
Amount due from a related company	<b>8,557</b>	7,025
	<b>173,397</b>	124,860
Loans and receivables	<b>1,958</b>	1,339
Prepayments and deposits	<b>1,958</b>	1,339
	<b>175,355</b>	126,199

All of the trade and other receivables (including amounts due from a director and a related company) are expected to be recovered within one year.

Trade debtors and bills receivables are net of allowance for doubtful debts of RMB2,460,000 (2008: RMB1,525,000) with the following age analysis as of the end of the reporting period:

	<b>2009</b> <i>RMB'000</i>	2008 <i>RMB'000</i>
Current	<b>164,055</b>	115,121
1 to 3 months overdue	–	1,802
	<u>164,055</u>	<u>116,923</u>
	<b><u>164,055</u></b>	<b><u>116,923</u></b>

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

## 12. TRADE AND OTHER PAYABLES

	<b>2009</b> <i>RMB'000</i>	2008 <i>RMB'000</i>
Trade payables	<b>18,351</b>	6,697
Other payables	<b>21,395</b>	23,456
Dividend payables	<b>566</b>	1,079
Amount due to a director	<b>1,119</b>	162
Amount due to minority shareholder	–	152
Amount due to ultimate holding company	<b>11,607</b>	21,285
	<u>53,038</u>	<u>52,831</u>
Financial liabilities measured at amortised cost	<b>53,038</b>	52,831
Derivative financial instrument	–	386
	<u>53,038</u>	<u>53,217</u>
	<b><u>53,038</u></b>	<b><u>53,217</u></b>

All of the trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

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

	<b>2009</b> <i>RMB'000</i>	2008 <i>RMB'000</i>
Current – 30 days	<b>17,106</b>	2,195
31 – 60 days	<b>872</b>	1,539
61 – 90 days	–	862
91 – 180 days	<b>2</b>	1,847
Over 180 days	<b>371</b>	254
	<u>18,351</u>	<u>6,697</u>
	<b><u>18,351</u></b>	<b><u>6,697</u></b>

## **SCOPE OF WORK OF AUDITORS**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by the Group's auditors, CCIF CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2009. The work performed by CCIF CPA Limited in this respect did not constitute as assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CCIF CPA Limited on the preliminary announcement.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Review of Results**

For the year ended 31 December 2009, the Group reported consolidated turnover of RMB435,585,000, representing decrease of 34.7% over last year. Gross profit margin was 11.5% compared to last year's 9.6%. Net loss attributable to shareholders was RMB510,000, compared with last year's net profit of RMB7,222,000. Loss per share for the year was RMB0.09 cents versus last year's earnings per share of RMB1.25 cents respectively.

### **Production and Sales**

The revenue from indirect export sales of steel products in the PRC and Vietnam during the year was approximately RMB318,090,000, representing a decrease of approximately 35.9% compared with approximately RMB517,792,000 for the last year. The market for indirect export sales in the PRC 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 year was approximately RMB96,730,000, representing a decrease of approximately 30.9% compared with approximately RMB120,406,000 for the last year.

The revenue from direct export sales of steel products outside the PRC and Vietnam during the year was approximately RMB3,572,000, representing a decrease of approximately 74.5% while it was approximately RMB14,022,000 for the last year.

Rental income and consultancy fee income from aircrafts leasing during the year was approximately RMB8,033,000 and RMB356,000 respectively compared with approximately RMB8,171,000 and RMB437,000 respectively for the last year and which represented a stable stream of income for the Group.

Rental income from property investment was approximately RMB8,330,000 for the year.

The investment property of the Group carried at fair value was revalued as at 31 December 2009 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 firm of surveyors, 泛亞不動產估價師事務所, being a member of the Republic of China Association of Real Estate Appraisers who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant location and category of property being valued.

### **Gross Profit**

The Group recorded a gross profit of approximately RMB50,169,000 for the year, with a gross profit margin of approximately 11.5%, compared with the gross profit of approximately RMB63,855,000 and a gross profit margin of approximately 9.6% for the last year.

This was mainly attributable to the average growth rate of the purchasing costs of raw materials, which was lower than that of the selling prices of our products for the year of 2009.

### **Operating Expenses**

The total operating expenses of the Group for the year were approximately RMB48,797,000, of which approximately RMB7,738,000 in distribution costs, RMB37,773,000 in administrative expenses and RMB3,286,000 in other operating expenses, accounting for approximately 1.8%, 8.7%, and 0.8% of turnover respectively while the amounts for the last year were approximately RMB9,155,000, RMB44,408,000, and RMB18,273,000 respectively, accounting for approximately 1.4%, 6.7%, and 2.7% respectively.

### **Finance Costs**

During the year, the Group incurred RMB4,913,000 in finance costs, compared with approximately RMB19,388,000 for the last year. The Group relied on bank borrowings to finance its trading activities and property's mortgage, the decrease in finance costs paid during the year was mainly due to the decrease in interest rates.

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

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.

As at 31 December 2009, the Group had bank deposits and cash balances (including pledged bank deposits) of approximately RMB105,847,000, of which bank deposits of approximately RMB5,404,000 were pledged to secure financing facilities granted to the Group.

The Group had net current assets of approximately RMB135,662,000 as at 31 December 2009 as compared with RMB112,577,000 as at 31 December 2008. The current ratio (current assets divided by current liabilities) changed to approximately 1.65 as at 31 December 2009 from 1.58 as at 31 December 2008.

The Group had a total of approximately RMB512,866,000 financing facilities from banks were available as at 31 December 2009, of which approximately RMB262,886,000, mainly denominated in US dollars, HK dollars, Vietnamese Dong 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 (net debt divided by total capital) as at 31 December 2009 was approximately 37% while it was 35% as at 31 December 2008. Current portion of borrowings accounted for approximately 22% and 21% of the total assets of the Group as at 31 December 2009 and 31 December 2008, respectively.

### **Cash Flow**

For the year, the Group generated net cash inflow of RMB3,792,000 from its operating activities, as compared to net cash inflow of approximately RMB269,520,000 for the last year. The decrease in net cash inflow from operating activities was primarily due to the increase in the trade and other receivables during the year.

Net cash outflow of approximately RMB7,942,000 was from investing activities for the year, mainly resulted from the Group's capital expenditures. Net cash inflow of approximately RMB28,157,000 was from financing activities, mainly resulted from the Group's raising of bank borrowings.

Banks deposits and cash balances (including pledged bank deposits of approximately RMB5,404,000) as at 31 December 2009 amounted to approximately RMB105,847,000, mainly denominated in Renminbi, US dollars, HK dollars, Vietnamese Dong and new Taiwan dollars.

### **Foreign Exchange Exposures**

As most of the Group's monetary assets and liabilities are denominated in Renminbi, US dollars, HK dollars, Vietnamese Dong and new Taiwan dollars and those currencies remained relatively stable during the year, the Group was not exposed to any significant 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 31 December 2009, investment property of the Group with carrying amount of approximately RMB220,867,000 of which pledged amount was limited to RMB157,745,000 and bank deposits of approximately RMB5,404,000 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 RMB135,760,000 at the end of the reporting period.

## **Contingent Liabilities**

As at 31 December 2009, the Company has given corporate guarantees in favour of certain banks to secure banking facilities of RMB92,165,000 (2008: RMB244,356,000) granted to Guangzhou Mayer, a subsidiary. Out of these banking facilities, RMB54,664,000 was utilised by Guangzhou Mayer as at 31 December 2009 (2008: RMB172,874,000).

The maximum liability of the Company under the guarantees issued represents the amount drawn down by the subsidiary of RMB54,664,000 (2008: RMB172,874,000). No recognition was made because the fair value of the guarantees was insignificant and that the directors did not consider it probable that a claim would be made against the Company under the guarantees.

Apart from the above, the Company and the Group have no other material contingent liabilities at both of the end of the reporting periods.

## **Employment, Training and Development**

As at 31 December 2009, the Group had total of 350 employees. Total staff costs for the year ended 31 December 2009 were approximately RMB18,874,000, including retirement benefits cost of approximately RMB2,371,000. Remuneration packages of the Group are maintained at a competitive level to attract, retain and motivate 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.

In addition, the Company has a share option scheme for the purpose of providing incentives and rewards to eligible participants. No option has been granted under the scheme since its adoption.

## **Outlook**

Looking ahead in 2010, the imbalance between demand and supply in the steel and metal sector will continue and the prices of steel and metal products will still remain at a moderately fast level. In a short run, the global economy was weakened by the concerns of weak global demand. With the PRC's and Vietnam's economy maintaining a rapid growth rate, still there will be a strong domestic demand for our products.

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

As the general expectation, Taiwan's economic growth will benefit from the next few years following its governmental and economic reforms, plentiful opportunities will appear while Taiwan continued to make progress in improving its ties with China. The Group is determined to capitalise these opportunities arising from the growth of the Taiwan, together with the growth in the PRC and other countries. The Group will continue to seek new investment opportunities in stakes in potential growth and balanced return.

The Group's management is confident that the Group will fully capitalise its extensive experience in cost management and achieve greater cost effectiveness, strengthen high value-added products' innovation and achieve customer satisfaction excellence. The Group is welcome to every investment opportunities which are beneficial to our long term development, with an aim to generate the best return from investments and generate the best returns to our investors.

## **SUBSEQUENT EVENTS**

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

- (i) On 26 November 2009, the Company entered into a sale and purchase agreement with various vendors which are third parties independent of the Company and of the Group. Pursuant to the agreement, the vendors have conditionally agreed to sell and the Company has conditionally agreed to purchase 1,000 shares of Maxipetrol Hong Kong Limited ("Maxipetrol HK"), representing the entire issued share capital of Maxipetrol HK, at an aggregate consideration of HK\$1,264,000,000 (equivalent to approximately RMB1,112,699,000), which will be satisfied by the Group at completion (i) as to HK\$400,000,000 (equivalent to approximately RMB352,120,000) by the issue of 3-year promissory notes; (ii) as to HK\$600,000,000 (equivalent to approximately RMB528,180,000) by the issue of 5-year convertible notes, bearing interest at a rate of 1% per annum; and (iii) as to HK\$264,000,000 (equivalent to approximately RMB232,399,000) by the issue of 8-year convertible notes, bearing interest at a rate of 2% per annum. Maxipetrol HK will be principally engaged in petroleum production in Argentina. On the same date, the board of directors also proposed to increase the Company's authorised share capital from HK\$200,000,000 (equivalent to approximately RMB195,662,000) divided into 2,000,000,000 ordinary shares to HK\$300,000,000 (equivalent to approximately RMB283,692,000) divided into 3,000,000,000 ordinary shares by the creation of an additional 1,000,000,000 unissued ordinary shares.

The acquisition constituted, under the Listing Rules, a very substantial acquisition of the Company, the details of which were set out in the announcement issued by the Company on 8 December 2009. The acquisition has not completed up to 23 April 2010.



- (ii) On 21 January 2010, Guangzhou Mayer entered into a sale and purchase agreement with purchaser which is Taiwan Mayer. Pursuant to the agreement, Guangzhou Mayer has agreed to sell and the purchaser has agreed to purchase 1,750,000 shares of Vietnam Mayer, representing 50% of the issued share capital of Vietnam Mayer and the Group's all effective interest in Vietnam Mayer, at an aggregate consideration of USD2,100,000 (equivalent to approximately RMB14,336,700), which will be satisfied in cash.

The disposal constituted, under the Listing Rules, a discloseable and connected transaction of the Company, the details of which were set out in the circular issued by the Company on 11 February 2010. The disposal had been approved in the extraordinary general meeting of the independent shareholders held on 25 March 2010. The disposal has not completed up to 23 April 2010 due to the processing of relevant transfer and registration procedures by the Group.

## **FINAL DIVIDEND**

The directors do not recommend the payment of any dividend for the year ended 31 December 2009 (2008: RMBNIL).

## **CORPORATE GOVERNANCE**

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 year ended 31 December 2009, 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.

The Group has adopted the Model Code for securities transaction by directors of Listed Issuers of the Listing Rules ("Model Code"). 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 year ended 31 December 2009.

## **AUDIT COMMITTEE**

The Audit Committee reviewed with management and the external auditors the accounting principals and practices adopted by the Group and discussed auditing, internal control and financial report matters including the review of the audited financial statements for the year ended 31 December 2009.

## **PURCHASE, SALE AND REDEMPTION OF SECURITIES**

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held at Room 501, 5/F., Aon China Building, 29 Queen's Road Central, Hong Kong on Friday, 11 June 2010 at 2:30 p.m.. Notice of the annual general meeting will be published and issued in due course.

## **PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE**

The annual report of the Company, which will contain all the information required by the Listing Rules will be sent to shareholders and published on the website of the Company ([www.mayer.com.hk](http://www.mayer.com.hk)) and Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) in due course.

## **BOARD COMPOSITION**

As at the date of this announcement, the executive directors of the Company are Hsiao Ming-chih, Lai Yueh-hsing, Lo Haw, Lu Wen-yi, Cheng Dar-terng, Chiang Jen-chin, the non-executive director of the Company is Huang Chun-fa and the independent non-executive directors are Lin Sheng-bin, Huang Jui-hsiang and Alvin Chiu.

By Order of the Board  
**Hsiao Ming-chih**  
*Chairman*

Hong Kong, 23 April 2010