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 2008

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 2008.

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2008*

| | Note | **2008** *RMB'000* | 2007 *RMB'000* |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Turnover | 4 | **667,193** | 1,260,425 |
| Cost of sales | | **(603,338)** | (1,197,423) |
| Gross profit | | **63,855** | 63,002 |
| Other revenue | 6 | **14,183** | 10,832 |
| Other net income | 6 | **2,838** | 5,058 |
| Valuation gain on investment property | | **36,655** | – |
| Distribution costs | | **(9,155)** | (13,681) |
| Administrative expenses | | **(44,408)** | (34,696) |
| Other operating expenses | | **(18,273)** | (2,899) |
| Profit from operations | | **45,695** | 27,616 |
| Finance costs | 7(a) | **(19,388)** | (19,233) |
| Profit before taxation | 7 | **26,307** | 8,383 |
| Income tax | 8 | **(15,759)** | (3,106) |
| Profit for the year from continuing operations | | **10,548** | 5,277 |
| **DISCONTINUED OPERATION** | | | |
| Profit for the year from discontinued operation | | **–** | 11,634 |
| Profit for the year | | **10,548** | 16,911 |

* *For identification purpose only*

| | Note | 2008 *RMB'000* | 2007 *RMB'000* |
|---|---|---|---|
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **7,222** | 13,802 |
| Minority interests | | **3,326** | 3,109 |
| **Profit for the year** | | **10,548** | 16,911 |
| **Dividends payable to equity shareholders of the Company attributable to the year:** | | | |
| Final dividend proposed after the balance sheet date | 9 | **–** | 11,520 |
| **Earnings per share** | 10 | | |
| From continuing and discontinued operations – Basic and diluted | | **RMB1.25 cents** | RMB2.69 cents |
| From continuing operations – Basic and diluted | | **RMB1.25 cents** | RMB0.83 cents |
| From discontinued operation – Basic and diluted | | **N/A** | RMB1.86 cents |

## CONSOLIDATED BALANCE SHEET

*At 31 December 2008*

| | Note | **2008** **RMB'000** | 2007 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | | | |
| – Other property, plant and equipment | | **113,759** | 117,110 |
| – Investment property | 5 | **215,589** | – |
| | | **329,348** | 117,110 |
| Prepaid lease payments | | **7,972** | 8,194 |
| Goodwill | | **–** | – |
| Deposit paid for acquisition of property | | **–** | 192,142 |
| Available-for-sale financial assets | | **21,371** | – |
| | | **358,691** | 317,446 |
| **Current assets** | | | |
| Inventories | | **89,975** | 169,214 |
| Trade and other receivables | 11 | **126,199** | 396,694 |
| Prepaid lease payments | | **222** | 222 |
| Trading securities | | **–** | 15,633 |
| Tax recoverable | | **3,905** | – |
| Pledged bank deposits | | **5,578** | 46,537 |
| Deposits with banks (maturity over 3 months) | | **980** | – |
| Cash and cash equivalents | | **78,393** | 67,461 |
| | | **305,252** | 695,761 |
| **Current liabilities** | | | |
| Bank borrowings | | **139,458** | 311,402 |
| Trade and other payables | 12 | **53,217** | 326,478 |
| Current taxation | | **–** | 2,368 |
| | | **192,675** | 640,248 |
| **Net current assets** | | **112,577** | 55,513 |
| **Total assets less current liabilities** | | **471,268** | 372,959 |
| **Non-current liabilities** | | | |
| Bank borrowings | | **104,683** | – |
| Deferred tax liabilities | | **7,964** | – |
| | | **112,647** | – |
| **NET ASSETS** | | **358,621** | 372,959 |

| | Note | **2008** | 2007 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **59,460** | 59,460 |
| Reserves | | **237,376** | 245,143 |
| Proposed final dividend | 9 | **–** | 11,520 |
| **Total equity attributable to equity shareholders of the Company** | | **296,836** | 316,123 |
| **Minority interests** | | **61,785** | 56,836 |
| **TOTAL EQUITY** | | **358,621** | 372,959 |

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2008*

### 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, Ugland 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").

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (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.

### 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 Securities on the Stock Exchange.

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 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.

In the current year, the Group has where applicable applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

| | |
|---|---|
| HKAS 39 & HKFRS 7 (Amendments) | Reclassification of Financial Assets |
| HK(IFRIC) – Int 11 | HKFRS 2: Group and Treasury Share Transactions |
| HK(IFRIC) – Int 12 | Service Concession Arrangements |
| HK(IFRIC) – Int 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment is required.

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective for annual periods beginning on 1 January 2008.

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs[1] |
| HKAS 1 (Revised) | Presentation of Financial Statements[2] |
| HKAS 23 (Revised) | Borrowing Costs[2] |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements[3] |
| HKAS 32 & 1 (Amendments) | Puttable Financial Instruments and Obligations Arising on Liquidation[2] |
| HKAS 39 (Amendment) | Eligible Hedged Items[3] |
| HKFRS 1 & HKAS 27 (Amendments) | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2] |
| HKFRS 1 (Revised) | First-time Adoption of Hong Kong Financial Reporting Standards[3] |
| HKFRS 2 (Amendments) | Vesting Conditions and Cancellations[2] |
| HKFRS 3 (Revised) | Business Combinations[3] |
| HKFRS 8 | Operating Segments[2] |
| HK(IFRIC) – Int 13 | Customer Loyalty Programmes[4] |
| HK(IFRIC) – Int 15 | Agreements for the Construction of Real Estate[2] |
| HK(IFRIC) – Int 16 | Hedges of a Net Investment in a Foreign Operation[5] |
| HK(IFRIC) – Int 17 | Distributions of Non-cash Assets to Owners[3] |
| HK(IFRIC) – Int 18 | Transfer of Assets from Customers[6] |

1 Effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods beginning on or after 1 July 2008
5 Effective for annual periods beginning on or after 1 October 2008
6 Effective for transfers on or after 1 July 2009

HKAS 1 Revised affects certain disclosures of the financial statements. Under the revised standard the Profit and Loss Account is renamed as the "Income Statement", the Balance Sheet is renamed as the "Statement of Financial Position" and the Cash Flow Statement is renamed as the "Statement of Cash Flows". All income and expenses arising from transactions with non-owners (i.e. the non-owner movements of equity) are presented under the "Income Statement" and "Statement of Comprehensive Income", and the total carried to the "Statement of Changes in Equity", while the owner changes in equity are presented in the "Statement of Changes in Equity".

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.

The Company's directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

### (a) Business segments

The Group comprises the following main business segments:

**Steel** – the manufacture and trading of steel pipes, steel sheets and other products made of steel.

**Aluminum** – the design, development, manufacture and trading of aluminum forged and forged-spun wheels for automobiles (discontinued on 1 July 2007).

**Property Investment** – the investment and holding of property to earn rentals or for capital appreciation purposes.

**Investments** – Investment holding.

**Others** – the general trading of metal and metal products and leasing of aircrafts for rental purposes.

There were no inter-segment sales and transfers during the current and prior years.

**For the year ended 31 December 2008**

| | Continuing operations | | | | | Discontinued operation | |
|---|---|---|---|---|---|---|---|
| | Steel | Property investment | Investments | Others | Sub-total | Aluminum | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | | | | | | | |
| – External sales | 652,220 | 3,977 | – | 10,996 | 667,193 | – | 667,193 |
| Segment result | 31,013 | 38,494 | (32,264) | 4,848 | 42,091 | – | 42,091 |
| Interest income | | | | | 4,513 | – | 4,513 |
| Unallocated operating income and expenses | | | | | (909) | – | (909) |
| Profit from operations | | | | | 45,695 | – | 45,695 |
| Finance costs | | | | | (19,388) | – | (19,388) |
| Gain on disposal of subsidiaries attributable to discontinued operation | | | | | – | – | – |
| Profit before taxation | | | | | 26,307 | – | 26,307 |
| Income tax | | | | | (15,759) | – | (15,759) |
| Profit for the year | | | | | 10,548 | – | 10,548 |
| **ASSETS** | | | | | | | |
| Segment assets | 387,413 | 220,052 | 31,187 | 25,112 | 663,764 | – | 663,764 |
| Unallocated corporate assets | | | | | 179 | – | 179 |
| Consolidated total assets | | | | | 663,943 | – | 663,943 |
| **LIABILITIES** | | | | | | | |
| Segment liabilities | (141,707) | (129,118) | (34,283) | (214) | (305,322) | – | (305,322) |
| Unallocated corporate liabilities | | | | | – | – | – |
| Consolidated total liabilities | | | | | (305,322) | – | (305,322) |
| Other information: | | | | | | | |
| Capital expenditure | 12,958 | 194,604 | – | – | 207,562 | – | 207,562 |
| Depreciation for property, plant and equipment | 10,406 | – | 2 | 2,276 | 12,684 | – | 12,684 |
| Amortisation of prepaid lease payments | 222 | – | – | – | 222 | – | 222 |
| Valuation gain on investment property | – | 36,655 | – | – | 36,655 | – | 36,655 |
| Write down of inventories | 34,821 | – | – | – | 34,821 | – | 34,821 |
| Impairment loss on trade and other receivables | – | – | – | 667 | 667 | – | 667 |
| Impairment loss on available-for-sale financial assets | – | – | 13,956 | – | 13,956 | – | 13,956 |
| Net loss on derivative financial instrument | 386 | – | – | – | 386 | – | 386 |

For the year ended 31 December 2007 (restated)

| | Continuing operations | | | | | Discontinued operation | |
|---|---|---|---|---|---|---|---|
| | Steel | Property investment | Investments | Others | Sub-total | Aluminum | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | | | | | | | |
| – External sales | 1,200,977 | – | – | 59,448 | 1,260,425 | 61,478 | 1,321,903 |
| Segment result | 25,517 | 44 | (7,966) | 6,361 | 23,956 | 4,174 | 28,130 |
| Interest income | | | | | 1,837 | 70 | 1,907 |
| Unallocated operating income and expenses | | | | | 1,823 | – | 1,823 |
| Profit from operations | | | | | 27,616 | 4,244 | 31,860 |
| Finance costs | | | | | (19,233) | (2,592) | (21,825) |
| Gain on disposal of subsidiaries attributable to discontinued operation | | | | | – | 8,715 | 8,715 |
| Profit before taxation | | | | | 8,383 | 10,367 | 18,750 |
| Income tax | | | | | (3,106) | 1,267 | (1,839) |
| Profit for the year | | | | | 5,277 | 11,634 | 16,911 |
| ASSETS | | | | | | | |
| Segment assets | 733,975 | 199,590 | 15,887 | 47,352 | 996,804 | – | 996,804 |
| Unallocated corporate assets | | | | | 16,403 | – | 16,403 |
| Consolidated total assets | | | | | 1,013,207 | – | 1,013,207 |
| LIABILITIES | | | | | | | |
| Segment liabilities | (472,238) | (162,769) | (849) | (4,392) | (640,248) | – | (640,248) |
| Unallocated corporate liabilities | | | | | – | – | – |
| Consolidated total liabilities | | | | | (640,248) | – | (640,248) |
| Other information: | | | | | | | |
| Capital expenditure | 22,977 | – | 3 | 11,098 | 34,078 | – | 34,078 |
| Depreciation for property, plant and equipment | 10,567 | – | 56 | 1,996 | 12,619 | 6,990 | 19,609 |
| Amortisation of prepaid lease payments | 222 | – | – | – | 222 | – | 222 |
| Impairment loss on trade and other receivables | 638 | – | – | 920 | 1,558 | – | 1,558 |
| Impairment on available-for-sale financial assets | 720 | – | – | – | 720 | – | 720 |

**(b) Geographical segments**

The Group participates in five principal economic environments: Hong Kong, Mainland China, Taiwan, Vietnam and other countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

| | Continuing operations | | Discontinued operation | | Consolidated | |
|---|---|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 | **2008** | 2007 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | | (restated) | | (restated) | | (restated) |
| **Revenue from external customers** | | | | | | |
| Hong Kong | **–** | – | **–** | – | **–** | – |
| Mainland China | **631,556** | 1,206,048 | **–** | – | **631,556** | 1,206,048 |
| Taiwan | **13,320** | 52,060 | **–** | 61,478 | **13,320** | 113,538 |
| Vietnam | **22,317** | 2,317 | **–** | – | **22,317** | 2,317 |
| Other countries | **–** | – | **–** | – | **–** | – |
| | **667,193** | 1,260,425 | **–** | 61,478 | **667,193** | 1,321,903 |
| **Carrying amount of segment assets** | | | | | | |
| Hong Kong | **9,359** | 46,662 | **–** | – | **9,359** | 46,662 |
| Mainland China | **363,405** | 714,679 | **–** | – | **363,405** | 714,679 |
| Taiwan | **245,105** | 231,285 | **–** | – | **245,105** | 231,285 |
| Vietnam | **24,067** | 20,581 | **–** | – | **24,067** | 20,581 |
| Other countries | **22,007** | – | **–** | – | **22,007** | – |
| | **663,943** | 1,013,207 | **–** | – | **663,943** | 1,013,207 |
| **Capital expenditure incurred during the year** | | | | | | |
| Hong Kong | **–** | – | **–** | – | **–** | – |
| Mainland China | **3,843** | 11,183 | **–** | – | **3,843** | 11,183 |
| Taiwan | **194,604** | 11,098 | **–** | – | **194,604** | 11,098 |
| Vietnam | **9,115** | 11,797 | **–** | – | **9,115** | 11,797 |
| Other countries | **–** | – | **–** | – | **–** | – |
| | **207,562** | 34,078 | **–** | – | **207,562** | 34,078 |

## 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, for both continuing and discontinued operations, is as follows:

| | **2008** | 2007 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | (restated) |
| **Continuing operations** | | |
| Sales of goods: | | |
| – steel | **652,220** | 1,200,977 |
| – others | **2,825** | 52,253 |
| Gross rentals from leasing of aircrafts | **8,171** | 7,195 |
| Gross rentals from investment property | **3,977** | – |
| | **667,193** | 1,260,425 |
| **Discontinued operation** | | |
| Sales of goods: aluminum | **–** | 61,478 |
| | **667,193** | 1,321,903 |

## 5. INVESTMENT PROPERTY

The investment property of the Group carried at fair value were revalued as at 31 December 2008 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

| | Continuing operations | | Discontinued operation | | Consolidated | |
|---|---|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 | **2008** | 2007 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | | (restated) | | (restated) | | (restated) |
| **(a) Other revenue** | | | | | | |
| Interest income on bank deposits | **4,513** | 1,837 | **–** | 70 | **4,513** | 1,907 |
| Total interest income on financial assets not at fair value through profit or loss | **4,513** | 1,837 | **–** | 70 | **4,513** | 1,907 |
| Consultancy fee income | **437** | 469 | **–** | – | **437** | 469 |
| Dividend income from listed securities | **56** | 67 | **–** | – | **56** | 67 |
| Sales of scrap materials | **6,902** | 6,429 | **–** | – | **6,902** | 6,429 |
| Sundry income | **2,275** | 2,030 | **–** | 1,235 | **2,275** | 3,265 |
| | **14,183** | 10,832 | **–** | 1,305 | **14,183** | 12,137 |
| **(b) Other net income** | | | | | | |
| Net realised gain on disposal of trading securities | **–** | 783 | **–** | – | **–** | 783 |
| Net foreign exchange gain | **2,766** | 3,286 | **–** | 75 | **2,766** | 3,361 |
| Net gain on disposal of fixed assets | **72** | – | **–** | 240 | **72** | 240 |
| Valuation gain on trading securities | **–** | 989 | **–** | – | **–** | 989 |
| | **2,838** | 5,058 | **–** | 315 | **2,838** | 5,373 |
| | **17,021** | 15,890 | **–** | 1,620 | **17,021** | 17,510 |

## 7. PROFIT BEFORE TAXATION

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

| | Continuing operations | | Discontinued operation | | Consolidated | |
|---|---|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 | **2008** | 2007 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | | (restated) | | (restated) | | (restated) |
| **(a) Finance costs** | | | | | | |
| Interest on bank borrowings wholly repayable within five years | **15,457** | 19,233 | **–** | 2,592 | **15,457** | 21,825 |
| Interest on other bank borrowings | **3,931** | – | **–** | – | **3,931** | – |
| Total interest expense on financial liabilities not at fair value through profit or loss | **19,388** | 19,233 | **–** | 2,592 | **19,388** | 21,825 |
| **(b) Staff costs** | | | | | | |
| Salaries, allowances and benefits in kind | **23,332** | 18,256 | **–** | 5,752 | **23,332** | 24,008 |
| Retirement scheme contributions | **1,854** | 1,739 | **–** | 361 | **1,854** | 2,100 |
| | **25,186** | 19,995 | **–** | 6,113 | **25,186** | 26,108 |
| **(c) Other items** | | | | | | |
| Auditors' remuneration | | | | | | |
| – audit services | **477** | 536 | **–** | – | **477** | 536 |
| – other services | **134** | – | **–** | – | **134** | – |
| Cost of inventories# | **603,338** | 1,197,423 | **–** | 44,420 | **603,338** | 1,241,843 |
| Depreciation for property, plant and equipment | **12,684** | 12,619 | **–** | 6,990 | **12,684** | 19,609 |
| Amortisation of prepaid lease payments | **222** | 222 | **–** | – | **222** | 222 |
| Operating lease charges: minimum lease payments | **1,351** | 3,728 | **–** | – | **1,351** | 3,728 |
| Impairment loss on trade and other receivables | **667** | 1,558 | **–** | – | **667** | 1,558 |
| Impairment loss on available-for-sale financial assets | **13,956** | 720 | **–** | – | **13,956** | 720 |
| Gross rental income from investment properties less direct outgoings of RMB2,072,000 (2007: RMBNil) | **1,905** | – | **–** | – | **1,905** | – |
| Net realised loss on disposal of trading securities | **2,256** | – | **–** | – | **2,256** | – |
| Net loss on derivative financial instrument | **386** | – | **–** | – | **386** | – |

# Cost of inventories includes RMB52,627,000 (2007: RMB30,560,000) relating to staff costs, depreciation, operating lease charges and write down of inventories for the year ended 31 December 2008, which are also included in the respective amounts disclosed separately above or in note 7(c) for each type of expenses.

## 8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Income tax in the consolidated income statement represents:

| | Continuing operations | | Discontinued operation | | Consolidated | |
|---|---|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 | **2008** | 2007 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | | (restated) | | (restated) | | (restated) |
| **Current tax** | | | | | | |
| – Hong Kong | **–** | – | **–** | – | **–** | – |
| – PRC Enterprise Income Tax | **6,989** | 2,792 | **–** | – | **6,989** | 2,792 |
| – Other jurisdictions | **323** | 211 | **–** | 76 | **323** | 287 |
| | **7,312** | 3,003 | **–** | 76 | **7,312** | 3,079 |
| **Under/(over) provision in respect of prior years** | | | | | | |
| – Hong Kong | **–** | – | **–** | – | **–** | – |
| – PRC Enterprise Income Tax | **–** | – | **–** | – | **–** | – |
| – Other jurisdictions | **13** | 76 | **–** | (1,343) | **13** | (1,267) |
| | **13** | 76 | **–** | (1,343) | **13** | (1,267) |
| **Deferred tax** | | | | | | |
| – Current year | **8,434** | 27 | **–** | – | **8,434** | 27 |
| | **15,759** | 3,106 | **–** | (1,267) | **15,759** | 1,839 |

(a) On 26 June 2008, the 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 2008/2009. No Hong Kong Profits Tax has been provided for in the financial statements as the Group has no assessable profits for the year (2007: Nil).

(b) 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 is 18%, 20%, 22% and 24% in 2008, 2009, 2010 and 2011 onwards respectively. From 2012 and onwards, the entity will be subject to income tax rate of 25%.

Pursuant to the tax authorities in the PRC, Guangzhou Mayer Corporation Limited ("Guangzhou Mayer") was entitled to a preferential rate on enterprise income tax of 10% for the year ended 31 December 2007.

(c) 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. Current year is the first profit making year of Vietnam Mayer and it is fully exempted from Vietnam income tax for the year ended 31 December 2008.

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

## 9. DIVIDENDS

The directors do not propose the payment of any dividend for the year ended 31 December 2008 (2007: RMB11,520,000).

## 10. EARNINGS PER SHARE

### (a) Basic earnings per share

*(i) From continuing and discontinued operations*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB7,222,000 (2007: RMB13,802,000) and the weighted average number of 576,000,000 ordinary shares (2007: 513,402,740 ordinary shares) in issue during the year as follows:

Weighted average number of ordinary shares

| | **2008** | 2007 |
|---|---|---|
| Issued ordinary shares at 1 January | **576,000,000** | 480,000,000 |
| Effect of shares issued under placement | **–** | 33,402,740 |
| Weighted average number of ordinary shares at 31 December | **576,000,000** | 513,402,740 |

*(ii)* *From continuing operations*

The calculation of basic earnings per share from continuing operations attributable to ordinary equity shareholders of the Company is based on the profit for the year from continuing operations of RMB7,222,000 (2007: RMB4,255,000) and the weighted average number of 576,000,000 ordinary shares (2007: 513,402,740 ordinary shares) in issue during the year.

*(iii)* *From discontinued operation*

The calculation of basic earnings per share from discontinued operation attributable to ordinary equity shareholders of the Company is based on the profit for the year from discontinued operation of RMBNil (2007: RMB9,547,000) and the weighted average number of 576,000,000 ordinary shares (2007: 513,402,740 ordinary shares) in issue during the year.

**(b) Diluted earnings per share**

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

## 11. TRADE AND OTHER RECEIVABLES

| | **2008** | 2007 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade debtors and bills receivables | **118,448** | 374,458 |
| Less: allowance for doubtful debts | **(1,525)** | (920) |
| | **116,923** | 373,538 |
| Other receivables | **957** | – |
| Less: allowance for doubtful debts | **(62)** | – |
| | **895** | – |
| Amount due from a director | **17** | – |
| Amount due from a related company | **7,025** | 6,473 |
| Loan and receivables | **124,860** | 380,011 |
| Prepayments and deposits | **1,339** | 16,683 |
| | **126,199** | 396,694 |

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 RMB1,525,000 (2007: RMB920,000) with the following age analysis as of the balance sheet date:

| | **2008** | 2007 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current – 30 days | **39,702** | 105,406 |
| 31 – 60 days | **15,412** | 94,652 |
| 61 – 90 days | **22,897** | 58,525 |
| 91 – 180 days | **37,110** | 113,758 |
| Over 180 days | **1,802** | 1,197 |
| | **116,923** | 373,538 |

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

## 12. TRADE AND OTHER PAYABLES

| | **2008** | 2007 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **6,697** | 144,626 |
| Other payables | **23,456** | 181,852 |
| Dividend payables | **1,079** | – |
| Amount due to a director | **162** | – |
| Amount due to minority shareholder | **152** | – |
| Amount due to ultimate holding company | **21,285** | – |
| Financial liabilities measured at amortised cost | **52,831** | 326,478 |
| Derivative financial instrument | **386** | – |
| | **53,217** | 326,478 |

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 balance sheet date:

| | **2008** | 2007 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current – 30 days | **2,195** | 61,771 |
| 31 – 60 days | **1,539** | 19,444 |
| 61 – 90 days | **862** | 18,145 |
| 91 – 180 days | **1,847** | 45,106 |
| Over 180 days | **254** | 160 |
| | **6,697** | 144,626 |

## SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2008 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 2008. 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 2008, the Group reported consolidated turnover of RMB667,193,000, representing decrease of 47.0% over last year. Gross profit margin was 9.6% compared to last year's 5.0%. Net profit attributable to shareholders was RMB7,222,000, compared with last year's RMB13,802,000. Earnings per share from continuing operations and discontinued operation for the Year were RMB1.25 and RMBNil cents versus the last year's RMB0.83 cents and RMB1.86 cents, respectively.

## Major Business Activities

- **Investment in CID**

  On 6 June 2008, the Company invested USD3 million to subscribe for the shares of Capital Investment Development Limited ("CID") and aimed to enhance the Group's returns. CID is principally engaged in long and short term investment projects, equities investment and asset management in Hong Kong, Taiwan and other Asian countries.

- **Very Substantial Acquisition of a Taiwan Property Group**

  On 6 October 2008, the Company entered into an S&P Agreement with the vendors to which the Company was conditionally agreed to purchase the shares, representing approximately 88.59% of the entire issued share capital of Durban Group at an aggregate consideration of NTD1,397 million. The directors consider that the Acquisition is in line with the Group's current business diversification strategy and with quickly enhance the assets base of the Group.

  However, the Asian countries, including Taiwan suffered a heavy sell-off after the U.S. financial market went into tailspin following the collapse of some financial institutions. And the impact of credit freeze triggered by this was felt through the financial system.

  Given that the sudden crash of the financial system, the Board of directors of the Company has decided to terminate the acquisition due to certain conditions precedent of the agreement had not been fulfilled or waived on 31 December 2008, being the long stop date for fulfillment of the conditions precedent of the agreement. By taking into consideration of the global economic downturn, the Board of directors decided not to extend the long stop date.

## Production and Sales

The revenue from indirect export sales of steel products in the PRC and Vietnam during the Year was approximately RMB517,792,000, representing a decrease of approximately 41.0% compared with approximately RMB878,174,000 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 RMB120,406,000, representing a decrease of approximately 60.5% compared with approximately RMB304,827,000 for the last year.

The revenue from direct export sales of steel products outside the PRC and Vietnam during the Year was approximately RMB14,022,000, representing a decrease of approximately 22.0% while it was approximately RMB17,976,000 for the last year.

Rental income and consultancy fee income from aircrafts leasing during the Year was approximately RMB8,171,000 and RMB437,000 respectively compared with approximately RMB7,195,000 and RMB469,000 respectively for the last year and which represented a stable stream of income for the Group.

Rental income from property investment was approximately RMB3,977,000 as the Acquisition of Property were completed on February 2008 during the Year.

The investment property of the Group carried at fair value were revalued as at 31 December 2008 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. A valuation gain on investment property approximately RMB36,655,000 was recorded as at 31 December 2008.

**Gross Profit**

The Group recorded a gross profit of approximately RMB63,855,000 for the Year, with a gross profit margin of approximately 9.6%, compared with the gross profit of approximately RMB63,002,000 and a gross profit margin of approximately 5.0% for the last year.

This was mainly attributable to the growth rate of the purchasing costs of raw materials which was significantly lower than that of the selling prices of our products for the first 10 months of 2008.

**Operating Expenses**

The total operating expenses of the Group for the Year were approximately RMB71,836,000, of which approximately RMB9,155,000 in distribution costs, RMB44,408,000 in administrative expenses and RMB18,273,000 in other operating expenses, accounting for approximately 1.4%, 6.7%, and 2.7% of turnover respectively while the amounts for the last year were approximately RMB13,681,000, RMB34,696,000, and RMB2,899,000 respectively, accounting for approximately 1.1%, 2.8%, and 0.2% respectively.

**Finance Costs**

During the Year, the Group incurred RMB19,388,000 in finance costs, compared with approximately RMB19,233,000 for the last year. The Group relied on bank borrowings to finance its trading activities and property's mortage, the increase in finance costs paid during the Year was mainly due to the increase in interest rates paid to the bank for the Group's investment property in Taiwan.

## 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 2008, the Group had bank deposits and cash balances (including pledged bank deposits) of approximately RMB84,951,000, of which bank deposits of approximately RMB5,578,000 were pledged to secure financing facilities granted to the Group.

The Group had net current assets of approximately RMB112,577,000 as at 31 December 2008 as compared with RMB55,513,000 as at 31 December 2007. The current ratio (current assets divided by current liabilities) improved to approximately 1.58 as of 31 December 2008 from 1.09 as at 31 December 2007.

The Group had a total of approximately RMB788,794,000 financing facilities from banks were available as at 31 December 2008, of which approximately RMB244,141,000, mainly denominated in Renminbi, US dollars, HK dollars and new Taiwan dollars with floating interest rates, had been drawn down to finance the Group's working capital purposes, capital expenditures and for other acquisition opportunities.

The gearing ratio (net debt divided by total capital) as at 31 December 2008 was approximately 34.9% while it was 38.4% as of 31 December 2007. Current portion of borrowings accounted for approximately 21.0% and 30.7% of the total assets of the Group as at 31 December 2008 and 31 December 2007, respectively.

## Cash Flow

For the Year, the Group generated net cash inflow of RMB269,520,000 from its operating activities, as compared to net cash outflow of approximately RMB15,285,000 for the last year. The increase in net cash inflow from operating activities was primarily due to the decrease in the inventories and trade and other receivables during the Year.

Net cash outflow of approximately RMB167,920,000 was from investing activities for the Year, mainly resulted from the Group's capital expenditures and the acquisition of property in Taiwan and investment in other financial assets. Net cash outflow of approximately RMB99,829,000 was from financing activities, mainly resulted from the Group's repayment of bank borrowings and bank interest payment.

Banks deposits and cash balances (including pledged bank deposits of approximately RMB5,578,000) as at 31 December 2008 amounted to approximately RMB84,951,000, mainly denominated in Renminbi, US dollars, HK dollars 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 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 2008, building and factory premises, construction in progress, plant and machinery, investment property and prepaid lease payments of the Group with net book value or carrying amount of approximately RMB24,376,000, RMB7,656,000, RMB34,816,000, RMB153,976,000 and RMB8,194,000 respectively and bank deposits of approximately RMB5,578,000 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 RMB222,605,000 at the balance sheet.

## Contingent Liabilities

As at 31 December 2008, the Company has given corporate guarantees in favour of certain banks to secure banking facilities of RMB244,356,000 (2007: RMB131,777,000) granted to subsidiaries. Out of these banking facilities, RMB172,874,000 were utilised by the subsidiaries as at 31 December 2008 (2007: RMB60,736,000).

The maximum liability of the Company under the guarantee issued represents the amount drawn down by the subsidiaries of RMB172,874,000 (2007: RMB60,736,000). No recognition was made because the fair value of the guarantee was insignificant and that the directors did not consider it is probable that a claim would be made against the Company under the guarantee.

Apart from the above, the Company and the Group have no other material contingent liabilities at both balance sheet dates.

## Employment, Training and Development

As at 31 December 2008, the Group had total of 350 employees. Total staff costs for the year ended 31 December 2008 were approximately RMB25,186,000, including retirement benefits cost of approximately RMB1,854,000. 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.

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 2009, 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 weaken by the concerns of weak global demand. With the PRC's and Vietnam's economy maintain 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 weaken U.S. dollar against other currencies. We expect that the rise in operating costs, oil prices and interest rate drops 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 surge in 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

On 6 October 2008, the Company entered into a sale and purchase agreement with various vendors which are (i) Taiwan Mayer, the ultimate holding company of the Company; (ii) Mr. Huang Chun-fa, being the director of the Company; (iii) Mr. Lai Yueh-hsing, being director of the Company; and (iv) connected persons, being associates of either Mr. Huang Chun-fa and Mr. Lai Yueh-hsing. Pursuant to the agreement, (i) the vendors have conditionally agreed to sell and the Company has conditionally agreed to purchase or procure its nominee to purchase 120,477,580 shares of Durban Development Company Limited ("Durban"), representing approximately 88.59% of the entire issued share capital of Durban at an aggregate consideration of NTD1,397,539,928 and (ii) Durban Investment Company Limited, in which Mr. Huang Chun-fa has more than 30% equity interests, has conditionally agreed to sell and the Company has conditionally agreed to purchase or procure its nominee to purchase the additional share of Durban (if any) at a consideration of NTD11.60 per share.

The acquisition constituted, under the Listing Rules, a very substantial acquisition of the Company, the details of which were set out in the circular issued by the Company on 31 October 2008. The acquisition had been approved in the extraordinary general meeting of the shareholders held on 26 November 2008.

Subsequent to the balance sheet date, the Board of directors of the Company has decided to terminate the acquisition due to certain conditions precedent of the agreement had not been fulfilled or waived on 31 December 2008, being the long stop date for fulfillment of the conditions precedent of the agreement. By taking into consideration of the global economic downturn, the Board of directors decided not to extend the long stop date.

## FINAL DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 December 2008 (2007: RMB11,520,000).

## 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 2008, 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 2008.

## 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 2008.

## 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 5th Floor, Room 501 Aon China Building 29 Queen's Road Central, Hong Kong on 19 June 2009 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) and Stock Exchange (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, 27 April 2009