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 2010

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 2010.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Note	**2010** **RMB'000**	2009 RMB'000 (Restated)
Continuing operations			
Turnover	4	**546,958**	427,255
Cost of sales		**(504,690)**	(385,416)
Gross profit		**42,268**	41,839
Other revenue	5	**11,777**	6,468
Other net income/(loss)	5	**2,316**	(1,061)
Distribution costs		**(9,901)**	(7,738)
Administrative expenses		**(43,369)**	(35,262)
Other operating expenses		**(424)**	(3,286)
Profit from operations		**2,667**	960
Finance costs	6(a)	**(2,802)**	(2,134)
Share of profit of jointly controlled entities		**33**	–
Loss before taxation		**(102)**	(1,174)
Income tax	7	**(260)**	(3,139)
Loss from continuing operations		**(362)**	(4,313)
Discontinued operation			
Profit from discontinued operation	8	**17,322**	5,584
Profit for the year	6	**16,960**	1,271

* *For identification purpose only*

	Note	2010 RMB'000	2009 RMB'000 (Restated)
Attributable to:			
Owners of the Company		**13,739**	(510)
Non-controlling interests		**3,221**	1,781
Profit for the year		**16,960**	1,271
Earnings/(loss) per share			
From continuing and discontinued operations			
Basic and diluted		**RMB2.30 cents**	(RMB0.09 cents)
From continuing operations			
Basic and diluted		**(RMB0.60 cents)**	(RMB1.06 cents)
From discontinued operation			
Basic and diluted		**RMB2.90 cents**	RMB0.97 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Note	**2010** **RMB'000**	2009 *RMB'000* (Restated)
Profit for the year		**16,960**	1,271
Other comprehensive (loss)/income for the year:			
Exchange differences on translation of financial statements of foreign operations			
– Exchange (loss)/gain arising during the year, net of nil tax *(note)*		**(6,238)**	527
– Reclassification adjustments relating to foreign operations disposed of during the year, net of nil tax *(note)*		**239**	–
		(5,999)	527
Share of other comprehensive loss of jointly controlled entities			
– Exchange loss arising during the year on translation of financial statements of foreign operations, net of nil tax *(note)*		**(20)**	–
Total comprehensive income for the year (net of tax)		**10,941**	1,798
Attributable to:			
Owners of the Company		**9,026**	881
Non-controlling interests		**1,915**	917
		10,941	1,798

Note: There is no tax effect relating to the above component of other comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment		**90,048**	103,773
– Investment property		**–**	220,867
		90,048	324,640
Prepaid lease payments		**11,251**	9,641
Deposit for acquisition of equity interests in a company	10	**63,880**	–
Interests in jointly controlled entities		**6,634**	–
Loan to a jointly controlled entity	11	**72,836**	–
Available-for-sale financial assets		**–**	19,100
		244,649	353,381
Current assets			
Financial assets at fair value through profit or loss		**9,448**	–
Inventories		**52,761**	62,870
Trade and other receivables	12	**163,417**	175,355
Prepaid lease payments		**321**	266
Tax recoverable		**81**	8
Pledged bank deposits		**5,216**	5,404
Deposits with bank (maturity over 3 months)		**–**	1,707
Cash and cash equivalents		**106,595**	98,736
		337,839	344,346
Current liabilities			
Bank borrowings		**118,242**	155,646
Trade and other payables	13	**40,939**	53,038
		159,181	208,684
Net current assets		**178,658**	135,662
Total assets less current liabilities		**423,307**	489,043
Non-current liabilities			
Bank borrowings		**–**	123,772
Deferred tax liabilities		**–**	7,059
		–	130,831
NET ASSETS		**423,307**	358,212

	Note	2010	2009
	Note	***RMB'000***	*RMB'000*
CAPITAL AND RESERVES			
Share capital		**69,306**	59,460
Share premium and reserves		**289,384**	236,050
Total equity attributable to owners of the Company		**358,690**	295,510
Non-controlling interests		**64,617**	62,702
TOTAL EQUITY		**423,307**	358,212

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

1. GENERAL INFORMATION

Mayer Holdings Limited (the "Company") is an exempted company with limited liability incorporated in 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 and leasing of aircrafts. The operation of property investment was discontinued during the year.

The Company has its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries and the Group's interests in jointly controlled entities.

Items included in the financial statements of each entity in the Group 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 Renminbi ("RMB'000") unless otherwise stated, which is the functional currency of a major subsidiary operated in the PRC and contributed over 90% of turnover of the Group. Therefore, the directors consider the presentation in RMB to be more useful for its current and potential investors.

The measurement basis used in the preparation of the financial statements is the historical cost basis except investment property and financial assets at fair value through profit or loss are stated at their 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 that are 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 that are 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 new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group.

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.

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (revised 2008)	Business combinations
HKAS 27 (revised 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Financial instruments: Recognition and measurement – eligible hedged items
HK(IFRIC) 17	Distributions of non-cash assets to owners
HK(Int) 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008

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.

HKFRS 3 (revised 2008), Business combinations

As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the requirements under HKFRS 3 (revised 2008). Its application has affected the accounting for business combinations in the current year.

- HKFRS 3 (revised 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. Consequently, the goodwill recognised in respect of the acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of the recognised amount of the identifiable net assets of the acquiree.

- HKFRS 3 (revised 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date. Subsequent adjustments, if any, to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

- HKFRS 3 (revised 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

- HKFRS 3 (revised 2008) requires acquisition-related costs to be accounted for separately from the business combination, with those costs being recognised as an expense in profit or loss as incurred. Previously, they were accounted for as part of the cost of the acquisition.

HKFRS 3 (revised 2008) requires that where the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying amounts of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

HKAS 27 (revised 2008), Consolidated and Separate Financial Statements

The application of HKAS 27 (amended 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. Previously, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised. For decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (amended 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, HKAS 27 (amended 2008) requires the derecognition of all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

In accordance with the transitional provisions of HKAS 27, these changes in accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

The application of the revised standard has affected the accounting for the Group's disposal of part of its interest in Glory World Development Limited ("Glory World") in the current year. The change in policy has resulted in the difference of RMB67,000 between the consideration received of RMBNil and the net assets disposed of RMBNil and cumulative exchange differences recognised of RMB67,000 being recognised in profit or loss. Therefore, the change in accounting policy has resulted in a decrease in the profit for the year of RMB34,000.

Amendments to HKAS 17 Leases, as part of Improvements to HKFRSs issued in 2009

HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively.

The application of the amendments to HKAS 17 has had no impact on the classification of leasehold lands and the reported profit or loss of the Group for the current and prior years.

Hong Kong Interpretation 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK(Int) 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK(Int) 5 for the first time in the current year. HK(Int) 5 requires retrospective application.

In order to comply with the requirements set out in HK(Int) 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK(Int) 5, term loans with a repayment on demand clause are classified as current liabilities.

The application of HK(Int) 5 has had no impact on the classification of term loans and the reported profit or loss of the Group for the current and prior years.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current, provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period, notwithstanding that the entity could be required by the counterparty to settle in shares at any time.

This amendment has had no effect on the amounts reported in the current and prior years because the Group has not issued instruments of this nature.

Amendments to HKAS 7 Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

The application of the amendments to HKAS 7 has had no impact on the preparation of cash flows for the current and prior years.

Amendments to HKFRS 5, Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

The HKICPA has issued the following Amendments, new and revised standards and interpretations which are not yet effective for the year ended 31 December 2010.

The Group has not early applied any of the following amendments, new and revised standards and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets[6]
HKAS 24 (as revised in 2009)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
HKFRS 1 (Amendments)	Limited exemptions from comparative HKFRS 7 disclosures for first-time adopters[3]
HKFRS 1 (Amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.
7 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 January 2013 and that the application of the new standard may have impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of financial assets previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 do not have a significant impact as the Group currently do not have any investment property.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the defintion of a related party may come within the scope of the standard.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

HK(IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

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. In a manner consistent with the way in which information is reported internally to the broad of directors of the Company, being the Group’s chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented the following four 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 in Mainland China and Vietnam.

- Investments: this segment invests in equity securities to generate dividend income and interest income and/or to gain from the appreciation in the investments' values in the long term.

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

The operation of property investment was discontinued in the current year. The segment information reported does not include any amounts for the discontinued operation, which are described in more detail in note 8.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of corporate assets. Segment liabilities include all liabilities including trade and other payables and borrowings managed directly by the segments with the exception of corporate liabilities.

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. The measure used for reporting segment profit is "EBIT" i.e. "earnings before interest and taxes".

In addition to receiving segment information concerning EBIT, management is provided with the following segment information:

- revenue;
- interest income and expenses from cash balances and borrowings managed directly by the segments;
- dividend income from unlisted securities;
- depreciation and amortisation;
- net realised and unrealised loss on trading securities;
- net realised and unrealised gain on financial assets designated as at fair value through profit or loss;
- net gain/loss on disposal of property, plant and equipment;
- gain on sale of available-for-sale financial assets;
- impairment loss on trade receivables;
- reversal of impairment loss on trade receivables;
- impairment loss on available-for-sale financial assets;
- write down of inventories;
- reversal of write down of inventories;
- share of profits of jointly controlled entities;
- income tax expenses; and
- additions to non-current segment assets used by the segments in their operations.

Information regarding to the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2010 and 2009 is set out below:

	Year ended 31 December 2010				
	Steel China *RMB'000*	Steel Vietnam *RMB'000*	Investments *RMB'000*	Aircraft *RMB'000*	Total *RMB'000*
Reportable segment revenue					
Revenue from external customers*	501,583	37,414	–	7,961	546,958
Reportable segment profit (EBIT)	8,384	3,700	2,754	535	15,373
Interest income	792	211	1	–	1,004
Interest expenses	2,356	328	–	–	2,684
Dividend income from unlisted securities	–	–	711	–	711
Depreciation and amortisation	9,857	1,421	–	3,800	15,078
Net realised and unrealised loss on trading securities	–	–	169	–	169
Net realised and unrealised gain on financial assets designated as at fair value through profit or loss	–	–	743	–	743
Net (gain)/loss on disposal of property, plant and equipment	(230)	575	–	–	345
Gain on sale of available-for-sale financial assets	–	–	1,370	–	1,370
Impairment loss on trade receivables	428	–	–	–	428
Reversal of impairment loss on trade receivables	800	–	–	–	800
Write down of inventories	5,002	–	–	–	5,002
Reversal of write down of inventories	4,859	–	–	–	4,859
Share of profits of jointly controlled entities	–	–	33	–	33
Income tax expenses	–	–	–	250	250
Reportable segment assets (including interests in jointly controlled entities)	351,760	41,160	16,447	17,437	426,804
Interests in jointly controlled entities	–	–	6,634	–	6,634
Additions to non-current segment assets during the year	1,717	4,615	6,621	–	12,953
Reportable segment liabilities	139,133	14,646	–	–	153,779

* There are no inter-segment sales for the year.

	Year ended 31 December 2009 (Restated)				
	Steel China *RMB'000*	Steel Vietnam *RMB'000*	Investments *RMB'000*	Aircraft *RMB'000*	Total *RMB'000*
Reportable segment revenue					
Revenue from external customers*	402,760	15,632	–	8,863	427,255
Reportable segment profit/(loss) (EBIT)	10,267	1,064	(2,270)	2,890	11,951
Interest income	420	146	–	–	566
Interest expenses	1,846	81	–	–	1,927
Depreciation and amortisation	9,963	865	–	3,169	13,997
Net loss on disposal of property, plant and equipment	918	–	–	–	918
Impairment loss on trade 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
Income tax expenses	2,824	–	–	315	3,139
Reportable segment assets	384,701	36,688	19,136	24,631	465,156
Additions to non-current segment assets during the year	1,527	5,368	–	–	6,895
Reportable segment liabilities	169,437	9,554	–	743	179,734

* There were no inter-segment sales for the year.

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

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Revenue		
Total reportable segment revenues	**546,958**	427,255
Consolidated turnover for continuing operations	**546,968**	427,255
Profit or loss		
Reportable segment profit derived from Group's external customers	**15,373**	11,951
Interest income	**292**	13
Other revenue and other net income	**386**	–
Depreciation	**(266)**	(83)
Finance costs	**(2,802)**	(2,134)
Unallocated head office and corporate expenses	**(13,085)**	(10,921)
Consolidated loss before taxation and discontinued operation	**(102)**	(1,174)
Assets		
Total reportable segment assets	**426,804**	465,156
Assets relating to discontinued operation	**–**	223,084
Unallocated head office and corporate assets		
– Loan to a jointly controlled entity	**72,836**	–
– Deposit for acquisition of equity interests in a company	**63,880**	–
– Others	**18,968**	9,487
Consolidated total assets	**582,488**	697,727
Liabilities		
Total reportable segment liabilities	**153,779**	179,734
Liabilities relating to discontinued operation	**–**	138,604
Unallocated head office and corporate liabilities	**5,402**	21,177
Consolidated total liabilities	**159,181**	339,515

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Other items		
Interest expenses		
Reportable segment total	**2,684**	1,927
Unallocated head office and corporate total	**118**	207
Consolidated total before discontinued operation	**2,802**	2,134
Income tax expenses		
Reportable segment total	**250**	3,139
Unallocated head office and corporate total	**10**	–
Consolidated total before discontinued operation	**260**	3,139
Additions to non-current segment assets during the year		
Reportable segment total	**12,953**	6,895
Unallocated head office and corporate total	**137,207**	1,090
Consolidated total	**150,160**	7,985

(c) Revenue from major products and services

The Group's revenue from continuing operations from its major products and services were as follows:

	2010	2009
	RMB'000	*RMB'000*
Steel products	**538,997**	418,392
Spare parts of aircrafts	**–**	830
Rental income from leasing of aircrafts	**7,961**	8,033
	548,958	427,255

(d) 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 excluded financial instruments ("specified non-current assets"). The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets and prepaid lease payments, and the location of operations, in the case of interests in jointly controlled entities.

	Revenue from external customers		Specified non-current assets	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)
Mainland China (place of domicile)	**460,742**	400,254	**68,403**	76,634
Hong Kong	**–**	–	**1,181**	1,009
Taiwan	**18,002**	10,540	**10,040**	14,215
Vietnam	**36,727**	14,566	**21,675**	21,556
Other countries	**31,487**	1,895	**6,634**	–
	546,958	427,255	**107,933**	113,414

(e) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2010	2009
	RMB'000	*RMB'000*
Customer A – revenue from Steel China segment	**56,613**	36,611

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:

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Sales of goods:		
– steel pipes, steel sheets and other products made of steel	**538,997**	418,392
– others	**–**	830
	538,997	419,222
Gross rentals from leasing of aircrafts	**7,961**	8,033
	546,958	427,255
Discontinued operation *(note 8)*		
Gross rentals from investment property	**4,261**	8,330
	551,219	435,585

5. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	Continuing operations		Discontinued operation		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)		(Restated)
Other revenue						
Interest income on bank deposits	**1,018**	579	**75**	11	**1,093**	590
Interest income on loan to a jointly controlled entity	**278**	–	**–**	–	**278**	–
Total interest income on financial assets not at fair value through profit or loss	**1,296**	579	**75**	11	**1,371**	590
Consultancy fee income	**339**	356	**–**	–	**339**	356
Commission income	**–**	1	**–**	–	**–**	1
Government subsidy *(note)*	**914**	661	**–**	–	**914**	661
Dividend income from unlisted securities	**711**	–	**–**	–	**711**	–
Sales of scrap materials	**7,909**	4,384	**–**	–	**7,909**	4,384
Sundry income	**608**	487	**9**	351	**617**	838
	11,777	6,468	**84**	362	**11,861**	6,830
Other net income/(loss)						
Gain on disposal of investment property	**–**	–	**11,630**	–	**11,630**	–
Net realised and unrealised loss on trading securities	**(169)**	–	**–**	–	**(169)**	–
Gain on sale of available-for-sale financial assets	**1,370**	–	**–**	–	**1,370**	–
Reversal of impairment loss on trade receivables	**800**	55	**–**	–	**800**	55
Impairment loss on trade receivables	**(428)**	(1,116)	**–**	–	**(428)**	(1,116)
Net realised and unrealised gain on financial assets designated as at fair value through profit or loss	**743**	–	**–**	–	**743**	–
	2,316	(1,061)	**11,630**	–	**13,946**	(1,061)
	14,093	5,407	**11,714**	362	**25,807**	5,769

Note: The government subsidy mainly represented the subsidies received by the Group from the PRC government authorities during the years for compensating the costs incurred, mainly the export insurance expenses.

6. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

	Continuing operations		Discontinued operation		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	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	**2,764**	596	**183**	1,757	**2,947**	2,353
– not wholly repayable within five years	**–**	1,538	**1,495**	1,022	**1,495**	2,560
Interest on amount due to ultimate holding company	**38**	–	**–**	–	**38**	–
Total interest expenses on financial liabilities not at fair value through profit or loss	**2,802**	2,134	**1,678**	2,779	**4,480**	4,913
(b) Staff costs (including directors' remuneration)						
Contributions to defined contribution retirement plans	**2,357**	2,371	**–**	–	**2,357**	2,371
Salaries, wages and other benefits	**18,173**	16,503	**106**	–	**18,279**	16,503
	20,530	18,874	**106**	–	**20,636**	18,874

	Continuing operations		Discontinued operation		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)		(Restated)

(c) **Other items**

Auditors' remuneration						
– audit services	**653**	660	**–**	–	**653**	660
– other services	**1,220**	290	**–**	–	**1,220**	290
Cost of inventories[#]	**504,690**	385,416	**–**	–	**504,690**	385,416
Depreciation for property, plant and equipment	**15,066**	13,814	**–**	–	**15,066**	13,814
Amortisation of prepaid lease payments	**278**	266	**–**	–	**278**	266
Operating leases charges: minimum lease payments	**1,244**	966	**18**	24	**1,262**	990
Impairment loss on available-for-sale financial assets	**–**	2,288	**–**	–	**–**	2,288
Gross rental income from investment property less direct outgoings of RMB890,000 (2009: RMB1,321,000)*	**–**	–	**(3,371)**	(7,009)	**(3,371)**	(7,009)
Net foreign exchange loss	**1,017**	290	**–**	21	**1,017**	311
Net loss on disposal of property, plant and equipment	**345**	918	**–**	–	**345**	918
Loss on disposal of a subsidiary attributatble to discontinued operation *(note 8)*	**–**	–	**12,006**	–	**12,006**	–
Loss on lost of control in subsidiaries	**67**	–	**–**	–	**67**	–

[#] Cost of inventories includes (i) RMB20,514,000 (2009: RMB15,689,000) relating to staff costs, depreciation, operating lease charges and write down of inventories; and (ii) reversal of write down of inventories of RMB4,859,000 (2009: RMB30,321,000) for the year ended 31 December 2010 which amount are also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

* All the direct outgoings of RMB890,000 (2009: RMB1,321,000) are arising from investment property that generated rental income during the year.

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	Continuing operations		Discontinued operation		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)		(Restated)
Current tax – Provision for the year						
– Taiwan Enterprise Income Tax	**250**	315	**1,490**	–	**1,740**	315
– Other jurisdictions	**10**	–	**–**	–	**10**	–
	260	315	**1,490**	–	**1,750**	315
Current tax – Under provision in respect of prior years						
– PRC Enterprise Income Tax	**–**	1,980	**–**	–	**–**	1,980
– PRC Withholding tax	**–**	844	**–**	–	**–**	844
	–	2,824	**–**	–	**–**	2,824
	260	3,139	**1,490**	–	**1,750**	3,139
Deferred tax						
– Origination and reversal of temporary difference	**–**	–	**(5,995)**	–	**(5,995)**	–
– Attributable to a change in tax rate	**–**	–	**(1,064)**	(1,066)	**(1,064)**	(1,066)
	–	–	**(7,059)**	(1,066)	**(7,059)**	(1,066)
	260	3,139	**(5,569)**	(1,066)	**(5,309)**	2,073

(a) Pursuant to the rules and regulations of Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in Cayman Islands and British Virgin Islands during the year (2009: Nil).

(b) No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the year (2009: Nil).

(c) According to the Corporate Income Tax Law of the PRC and Circular 39, the tax rate of the PRC subsidiary is gradually increased from 15% to 25% over a five-year transitional period (18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 and thereafter).

No PRC Enterprise Income Tax has been provided for in the financial statements as the PRC subsidiary has accumulated tax losses brought forward which exceed the estimated assessable profits for the year.

Additionally, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors.

(d) Vietnam income tax is calculated at 25% (2009: 25%) of estimated assessable profits for the year. 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 2009 and 2010.

(e) The provision for Taiwan Enterprise Income Tax for 2010 regarding the business of leasing of aircrafts and provision of consultancy service is calculated at a rate of 20% (2009: 25%) of estimated assessable profits for the year.

The provision for Taiwan Enterprise Income Tax for 2010 regarding the business of property investment is calculated at a rate of 17% (2009: 25%) of estimated assessable profits for the year.

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

8. DISCONTINUED OPERATION

During the year, the Group ceased its property investment operation by disposal of the investment property located in Taiwan held by Mei Kong Shih Ye Limited ("Mei Kong"), a subsidiary of the Group engaged in property investment operation, to China Life Insurance Co., Ltd. ("China Life"), an independent third party, for a net consideration of RMB243,040,000 (equivalent to NTD1,138,894,000) (gross proceeds of RMB262,482,000 (equivalent to NTD1,230,000,000) less related cost of disposal of RMB19,442,000 (equivalent to NTD91,106,000)) on 15 July 2010, and disposal of 100% equity interests in Mei Kong to Mayer Steel Pipe Corporation ("Taiwan Mayer"), the ultimate holding company of the Company, for a consideration of RMB55,481,000 (equivalent to NTD260,474,000) on 27 September 2010.

The results of discontinued operation for the period from 1 January 2010 to 27 September 2010 (the date of disposal of Mei Kong) included in the consolidated income statement and consolidated statement of cash flows are set out below. The comparative profit and cash flows from discontinued operation have been re-presented to include the operation classified as discontinued in the current year.

	1/1/2010 to 27/09/2010	1/1/2009 to 31/12/2009
	RMB'000	*RMB'000*
		(Restated)
Turnover *(note 4)*	**4,261**	8,330
Other revenue *(note 5)*	**84**	362
Other net income *(note 5)*	**11,630**	–
Valuation gain on investment property	**10,543**	–
Administrative expenses	**(1,081)**	(1,395)
Profit from operation	**25,437**	7,297
Finance costs *(note 6(a))*	**(1,678)**	(2,779)
Profit before taxation	**23,759**	4,518
Income tax *(note 7)*	**5,569**	1,066
	29,328	5,584
Loss on disposal of discontinued operation (including RMB172,000 reclassification of exchange reserve from equity to profit or loss on disposal of discontinued operation) *(note 6(c))*	**(12,006)**	–
Income tax	**–**	–
Loss on disposal of discontinued operation, net of tax	**(12,006)**	–
Profit from discontinued operation (attributable to owners of the Company) *(note 6)*	**17,322**	5,584

The net cash flows attributable to the discontinued operation for the period/year are as follows:

	1/1/2010 to 27/09/2010	1/1/2009 to 31/12/2009
	RMB'000	*RMB'000*
		(Restated)
Net cash generated from/(used in) operating activities	**865**	(6,276)
Net cash generated from/(used in) investing activities	**230,158**	(238)
Net cash (used in)/generated from financing activities	**(176,937)**	4,817
	54,086	(1,697)

9. DIVIDENDS

The directors do not propose the payment of any dividend for the year ended 31 December 2010 (2009: RMBNil).

10. DEPOSIT FOR ACQUISITION OF EQUITY INTERESTS IN A COMPANY

	2010	2009
	RMB'000	*RMB'000*
At 31 December	**63,880**	–

On 15 October 2010, the Company entered into a memorandum of understanding ("MOU") with Make Success Limited ("Make Success"), an independent third party of the Company and of the Group, in relation to a proposed acquisition of the entire issued share capital of Yield Rise Limited ("Yield Rise") at a consideration to be determined based on a valuation report to be issued by an independent valuer appointed by the Company or such other basis as agreed between the Company and Make Success.

Pursuant to the MOU, the Company shall pay Make Success a sum of HK$100,000,000 (equivalent to approximately RMB84,890,000) as deposit for the proposed acquisition. As at 31 December 2010, the Company paid a total of HK$75,250,000 (equivalent to approximately RMB63,880,000) as the deposit. The deposit is refundable without interest upon termination of the MOU or used to settle part of the consideration of the proposed acquisition under formal sale and purchase agreement.

11. LOAN TO A JOINTLY CONTROLLED ENTITY

	2010	2009
	RMB'000	*RMB'000*
At 31 December	**72,836**	–

As at 31 December 2010, the loan to a jointly controlled entity is unsecured, bearing interest at 1.5% per annum and repayable by 22 November 2011. On 28 January 2011, the Company entered into a capital increase agreement with Taiwan Mayer pursuant to which the loan of USD11,000,000 (equivalent to approximately RMB72,836,000) will be capitalised as investment in Glory World.

12. TRADE AND OTHER RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables and bills receivables	**151,060**	166,515
Less: allowance for doubtful debts	**(2,088)**	(2,460)
	148,972	164,055
Other receivables	**7,206**	785
Amounts due from jointly controlled entities	**1,140**	–
Amount due from a related company	**4,393**	8,557
Loans and receivables	**161,711**	173,397
Prepayments and other deposits	**1,706**	1,958
	163,417	175,355

All of the trade and other receivables (including amounts due from related companies and prepayments and other deposits) are expected to be recovered or recognised as expense within one year.

Trade receivables and bills receivables are net of allowance for doubtful debts of RMB2,088,000 (2009: RMB2,460,000) with the following age presented based on invoice date as of the end of the reporting period:

	2010	2009
	RMB'000	*RMB'000*
0-30 days	**47,323**	52,416
31-60 days	**44,467**	40,523
61-90 days	**25,426**	35,775
91-180 days	**31,660**	35,332
Over 180 days	**96**	9
	148,972	164,055

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

13. TRADE AND OTHER PAYABLES

	2010	2009
	RMB'000	*RMB'000*
Trade payables	**10,609**	18,351
Other payables	**14,687**	15,005
Dividend payables	**546**	566
Amount due to a director	**1,058**	1,119
Amount due to ultimate holding company	**10,633**	11,607
Financial liabilities measured at amortised cost	**37,533**	46,648
Receipts in advance	**3,406**	6,390
	40,939	53,038

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

The following is an ageing analysis of trade payables presented based on invoice date as at the end of the reporting period:

	2010	2009
	RMB'000	*RMB'000*
0 – 30 days	**10,219**	17,106
31 – 60 days	**139**	872
61 – 90 days	**–**	–
91 – 180 days	**–**	2
181-365 days	**–**	114
Over 1 year	**251**	257
	10,609	18,351

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

For the year ended 31 December 2010, the Group reported consolidated turnover of approximately RMB546,958,000, representing increase of 28.0% over last year. Gross profit margin was 7.7% compared to last year's 9.8%. Net profit attributable to owners of the Company was approximately RMB13,739,000, compared with last year's net loss of approximately RMB510,000. Loss and earnings per share for the year from continuing operations and discontinued operation was RMB0.6 cents and RMB2.90 cents versus last year's loss and earnings per share of RMB1.06 cents and RMB0.97 cents respectively.

Production and Sales

The revenue from indirect export sales of steel products in the PRC and Vietnam during the year was approximately RMB370,261,000, representing a increase of approximately 16.4% compared with approximately RMB318,090,000 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 RMB164,508,000, representing a increase of approximately 70.1% compared with approximately RMB96,730,000 for the last year.

The revenue from direct export sales of steel products outside the PRC and Vietnam during the year was approximately RMB4,228,000, representing a increase of approximately 18.4% while it was approximately RMB3,572,000 for the last year.

Rental income and consultancy fee income from aircrafts leasing during the year was approximately RMB7,961,000 and RMB339,000 respectively compared with approximately RMB8,033,000 and RMB356,000 respectively for the last year and which represented a stable stream of income for the Group.

Rental income from property investment was approximately RMB4,261,000 for the year, the property investment segment was discontinued from September 2010.

Gross Profit

The Group recorded a gross profit of approximately RMB42,268,000 for the year, with a gross profit margin of approximately 7.7%, compared with the gross profit of approximately RMB41,839,000 and a gross profit margin of approximately 9.8% for the last year.

This was mainly attributable to the average growth rate of the purchasing costs of raw materials, which was higher than that of the selling prices of our products for the year of 2010.

Operating Expenses

The total operating expenses of the Group for the year were approximately RMB53,694,000, of which approximately RMB9,901,000 in distribution costs, RMB43,369,000 in administrative expenses and RMB424,000 in other operating expenses, accounting for approximately 1.8%, 7.9%, and 0.078% of turnover respectively while the amounts for the last year were approximately RMB7,738,000, RMB35,262,000, and RMB3,286,000 respectively, accounting for approximately 1.8%, 8.3%, and 0.77% respectively.

Finance Costs

During the year, the Group incurred approximately RMB2,802,000 in finance costs, compared with approximately RMB2,134,000 for the last year. The Group relied on bank borrowings to finance its trading activities, the increase in finance costs paid during the year was mainly due to the increase 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 2010, the Group had bank deposits and cash balances (including pledged bank deposits) of approximately RMB111,811,000, of which bank deposits of approximately RMB5,216,000 were pledged to secure financing facilities granted to the Group.

The Group had net current assets of approximately RMB178,658,000 as at 31 December 2010 as compared with RMB135,662,000 as at 31 December 2009. The current ratio (current assets divided by current liabilities) changed to approximately 2.12 as at 31 December 2010 from 1.65 as at 31 December 2009.

The Group had a total of approximately RMB276,029,000 financing facilities from banks were available as at 31 December 2010, of which approximately RMB103,326,000, mainly denominated in US dollars with fixed 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 2010 was approximately 2% while it was 37% as at 31 December 2009. Current portion of borrowings accounted for approximately 20% and 22% of the total assets of the Group as at 31 December 2010 and 31 December 2009, respectively.

Cash Flow

For the year, the Group generated net cash inflow of RMB54,348,000 from its operating activities, as compared to net cash inflow of approximately RMB3,792,000 for the last year. The increase in net cash inflow from operating activities was primarily due to the increase in the trade and other payables during the year.

Net cash inflow of approximately RMB69,478,000 was from investing activities for the year, mainly resulted from the Group's sales of investment property. Net cash outflow of approximately RMB109,384,000 was from financing activities, mainly resulted from the Group's repayment of bank borrowings.

Banks deposits and cash balances (including pledged bank deposits of approximately RMB5,216,000) as at 31 December 2010 amounted to approximately RMB111,811,000, 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 2010, bank deposits of approximately RMB5,216,000 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 RMBNil at the end of the reporting period.

Contingent Liabilities

During the current and prior years, the Company has given corporate guarantees to certain banks in connection with banking facilities of RMB43,048,000 (2009: RMB92,180,000) granted by the banks to the subsidiaries. At 31 December 2010, the facilities drawn down by the subsidiaries were RMB33,113,000 (2009: RMB47,798,000).

The Company is one of the entities covered by a cross guarantee arrangement executed by the Company, its subsidiaries and jointly controlled entities to a bank in respect of banking facilities of RMB26,491,000 (2009: RMBNil) granted to the Group and the jointly controlled entities. Under the cross guarantee, the Group and the jointly controlled entities are jointly and severally liable for all and any of the borrowings from the bank which is the beneficiary of the cross guarantee.

The maximum liability of the Company at the end of the reporting period under the guarantees issued represents the amount of the facilities drawn down by the subsidiary of RMB33,113,000 (2009: RMB47,798,000). The maximum liability of the Group and of the Company at the end of the reporting period under the cross guarantee issued represents the amount of the facilities drawn down by the jointly controlled entity of RMB15,185,000 (2009: RMBNil). 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 Group and 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 2010, the Group had total of 350 employees. Total staff costs for the year ended 31 December 2010 were approximately RMB20,530,000, including retirement benefits cost of approximately RMB2,357,000. 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 2011, the imbalance between demand and supply in the steel and metal sector will continue and the price trends of steel and metal products will still remain strong. In a short run, the global economy was weaken by the concerns of weak global demand and the impact of light oil prices. With the PRC'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 weaken U.S. dollar against other currencies. While the undercurrent running through the PRC economic is rising inflation. We expect that the unstable in operating costs, oil prices and interest rate will continue, and the increasingly intense market competition will present more challenges to the Group's operations.

Now the Group has entered into the commodity sector, through the trading of non-ferrous metals and other mineral resources worldwide. The management believes that the macroeconomic environment will be supportive for commodities. However, the high oil prices will endangering the economic Scenario and the market, this situation is unlikely to ease in coming year.

As the general expectation, PRC economic growth will benefit from strong domestic consumption and the growth is likely to close at 10%, which is higher than the 8% growth targets set by the PRC government. The Group is determined to capitalise these opportunities arising from the growth of the PRC, together with the growth in other Asian region. 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.

Other Matters

(a) Proposed acquisition of Maxipetrol Hong Kong Limited

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.

On 31 December 2010, being the long stop date for fulfillment of the conditions precedent of the sale and purchase agreement, the directors of the Company decided not to extend the long stop date and to terminate the acquisition due to certain conditions precedent of the sale and purchase agreement had not been fulfilled or waived on 31 December 2010. Accordingly, the sale and purchase agreement became null and void and the Company's obligations to purchase the shares in Maxipetrol HK lapsed on 31 December 2010.

(b) Deemed disposal of Vietnam Mayer

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 2,000,000 shares of Vietnam Mayer, representing the Group's all effective interest in Vietnam Mayer, at an aggregate consideration of USD2,100,000 (equivalent to approximately RMB13,864,000), 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. As at 31 December 2010, the directors of the Company consider Vietnam Mayer is not immediately available for sale until obtain approval from the relevant government authorities and the disposal has not completed up to 28 March 2011 due to the processing of relevant transfer and registration procedures by the Group.

On 5 November 2010, Guangzhou Mayer entered into an agreement with Taiwan Mayer, a shareholder who hold 30% equity interests in Vietnam Mayer, and Winner Industrial Corporation ("Winner Industrial"), a shareholder who hold 20% equity interests in Vietnam Mayer, in relation to the increase in charter capital of USD2,700,000 (equivalent to approximately RMB17,825,000) in Vietnam Mayer ("VM Capital Increase") from USD4,000,000 (equivalent to approximately RMB26,408,000) to USD6,700,000 (equivalent to approximately RMB44,233,000). Pursuant to the agreement, the full amount of the VM Capital Increase will be contributed in the form of cash by Guangzhou Mayer, Taiwan Mayer and Winner Industrial in the amount of USDNil, USD2,700,000 and USDNil respectively.

The deemed disposal constituted, under the Listing Rules, a discloseable and connected transaction of the Company and was approved in the extraordinary general meeting of the independent shareholders held on 3 December 2010. The deemed disposal was completed subsequent to the end of the reporting period on 11 February 2011.

(c) Disposal of Investment Property in Taiwan

On 19 May 2010, the Group's subsidiary, Mei Kong has entered a sales and purchase agreement ("S&P") with China Life for the disposal of the investment property located in Taiwan held by Mei Kong. Details of the S&P are set out in the Company's Circular dated 18 June 2010.

On 13 August 2010, the Group entered into a disposal agreement with Taiwan Mayer in relation to the disposal of the Group's 100% equity interests in Mei Kong to Taiwan Mayer at a consideration of NTD260,474,000 (equivalent to approximately RMB55,481,000). On 27 September 2010, the registration procedures on the transfer of shares were completed and a loss on disposal of the subsidiary of RMB12,006,000 was recorded by the Group. Details of the Disposal of Mei Kong are set out in the Companys Circular dated 8 September 2010.

(d) Issue of warrants and issue of shares on exercise of warrants

On 12 July 2010, the Company entered into a warrant subscription agreement ("Warrant Subscription Agreement") with Valley Park Global Corporation (the "Subscriber"), a company incorporated in the British Virgin Islands with limited liability and an independent third party to the Group. Pursuant to the Warrant Subscription Agreement, the Company issued 115,200,000 non-listed warrants at an issue price of HK$0.01, each of which carries the right to subscribe for one new ordinary share of the Company of HK$0.10 at the warrant exercise price of HK$0.54. The subscription rights attaching to the warrants may be exercised at any time during a period of 12 months commencing from the date immediately after the date of issue of the warrants on 12 July 2010.

On 27 October 2010, the Subscriber were fully exercised the warrants to subscribe for 115,200,000 ordinary shares in the Company at a consideration of HKD62,208,000 (equivalent to approximately RMB53,169,000).

(e) Formation of Joint Venture Group (the "JV Group")

(i) On 15 September 2010, the Company entered into a joint venture agreement with Taiwan Mayer, pursuant to which the Company pay USD999,999 (equivalent to approximately RMB6,621,000) for subscription of 49.99% equity interests in Glory World whereas Taiwan Mayer pay USD1,000,000 (equivalent to approximately RMB6,621,000) for subscription of 50% equity interests in Glory World.

(ii) Capital increase in a jointly controlled entity

On 28 January 2011, the Company entered into a capital increase agreement (the "Capital Increase Agreement") with Taiwan Mayer pursuant to which the share capital of Glory World is increased from USD2,000,000 (equivalent to approximately RMB13,243,000) to USD50,000,000 (equivalent to approximately RMB331,073,000). Pursuant to the Capital Increase Agreement, the Company and Taiwan Mayer agree to make further capital contribution on a non pro-rata basis of USD19,000,000 (equivalent to approximately RMB125,808,000) and of USD29,000,000 (equivalent to RMB192,022,000) respectively. The details of the Capital Increase Agreement are set out in the Company's Circular dated 16 March 2011.

(e) Formation of Joint Venture Group (the "JV Group") (Continued)

The capital injection constituted, under the Listing Rules, a major and connected transaction of the Company and is subject to the approval in the extraordinary general meeting of the independent shareholders to be held on 31 March 2011.

(f) Proposed Acquisition of Yield Rise Group (the "Yield Rise Group")

On 15 October 2010, the Company entered into a MOU with Make Success in relation to a proposed acquisition of the entire issued share capital of Yield Rise at a consideration to be determined based on a valuation report to be issued by an independent valuer appointed by the Company or such other basis as agreed between the Company and Make Success.

Yield Rise is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at 31 December 2010, Yield Rise held 87.5% equity interests in Best Wonder Holdings Limited ("Best Wonder"), which in turn held 100% equity interests in Good Wishes Investment Limited ("Good Wishes"). Good Wishes held 80% equity interests in Dan Tien Port Development Joint Venture Company Limited ("Dan Tien"). Dan Tien is a foreign invested limited liability company established in Vietnam and is principally engaged in the development of property, port and logistic business in Vietnam.

On 8 November 2010, the Company and Make Success entered into a sale and purchase agreement. Details of the acquisition are set out in the Company's announcement dated 8 November 2010.

FINAL DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 December 2010 (2009: 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 2010, 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 2010.

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 2010.

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 22/F, W Square, 314-324 Hennessy Road, Wanchai, Hong Kong on Friday, 27 May 2011 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 Messrs. Hsiao Ming-chih, Lai Yueh-hsing, Lu Wen-yi, Chiang Jen-chin, Cheng Koon Cheung, the non-executive director of the Company are Messrs. Chan Kin Sang, Chen Guoxiang and Li Deqiang and the independent non-executive directors are Messrs. Lin Sheng-bin, Huang Jui-hsiang and Alvin Chiu and Peter V.T. Nguyen respectively.

By Order of the Board
Hsiao Ming-chih
Chairman

Hong Kong, 28 March 2011