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

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Under the current COVID-19 virus outbreak, the auditors of Mayer Holdings Limited (the "**Company**") could not conduct the relevant audit field works in the People's Republic of China (the "**PRC**") and this inevitably causes delay in publication of and despatch of the audited annual results announcement and the annual report of the Company for the year ended 31 December 2019 (the "**Year**"). It is expected that the audit field works would be resumed as soon as practicable after the COVID-19 outbreak having become relieved with relevant relaxation on travel restriction measures. The Company will work out an achievable and realistic audit schedule with its auditors and will publish further announcement(s) in accordance with the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of The Hong Kong Limited ("**Stock Exchange**") as and when appropriate.

In order to keep the shareholders of the Company (the "**Shareholders**") and the public informed of the business operation and financial position of the Company and its subsidiaries (collectively the "**Group**"), the board (the "**Board**") of directors (the "**Directors**") of the Company would like to provide the Shareholders and the public with the following unaudited consolidated financial information of the Group for the Year, which has been reviewed by the audit committee of the Company ("**Audit Committee**").

* *For identification only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Revenue	*3*	**580,456**	426,149
Cost of sales		**(515,099)**	(374,179)
Gross profit		**65,357**	51,970
Other income	*5*	**11,690**	19,355
Other net losses		**(3,319)**	(48,067)
Distribution costs		**(21,297)**	(17,791)
Administrative expenses		**(39,446)**	(54,355)
Other operating expenses		**(34)**	–
Profit/(loss) from operations		**12,951**	(48,888)
Impairment loss on amounts due from investee companies		**–**	(9)
Share of loss of an associate		**(24)**	–
Finance costs	*6*	**(2,788)**	(3,374)
Profit/(loss) before tax		**10,139**	(52,271)
Income tax expense	*7*	**(2,064)**	(1,133)
Profit/(loss) for the year	*8*	**8,075**	(53,404)
Profit/(loss) for the year attributable to:			
Owners of the Company		**3,322**	(48,937)
Non-controlling interests		**4,753**	(4,467)
		8,075	(53,404)
Earnings/(loss) per share	*9*		
Basic and diluted *(RMB cents)*		**0.19**	(8.15)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**2019**	2018
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Profit/(loss) for the year		**8,075**	(53,404)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(216)**	(6,234)
Items that may not be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**4,134**	(965)
Financial assets at fair value through other comprehensive income:			
Net movement in the investment revaluation reserve		**–**	(39,970)
Other comprehensive income for the year, net of tax		**3,918**	(47,169)
Total comprehensive income for the year		**11,993**	(100,573)
Total comprehensive income for the year attributable to:			
Owners of the Company		**7,240**	(96,106)
Non-controlling interests		**4,753**	(4,467)
		11,993	(100,573)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**32,642**	30,024
Right-of-use assets		**9,631**	–
Prepaid land lease payments		**–**	5,752
Interest in joint ventures		**–**	–
Interest in an associate		**209,487**	–
Financial assets at fair value through profit or loss		**7,570**	–
		259,330	35,776
Current assets			
Inventories		**82,640**	69,304
Trade and other receivables	*11*	**293,897**	195,946
Prepaid land lease payments		**–**	222
Current tax assets		**–**	1,054
Cash and cash equivalents		**146,422**	174,667
		522,959	441,193
Current liabilities			
Trade and other payables	*12*	**101,270**	70,018
Current tax payables		**2,494**	–
Lease liabilities		**1,480**	–
Borrowings		**78,139**	20,668
		183,383	90,686
Net current assets		**339,576**	350,507
Total assets less current liabilities		**598,906**	386,283

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		**2,444**	–
Promissory notes		**122,677**	–
		125,121	–
NET ASSETS		**473,785**	386,283
Capital and reserves			
Share capital		**391,760**	318,093
Reserves		**26,244**	17,162
Equity attributable to owners of the Company		**418,004**	335,255
Non-controlling interests		**55,781**	51,028
TOTAL EQUITY		**473,785**	386,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is located at 21th Floor, No. 88 Lockhart Road, Wan Chai, Hong Kong.

The Company is an investment holding company.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRSs**"); Hong Kong Accounting Standards ("**HKASs**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the Year and prior years except as stated below.

HKFRS 16 Leases

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to lease which had previously been classified as 'operating leases' under HKAS 17 "Leases".

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of HKFRS 16 are therefore recognised in the opening statement of financial position on 1 January 2019 as follows:

	RMB'000
As at 1 January 2019:	
Increase in right-of-use assets	5,974
Decrease in prepaid land lease payments	(5,974)

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

The Group's revenue represents the aggregate of sales value of goods supplied to customers less goods returned, trade discounts and sales tax.

Disaggregation of revenue from contracts with customers:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Nature of sales – steel pipes, steel sheets and other products made of steel		
Domestic sales	**476,181**	327,021
Indirect export sales	**77,521**	64,141
Direct export sales	**26,754**	34,987
Total	**580,456**	426,149

All revenue is recognised at a point in time.

Sales of steel pipes, steel sheets and other products made of steel

The Group manufactures and sells steel pipes, steel sheets and other products made of steel to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 60 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4. SEGMENT INFORMATION

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

- Steel – PRC: this segment primarily derive its revenue from processing, manufacturing and selling of steel pipes, steel sheets and other products made of steel in the PRC.

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

Segment results, assets and liabilities

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

Revenues and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The accounting policies of the reportable segments are the same as the Group's accounting policies. The measure used for reporting segment profit is earnings before interest and taxes ("**EBIT**").

In addition to receiving segment information concerning EBIT, management is provided with segment information concerning revenues, interest income and expenses from cash balances and borrowings managed directly by the segments, depreciation and amortisation, change in fair value of financial assets at fair value through profit or loss, net gain or loss on disposal of property, plant and equipment, impairment loss on trade and other receivables, reversal of impairment loss on trade and other receivables, write down of inventories, reversal of write down of inventories, income tax expenses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below:

Information about reportable segment profit or loss, assets and liabilities:

	Urban renewal projects planning and consulting	**Sales of steel pipes, steel sheets and other products made of steel**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
For the year ended 31 December 2019:			
Revenue	**–**	**580,456**	**580,456**
Segment profit/(loss)	**(1,166)**	**26,146**	**24,980**
Finance costs	**(17)**	**(1,741)**	**(1,758)**
Depreciation	**(74)**	**(3,430)**	**(3,504)**
Share of loss of an associate	**(24)**	**–**	**(24)**
Income tax expense	**–**	**(2,064)**	**(2,064)**
Other material non-cash items:			
Impairment on trade and other receivables	**–**	**2,114**	**2,114**
Additions to segment non-current assets	**29**	**4,477**	**4,506**
As at 31 December 2019:			
Segment assets	**279,036**	**441,795**	**720,831**
Segment liabilities	**10,833**	**156,395**	**167,228**

	Urban renewal projects planning and consulting *RMB'000* (Audited)	Sales of steel pipes, steel sheets and other products made of steel *RMB'000* (Audited)	Total *RMB'000* (Audited)
For the year ended 31 December 2018:			
Revenue	–	426,149	426,149
Segment loss	–	(24,380)	(24,380)
Finance costs	–	2,208	2,208
Depreciation and amortisation	–	3,336	3,336
Income tax expense	–	1,133	1,133
Other material non-cash items:			
Impairment on trade and other receivables	–	50,516	50,516
Reversal of write down of inventories	–	(43)	(43)
Additions to segment non-current assets	–	1,093	1,093
As at 31 December 2018:			
Segment assets	–	300,233	300,233
Segment liabilities	–	59,562	59,562

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Profit or loss		
Total profit/(loss) of reportable segments	**24,980**	(24,380)
Corporate and unallocated loss	**(16,905)**	(29,024)
Consolidated profit/(loss) for the year	**8,075**	(53,404)
Assets		
Total assets of reportable segments	**720,831**	300,233
Corporate and unallocated assets	**61,458**	176,736
Consolidated total assets	**782,289**	476,969
Liabilities		
Total liabilities of reportable segments	**167,228**	59,562
Corporate and unallocated liabilities	**141,276**	31,124
Consolidated total liabilities	**308,504**	90,686

Geographical information

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

Revenue from major customers

No customers individually contributed more than 10% of the total consolidated revenue of the Group for the years ended 31 December 2019 and 2018.

5. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank interest income	**303**	234
Dividend income	**–**	10,174
Government subsidy[#]	**445**	1,172
Scrap sales	**9,752**	7,709
Other interest income	**887**	–
Sundry income	**303**	66
	11,690	19,355

[#] *The government subsidy was received from local government authorities for supporting the Group's operation and encouraging innovation of production technology, of which the entitlement was unconditional.*

6. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank interest expenses	**1,562**	2,059
Other loans interest	**–**	1,167
Promissory notes interest	**1,014**	–
Lease interest	**33**	–
Other finance charges	**179**	148
	2,788	3,374

7. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax		
PRC corporation income tax	**2,064**	1,133

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the Year ended 31 December 2018. No provision for Hong Kong Profits Tax has been made for the Year as the Group did not generate any assessable profits arising in Hong Kong.

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are liable to the PRC Corporate Income Tax at a rate of 25% (2018: 25%) during the Year.

During the Year, Guangzhou Mayer Corporation Limited ("**Guangzhou Mayer**") is accredited as a High and New Tech Enterprise. As being a High and New Tech Enterprise, it was entitled to a reduced corporate income tax rate of 15% for the 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.

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

The reconciliation between the income tax expense and the profit/(loss) before tax multiplied by applicable tax rates is as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Profit/(loss) before tax	**10,139**	(52,271)
Tax at the rates applicable to profit/(loss) in the countries concerned	**4,081**	(10,510)
Tax effect of non-taxable income	**–**	(2,650)
Tax effect of non-deductible expenses	**3,310**	17,771
Tax effect of utilisation of tax losses not recognised in prior year	**(2,497)**	(2,316)
Tax effect of tax concession	**(2,830)**	(985)
Tax effect of temporary difference not recognised	**–**	(407)
Others	**–**	230
Income tax expense for the Year	**2,064**	1,133

8. PROFIT/(LOSS) FOR THE YEAR

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Auditor's remuneration		
– audit services	**793**	737
– other services	**515**	821
Cost of inventories sold#	**515,099**	374,179
Depreciation	**3,398**	3,114
Depreciation of right-of-use assets	**370**	–
Amortisation of prepaid lease payments	**–**	222
Net exchange loss/(gain)	**905**	(2,409)
Operating lease charges in respect of land and buildings	**–**	579
Expenses related to short-term lease	**475**	–
Net loss/(gain) on disposal of property, plant and equipment	**221**	(40)
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**38,742**	34,515
– Retirement benefits scheme contributions	**5,291**	5,406
	44,033	39,921

\# *Cost of inventories sold includes the followings which are also included in the amounts disclosed separately above.*

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Depreciation	**2,644**	2,746
Reversal of write down of inventories	**–**	(43)
Staff costs	**19,306**	16,698

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of unaudited basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB3,322,000 (unaudited) (2018: loss of approximately RMB48,937,000 (audited)) and the weighted average number of 1,788,438,000 ordinary shares (unaudited) (2018: 600,606,000 ordinary shares (audited)) in issue during the Year.

Diluted earnings/(loss) per share

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

10. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2019 and 2018.

11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables with the following aging analysis:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**56,448**	49,847
31 to 60 days	**56,508**	37,755
61 to 90 days	**34,602**	27,418
91 to 180 days	**23,526**	21,608
Over 180 days	**5,037**	605
	176,121	137,233

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following aging analysis:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**18,586**	13,019
31 to 60 days	**12,038**	2,611
61 to 90 days	**4,688**	678
91 to 180 days	**2,715**	843
181 to 365 days	**2,121**	734
Over 365 days	**3,285**	541
	43,433	18,426

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activities of the Group are:

i. Processing, manufacturing and selling of steel pipes, steel sheets and other steel products, through a non-wholly owned subsidiary of the Group, Guangzhou Mayer Corporation Limited* ("**Guangzhou Mayer**"); and

ii. Urban renewal project planning and consulting, by acquired Happy (Hong Kong) New City Group Limited ("**Happy New City**" or "**Target Company**") in the Year.

Steel pipes, steel sheets and other products made of steels

In 2019, Guangzhou Mayer attained outstanding achievements in terms of production, operation, management, product development and research, and technological innovation. It obtained 5 system and 3 product certifications, 3 letters of credit from prestigious institutions as well as 3 patents. In particular, Guangzhou Mayer proudly won the "Best Investment Value Award*（最具投資價值獎）" at "The Power of Exemplar – FIT Guangdong Technology and Innovation Pioneers Competition*（榜樣的力量－FIT粵科創先鋒大賽）" jointly organised by China Construction Bank and Guangdong Southern Newspaper Media Group*（南方報業集團）. It was recognised as a national high and new technology enterprise and certified as a premium AEO by China Customs. It passed the annual audits of, amongst others, ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System, ISO 10012 Measurement Management System, IATF 16949 Automotive Quality Management System and Safe Production Standardisation certification. Furthermore, it has been named as a Contract-abiding and Credit-honouring Enterprise*（守合同重信用企業）in Guangdong Province for 14 consecutive years.

With respect to production, operation and management, the new management model of knowledge and skills framework ("**KSF**") comprehensive performance-based appraisal has been applied to frontline staff and management personnel at supervisor grade or above in order to motivate them, improve operating efficiency and reduce production costs in an effective manner. A rigorous production safety improvement campaign was also waged to forcefully safeguard the Group and its staff as a whole.

In terms of product research and development as well as technological innovation, the Group has been co-operating with various tertiary institutions. In particular, the Guangdong University of Technology and the Group are also working together to apply for the creation of an "Engineering Institute of Guangdong Province" in addition to the joint establishment of the business-school scientific research base. The business-school collaboration helps the business to upgrade old equipment and improve productivity, thereby bolstering production efficiency and capacity while boosting competitiveness. Being the vice chair of Guangdong Stainless Steel Materials and Products Association*（廣東省不鏽鋼材料與製品協會）and Foshan Metal Material Industry Association*（佛山市金屬材料行業協會）and a member of China Urban Water Association, Guangzhou Mayer actively participated in the formulation and modification of industry standards and regulations, thereby highlighting its leading position in the industry.

Urban renewal project planning and consultancy

Through completion of acquiring Happy New City in the Year (as set out under the title of Acquisitions below), the Group commenced this new business line on urban renewal project planning and consultancy by the end of the Year. Happy New City, through its invested company named Zhuhai Hau Fa Yue Tang Property Development Limited*（珠海華發月堂房產開發有限公司, the "**Project Company**"), operates the redevelopment project of Yuetang Village*（月堂村）located in Sanzhao Town, Jinwan District, Zhuhai.

Based on a co-operation agreement with Jinwan District Sanzao Town Yuyue Village Yuetang Economic Cooperation Association*（金灣區三灶鎮魚月村月堂經濟合作社）in relation to the redevelopment project of approximately 187,809 square meters of land in Yuetang Village, the Project Company conducts urban planning, consulting, organising and preparing the demolition and resettlement compensation plan for the project. Details of this Yuetang Village redevelopment project were set out in the announcement and the circular of the Company dated 11 June 2019 and 23 August 2019.

Besides through Happy New City, the Group also proceeded urban renewal project planning and consultancy in China through other subsidiaries arms.

ACQUISITIONS

Happy (Hong Kong) New City Group Limited

On 11 June 2019, Harbour Prestige International Limited ("**Vendor**"), Mr. Zhou Shi Hao ("**Guarantor**"), Elate Ample Limited ("**Purchaser**"), a wholly-owned subsidiary of the Company and the Company entered into a sale and purchase agreement, pursuant to which the Purchaser has conditionally agreed to purchase from the Vendor and the Vendor has conditionally agreed to sell to the Purchaser the entire equity interest in Happy New City at the consideration of HK$260 million, which shall be settled by cash amounted to HK$20 million, the issue and allotment of consideration shares amounted to HK$82 million and the issue of promissory note amounted to HK$158 million. Values for both the consideration shares and promissory note are subject to consideration adjustment, in which are tied to the accumulated audited consolidated profit after tax of the Target Company and its subsidiaries for three financial years ending 31 December 2021 ("**Accumulated Target Net Profit**") as compared with a target profit level set at HK$260 million, same as the consideration in this acquisition.

Besides, in the event that the Accumulated Target Net Profit of the Target Company equals to or less than HK$130 million, the Purchaser is granted the right to exercise at any time during the option period the sale and transfer of the entire issued share capital of the Target Company to the Vendor at a purchase price equivalent to all the funds invested or to be invested by the Purchaser into the Target Company.

This acquisition was completed on 26 November 2019. 410,000,000 consideration shares of the Company had been allotted to the Vendor on the same day, and being held by an escrow agent. The Target Company became an indirect wholly-owned subsidiary of the Company with its financial results consolidated into the Group's financial statement since then.

Details of this acquisition were set out in the announcements of the Company dated 11 June 2019, 12 September 2019, 26 November 2019 and the circular dated 23 August 2019.

Guangzhou City Meiheng Steel Company Limited*（廣州市美恒鋼業有限公司）

On 31 October 2019, Guangzhou Mayer acquired the entire equity interest of Guangzhou City Meiheng Steel Company Limited ("**Guangzhou Meiheng**") from an independent third party at a consideration of RMB600,000. Guangzhou Meiheng is principally engaged in wholesaling of steel and metal products. Guangzhou Mayer considered this acquisition can make use of Guangzhou Meiheng's wholesaling network and customer basis in the industry to enhance its sales and marketing strengths.

FINANCIAL REVIEW

For clarification, unless otherwise stated, all the figures in this financial review section are unaudited figures for the Year and as at 31 December 2019, while those for the year ended 31 December 2018 and as at 31 December 2018 are audited.

Highlight

For the Year, the Group recognised consolidated revenue of approximately RMB580,456,000 representing an increase of 36.2% compared with approximately RMB426,149,000 for the year ended 31 December 2018. Gross profit margin for the year was 11.3% compared to 12.2% in the year ended 31 December 2018. Profit attributable to owners of the Company was approximately RMB3,322,000 for the Year, as compared to the loss attributable to owners of the Company of approximately RMB48,937,000 for the year ended 31 December 2018. Earnings per share was RMB0.19 cents for the Year and loss per share RMB8.15 cents for the year ended 31 December 2018.

Revenue

The revenue from domestic sales of steel products in the PRC during the Year was approximately RMB476,181,000, representing an increase of approximately 45.6% compared with approximately RMB327,021,000 for the last year. The revenue from indirect export sales of steel products in the PRC during the Year was approximately RMB77,521,000, representing an increase of approximately 20.9% compared with approximately RMB64,141,000 for the last year. The revenue from direct export sales of steel products during the Year was approximately RMB26,754,000 representing a decrease of approximately 23.5% while it was approximately RMB34,987,000 for the year of 2018. As a result, the aggregate revenue of the Group increased by 36.2%, from approximately RMB426,149,000 for the year 2018 to approximately RMB580,456,000 for the Year.

Gross Profit

The Group recorded gross profit of approximately RMB65,357,000 for the Year, with a gross profit margin of approximately 11.3%, compared with gross profit of approximately RMB51,970,000 and gross profit margin of approximately 12.2% for the year ended 31 December 2018. The gross profit margin was slightly declined due to the market is getting more competitive and the cost of steel has risen.

Other Income

The Group's other income decreased from approximately RMB19,355,000 for the year ended 31 December 2018 to approximately RMB11,690,000 for the Year. The decrease was mainly due to no dividend income from an financial asset and reduction in government subsidy in the Year.

Other Net Losses

The Group's other net losses decreased from approximately RMB48,067,000 for the year ended 31 December 2018 to approximately RMB3,319,000 for the Year. The decrease was mainly due to no impairment loss made on long term receivables for the Year.

Operating Expenses

For the Year, the total operating expenses of the Group were approximately RMB60,777,000, of which approximately RMB21,297,000 in distribution costs, approximately RMB39,446,000 in administrative expenses and approximately RMB34,000 in other operating expenses, accounting for approximately 3.7%, 6.8% and 0% of revenue respectively, while the total operating expenses amounts of approximately RMB72,146,000 for the year ended 31 December 2018, of which approximately RMB17,791,000, and RMB54,355,000 for the distribution cost and administrative expenses respectively, accounted for approximately 4.2% and 12.8% of revenue respectively. The decrease in operating expenses was mainly due to the decrease in legal and professional fees related to the resumption of the Company comparing to the year ended 31 December 2018.

Finance Costs

The Group's incurred approximately RMB2,788,000 in finance costs for the Year and approximately RMB3,374,000 for the year ended 31 December 2018, representing a 17.4% decrease, since debt level remained lower throughout the Year while the increment of debt level only happened by the end of the Year.

Profit for the Year

As a result, the Group recorded profit attributable to owners of the Company of approximately RMB3,322,000 for the Year, as compared to a recorded loss attributable to owners of the Company of approximately RMB48,937,000 for the year ended 31 December 2018. Such loss incurred for the year of 2018 was mainly attributable to the RMB50 million impairment loss incurred from the long term receivables.

By referring to the performance target of Guangzhou Mayer for the year of 2018 as set out in the Company's circular dated 21 September 2018 ("**Performance Target**"), the profit before tax of Guangzhou Mayer achieved in the Year was approximately RMB28,297,000, in which the Performance Target was achieved.

Property, Plant and Equipment

As at 31 December 2019, the carrying amounts of property, plant and equipment amounted to approximately RMB32,642,000, representing an increase of approximately 8.7% when compared to RMB30,024,000 as at 31 December 2018. The increase in cost of property, plant and equipment included additions for replacement and increment in capacity of steel productions of approximately RMB6,306,000 and acquisition of subsidiaries amounted to RMB29,000. Meanwhile, there was a net loss on disposal of property, plant and equipment of approximately RMB221,000 incurred during the Year. As at 31 December 2019 and 2018, no property plant and equipment of the Group were pledged to secure the borrowings granted to the Group.

Right-of-use Assets and Lease liabilities

As at 31 December 2019, the Group recognized the right-of-use assets and lease liabilities amounted to approximately RMB9,631,000 and RMB3,924,000 respectively, as a result of adoption of HKFRS 16 since 1 January 2019. The Group's lease agreements are in terms of fixed periods of 50 years for land and 2 to 3 years for others. Right-of-use assets are depreciated over the the lease term on a straight-line basis. Accordingly, depreciation of right-of-use assets for the Year was approximately RMB370,000.

Interest in an Associate

Through completion of acquiring Happy New City in the Year (as set out in the section of Acquisitions below), the Group commenced this new business line on urban renewal project planning and consultancy by the end of the Year. Happy New City, through its invested company named Zhuhai Hau Fa Yue Tang Property Development Limited*（珠海華發月堂房產開發有限公司, the "**Project Company**"), as an associate in which the Group owns 49% equity interest, operates the redevelopment project of Yuetang Village*（月堂村）located in Sanzhao Town, Jinwan District, Zhuhai. More details of the investment in associate and the acquisition of Happy New City were set out in Business Review and Acquisitions in this announcement. As at 31 December 2019, the book value of interest in an associate amounted to approximately RMB209,487,000 which included approximately RMB47,339,000 as goodwill recognised in acquisition, and approximately RMB162,148,000 as share of net assets of the Project Company.

Financial assets at fair value through profit or loss

As at 31 December 2019, the financial assets at fair value through profit or loss in sum of approximately RMB7,570,000 was incurred from the acquisition of Happy New City in the Year. Contingent consideration receivable of approximately RMB7,187,000 and put option of approximately RMB383,000 were designated at these financial assets which were stated at fair value. These valuations were performed by an independent professional surveyor, who revalued the financial assets as at 31 December 2019 according to fair value requirements under HKFRS 9.

Inventories

The inventories was amounted to approximately RMB82,640,000 as at 31 December 2019, representing aggregation of stock in various status being raw materials, working-in-progress, finished goods and goods-in-transit. Raw materials increased by 49.3% from approximately RMB36,364,000 as at 31 December 2018 to approximately RMB54,291,000 as at 31 December 2019 which was in result of purchasing raw material in the late 2019 and finished goods decreased by 17.2% from approximately RMB32,153,000 as 31 December 2018 to approximately RMB26,635,000 as at 31 December 2019 due to increase in sales orders which were fulfilled in late 2019.

Trade and Other Receivables

Trade and other receivables were amounted to approximately RMB293,897,000 as at 31 December 2019, representing an increase of approximately 50.0% when compared to RMB195,946,000 as at 31 December 2018. Increases in trade receivables of 28.3% and bills receivables of 124.3%, as a result of increased revenue during the Year, set off a decrease in other receivables of 67.8%.

Prepayment and other deposit

As at 31 December 2019, the Group's prepayment and other deposit were amounted to approximately RMB90,401,000, representing an increase of approximately 180.7% when compared to approximately RMB32,205,000 as at 31 December 2018. The increase is a result of payment made to independent third parties service providers in relation to other land redevelopment projects in the business segment of urban renewal projects planning and consulting.

Trade and Other Payables

Trade and other payables were amounted to approximately RMB101,270,000 as at 31 December 2019, representing an increase of approximately 44.6% when compared to approximately RMB70,018,000 as at 31 December 2018. The increase was mainly due to increment in production of steel segment and purchases in raw material in the late 2019.

Borrowings

As at 31 December 2019 and 2018, the Group's outstanding borrowings were approximately RMB78,139,000 and RMB20,668,000 respectively, in which RMB40,000,000 was a loan from bank in the PRC dominated in RMB and bearing fixed interest rates of 4.35%-5.22% in the Year, while RMB20,000,000 was a loan from bank in the PRC dominated in RMB and bearing fixed interest rates of 4.35%-5.22% in the year ended 31 December 2018. The rest of the borrowings being loan from third parties dominated in RMB and bearing interest rates of 8%-10% in the Year and the year ended 31 December 2018.

No assets of the Group were pledged to secured the borrowings as at 31 December 2019 and 2018.

Promissory Notes

Upon the completion date of the acquisition of Happy New City on 26 November 2019, the Company issued Promissory Notes ("**PN**") with a principal amount of HK$158,000,000 as a part of the settlement of the consideration. The PN are interest bearing at 3% p.a. payable semi-annually and the maturity date is in 2 years from the date of issue. The fair value of PN upon issuance was assessed in equivalent to approximately RMB122,260,000 (HK$136,089,944) by an independent valuer. The effective interest rate of the PN is 10%.

EMPLOYEE INFORMATION

As at 31 December 2019, the Group had total of 342 (including directors) employees. Total staff costs for the Year were approximately RMB44,033,000, including retirement benefits cost of approximately RMB5,291,000 and salaries, bonus and allowances approximately RMB38,742,000. Remuneration packages of the Group are maintained at a competitive level to attract, retain and motivate employees and are reviewed on a periodic basis.

The Group always maintains good relation with its employees and is committed to employee training and development on a regular basis to maintain the quality of our products. A new share option scheme ("**Share Option Scheme**") was approved and adopted by the Shareholders in annual general meeting on 31 May 2019. The Board considers that the Share Option Scheme will incentivise more persons to contribute positively to the Group, and facilitate the retention and the recruitment of high-calibre staff of the Group. No option was granted, exercised, cancelled or lapsed under the scheme during the Year.

CAPITAL STRUCTURE, FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2019, the authorised share capital of the Company was approximately RMB724,843,000 (HK$800,000,000) divided into 4,000,000,000 Shares and the issued share capital of the Company was approximately RMB391,760,000 (HK$431,600,000) divided into 2,158,000,000 shares. As at the date of this announcement, the share capital of the Company comprises ordinary shares.

During the Year, the Group financed its operations by (i) cash flow from operating activities; (ii) borrowings from bank; and (iii) funding through open offer.

The Group had net current assets of approximately RMB339,576,000 as at 31 December 2019 as compared with approximately RMB350,507,000 as at 31 December 2018. The current ratio (current assets divided by current liabilities) changed to approximately 2.85 as at 31 December 2019 from 4.87 as at 31 December 2018. As at 31 December 2019, the Group had a balance of approximately RMB78,139,000 borrowings from bank and third parties to finance the Group's working capital purposes and capital expenditures (31 December 2018: RMB20,668,000).

For the Year, the Group's net cash outflow of approximately RMB64,183,000 from its operating activities, as compared to net cash outflow of approximately RMB97,181,000 for the last year. The decrease in net cash outflow from operating activities was primarily due to the increase in inventories and trade receivables and other receivables and increase in trade and other payables. Net cash outflow of approximately RMB22,925,000 was from investing activities for the Year, mainly due to acquisition of an associate amount to approximately RMB17,043,000. Net cash inflow of approximately RMB55,565,000 was from financing activities, mainly resulted from borrowings. Banks deposits and cash balances as at 31 December 2019 amounted to approximately RMB146,422,000, mainly denominated in Renminbi ("RMB") and HK dollars (31 December 2018: RMB174,667,000).

The debt-to-equity ratio (total liabilities divided by total capital) as at 31 December 2019 was approximately 78.7%% while it was 28.5% as at 31 December 2018. Current portion of borrowings accounted for approximately 10.0% and 4.3% of the total assets of the Group as at 31 December 2019 and 31 December 2018, respectively.

Issuance of Consideration Shares

On 26 November 2019, the Company issued and allotted 410,000,000 ordinary shares at an issue price of HK$0.2 per share to the Vendor, as consideration shares in the acquisition for the entire equity interest in Happy New City. Details of the acquisition are set out under the title section of Acquisitions in this announcement.

Open Offer

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

As at 31 December 2019, approximately RMB42,985,000 (HK$48,761,000) was used for settling legal, consultancy and professional fees and other costs and expenses arising from trading resumption of the Shares, approximately RMB56,484,000 (HK$64,074,000) was used for repayment of outstanding loans, approximately RMB4,668,000 (HK$5,296,000) was used for settling directors' remuneration, approximately RMB4,195,000 (HK$4,692,000) was used for capital expenditure, approximately RMB43,804,000 (HK$49,690,000) was used for the general working capital of the Group and the remaining balance of approximately RMB91,523,000 (HK$102,380,000) remained unutilized, which is expected to be utilized mainly in the year of 2020.

FOREIGN EXCHANGE EXPOSURES

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

CHARGE ON GROUP ASSETS

No assets of the Group were pledged as at 31 December 2019 and 31 December 2018.

CONTINGENT LIABILITIES

The Group has contingent liabilities in connection to the following litigations outstanding up to the date of this announcement:

Writs of Summons against the Company

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

LEGAL CASES UPDATE

Claim Disputes in Shenzhen

Reference is made to the Company's announcements dated 13 October 2017, 5 October 2018, 20 November 2018 and 27 November 2018 and circular dated 23 August 2019, Guangzhou Mayer had provided investments in aggregate amounted to RMB50 million, doubtfully, to three investment companies by former management of Guangzhou Mayer. The current management of Guangzhou Mayer considers these investments as deceitful acts committed by the former management of Guangzhou Mayer and the three investment companies, and so proper legal actions have been conducted by Guangzhou Mayer for recovering these investments, including filing claim petitions to the Court of Qianhai Cooperation District, Shenzhen, Guangdong Province* ("**Court of Qianhai**")* and reporting to the relevant police department in the People's Republic of China. In October 2018, the People's Court of Futian District of Shenzhen City* taken up the mentioned petitions from the Court of Qianhai and had heard on 20 November 2018. The Futian Court made decisions that two defendants shall repay in total RMB30 millions plus interest for the period of possession of the fund to GZ Mayer. At the date of this announcement, GZ Mayer has neither been informed that whether the defendants has appealed to such court decisions, nor the defendants has paid GZ Mayer according to such court decisions. Auditors of the Company expressed their qualified opinion on the issue in the financial statement for the year ended 31 December 2018 with full impairment made in the same year.

Petition filed by a Shareholder

Reference is made to the Company's announcement dated 19 October 2018 and 23 August 2019, the Company received a petition dated 15 October 2018 issued by Mr. Chu Ting Yi ("**Mr. Chu**" or the "**Petitioner**"), a shareholder of the Company, in the High Court of the Hong Kong Special Administrative Region on 15 October 2018 against, among other respondents, the Company. According to the Petition, Mr. Chu sought for (i) an order that Mr. Lee Kwok Leung, being the chairman of the Company's extraordinary general meeting held on 15 October 2018 (the "**EGM**"), do exercise his power and/or discretion pursuant to Article 85(b) of the articles of association of the Company (the "**Articles of Association**") to disqualify Aspial Investment Limited ("**Aspial**") and Bumper East Limited ("**Bumper**"), both being substantial shareholders of the Company, from voting on the resolutions at the EGM; (ii) alternatively, an order that the votes of Aspial and Bumper be excluded in determining the results of the resolutions at the EGM; (iii) such further or other reliefs and all necessary and consequential directions as the High Court may think fit; and (iv) costs.

Mr. Chu and the respondents in this petition made a joint application to the High Court of Hong Kong for its approval of the withdrawal of the Petition by the Petitioner, and such approval was granted by the High Court of Hong Kong on 30 April 2019.

Winding Up Petition Against a Subsidiary

Guangzhou Mayer had received a notice dated 6 December 2017 from the Intermediate Court of Guangzhou Municipality, Guangdong Province (the "**Intermediate Court**") that the Intermediate Court had received the application of the winding up petition against Guangzhou Mayer filed by Wealth & Health Investments Limited and Taishun Industrial (Inner Mongolia) Food Co., Limited (the "**Plaintiffs**"). The Intermediate Court had heard the winding up petition on 27 December 2018. Guangzhou Mayer had received a civil judgment letter dated 5 May 2019, which stated all claims by the plaintiffs in this petition were rejected and the Plaintiffs were liable to all the litigation costs of this petition.

Subsequently, the Plaintiffs appealed to the Higher People's Court of Guangdong Province of the PRC (the "**GD Higher Court**"). The GD Higher Court issued a civil judgment letter (no.: (2019)粵民終1703號) on 27 August 2019, stating that the appeal of the case shall be treated as having been voluntarily withdrawn by the Plaintiffs and such judgment shall be final.

CAPITAL COMMITMENTS

The Group has no significant capital commitments outstanding at 31 December 2019 and 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties affecting the Group are set out as below:

Global Economic and Macro-Economic Conditions

The impact of economic conditions on market price and customers' confidence would affect the revenues and results of the Group. The economic growth or decline in the Group's geographical markets that affect customers' demand would affect the Group's business. The Group continues to implement its strategies to develop and explore in different markets thereby reducing its dependency on specific markets.

Investment Risk

To balancing risk and return across investment types are key considerations of investment framework. Risk assessment is one of important aspect of the investment decision process. Management would regularly review and monitor the progress of the investments of the Group and submit to the Board for further strategic adjustments.

Customers' Credit Risk

The maximum exposure to credit risk by the Group which will cause a financial loss due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Group has policies in place to determinate credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group only extends credit to customers based on careful evaluation of the customers' financial conditions and credit history. Credit sales of products are made to customers with an appropriate credit history. In addition, the Group reviews the recoverable amount of debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Liquidity Risk

In management of the liquidity risk, the Group monitors and maintains sufficient reserves of cash and cash equivalents deemed adequate by management to support the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with the relevant loan covenants.

Financial Risk

The Group's major financial instruments include available-for-sale investments, trade and other receivables, cash and bank balances, trade and other payables and bank borrowings. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Compliance Risk

The Board monitor and ensure that the Group is in compliance with the applicable laws, rules and regulations. The Group engages professionals from time to time to keep abreast of the latest developments in the regulatory environment, including legal, financial, environmental and operational developments. The Group also implements a strict control in prohibiting any unauthorised use or dissemination of confidential or inside information.

The Board has reviewed the effectiveness of the Group's internal control and risk management systems covering business, financial and compliance risk of the Group and is satisfied that such systems are effective and adequate for the current operations of the Group.

OUTLOOK

Steel pipes, steel sheets and other products made of steels

In 2020, the PRC government rolled out a series of policies to shore up support for the real economy, open up the Chinese market, stimulate domestic demand and improve public hygiene, health and the environment after signing the phase one trade deal with the United States. Furthermore, the central government is advocating the development of the Guangdong-Hong Kong-Macau Greater Bay Area. It opens the door to new development opportunities for the area, which is the base of the Group and Guangzhou Mayer's businesses. Having food-grade stainless steel pipes as one of its core products, we will grasp this golden opportunity, keep abreast of latest developments and promote the growth of Guangzhou Mayer's businesses.

In respect of carbon steel products, Guangzhou Mayer will take advantage of its close proximity to the largest steel market and automobile production base in southern China to enlarge its domestic market and develop new businesses such as vehicle components. By actively pursuing domestic customers, Guangzhou Mayer will benefit from the current national economic policy to boost domestic demand while offsetting the loss of overseas customers due to the US-China trade war as well as mitigating the adverse impact brought by the sluggish demand for the processing of electronic materials.

With respect to stainless steel pipes and components, the use of stainless steel water pipes has been strongly promoted by dozens of medium and large cities such as Shanghai, Shenzhen, Hangzhou, Chongqing, Changsha, Zhengzhou and so forth in view of the increased efforts in the reconstruction and upgrade of municipal water supply systems, enhanced living standard and prevalence of the awareness about healthy water usage in the PRC. In 2019, the Ministry of Housing and Urban-Rural Development, the State Administration for Market Regulation and other government departments of China have issued multiple documents to recommend and promote the use of thin wall stainless steel pipes to replace traditional plastic pipes with the aim of preventing the generation of secondary pollutants by plasticisers. Environmental-friendly, high-quality and durable thin wall stainless steel pipes have created enormous room for the development of the water supply pipeline industry. Thanks to policy support and prevalence of the awareness about healthy water usage, the adoption of stainless steel pipes as water supply pipelines will become a prevailing trend, resulting in a rapid growth in the domestic demand for stainless steel pipes and components. "Mayer", the brand name of the Group's stainless steel pipes and components, is a prestigious brand in the PRC. Being one of the leaders in the industry, Guangzhou Mayer will have greater development along with the rapid growth of such market demand in the PRC. At the same time, it will also actively expand into overseas markets, particularly Australia and Southeast Asia.

The increasingly complicated economic environment and fierce market competition will expose the Group's operation to various challenges. Nevertheless, the management of the Group and, in particular, Guangzhou Mayer will rise to such challenges by capturing business opportunities in a prudent manner, consolidating existing operations, explore new businesses, continue to identify new investment opportunities and diversify its profit streams.

The management of the Group unanimously believes that by utilising its extensive experience in project study, market analysis and investigation, product research, development and sales, customer development and services, production operation and cost control, the Group will be able to maintain and expand its customer base and market share, enhance the competitiveness and added value of its products, obtain the best economic benefits and maximise value for its investors.

Urban renewal project planning and consultancy

The Company acquired Happy New City for diversifying the Group's business into an emerging market in Zhuhai in southern Guangdong province of the PRC. Zhuhai's economy saw significant growth in 2018 with the industrial sector recording an average growth rate of approximately 10.7% in their six leading industries. The volume of imports and exports also grew at approximately 23.2% and 19.9% respectively between 2017 and 2018. In 2018, Zhuhai's real estate sector saw a growth of approximately 13.6% compared with 2017. Both the industrial and property sectors outperformed China's overall market. With several significant investments, developments and projects in progress or near completion, Zhuhai is expected to continue to experience high growth moving forward into and beyond 2019.

As a key part of the Greater Bay Area project, the Zhuhai government has poured significant investments into improving accessibility, accommodations, facilities and attractions for tourism, including (i) RMB360 million to improve transit infrastructure & cityscape; (ii) RMB330 million to support museums & cultural centers; (iii) RMB1.2 billion to improve & revitalise rural areas. The Zhuhai Government is also heavily investing into industrial & logistics infrastructure, such as the Hong Kong – Zhuhai – Macau Bridge, upgrading the Gaolan port & Hengqin new district, a new regional airport and the Zhuhai airport intelligent logistics park, in order to attract foreign investment and enterprises. Zhuhai and the central government's long term goal are to position Zhuhai as a premier tourist destination and as an industrial & logistics maritime hub.

The Zhuhai Government's various investments, developments and projects in the Greater Bay Area will likely generate increasing demand for housing, office space and industrial & logistical capacity. The acquisition may potentially allow the Company to capitalise on any benefits of development of the Greater Bay Area.

The redevelopment of Zhuhai is a key part of the Greater Bay Area project, as such the Yuetang Village redevelopment project is a direct result of the development of the Greater Bay Area, which represents a good opportunity for the Group to further diversify and enhance the profitability of the Group through expanding the Company's business network within the Great Bay Area.

PROSPECTS

In the first quarter of 2020, the whole world is serious affected by the COVID-19 outbreak. The Group's operation, manufacturing schedules in factory, commercial discussion with customers as well as government departments are somehow affected, which are something that we even haven't experienced in such great extend in the previous outbreak of SARS in 2003. However, the Board believes the virus impact will be gone eventually and everyone can back to normal. Business segments of the Group are all addressing human's basis needs, which shall be able to recover in the early stage of economic recovery.

The Board will keep focus on the existing business and allocating competent financial and/or non-financial resources to different business segments targeting to obtain possession of steady growth and further benefit from the current market and industry trend. Nevertheless, the Board will explore potential investment opportunities in a cautious and conservative manner to improve the Group's performance, Shareholders' returns and stakeholders' benefits.

CORPORATE GOVERNANCE REPORT

The Board and the management are committed to maintaining and ensuring high standards of corporate governance as good corporate governance can safeguard the interests of all shareholders and enhance corporate value. The Board continuously reviews and improves the corporate governance practices and standards of the Group from time to time to ensure that business activities and decision making processes are regulated in a proper manner.

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 14 to the Listing Rules throughout the Year except for the deviations from code provisions A.1.8 of the Code, which are explained below. Save as the aforesaid and in the opinion of the Directors, the Company has met all code provisions as set out in the Code during the Year of 2019.

The then code provision	Reason for the non-compliance and improvement actions taken or to be taken
A.1.8	As it took time for the Company to solicit a suitable insurer with an insurance plan at reasonable commercial terms and conditions, the Company did not arrange appropriate insurance cover in respect of legal action against its Directors for the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the Year.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

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

PUBLICATION OF THE 2019 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report for the year ended 31 December 2019 will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.mayer.com.hk in due course.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee comprises independent non-executive Directors; namely, Mr. Lau Kwok Hung (who is also the chairman of the Audit Committee), Mr. Cheung, Eddie Ho Kuen and Mr. Cheung Yuk Ping. The unaudited annual results of the Company for the year ended 31 December 2019 have been reviewed by the Audit Committee.

REVIEW OF UNAUDITED ANNUAL RESULTS

As at the date hereof, due to the impact of the COVID-19 virus outbreak, the Company's auditors have not yet fully completed the auditing process to the annual results for the year ended 31 December 2019. While in order to keep the Shareholders and potential investors informed of the business operation and financial position of the Group, the Board decides to publish the unaudited annual results announcement of the Company for the year ended 31 December 2019 together with the audited comparative figures for the corresponding period in 2018.

The unaudited annual results contained herein have been reviewed by the Audit Committee.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

The Board wishes to emphasize that the unaudited financial information of the Group for the year ended 31 December 2019 set out above is extracted directly from the latest unaudited management accounts of the Group for the year ended 31 December 2019 and the information contained in this announcement has not been reviewed or audited by the auditors of the Company. The relevant financial information is pending for further review by the Company, its auditors, and the Audit Committee, and will be subject to changes, reclassification and adjustments resulting from, among others, further review by the Company and any adjustments that might be proposed by the Company's auditors.

Shareholders and potential investors are also cautioned not to unduly rely on the unaudited financial information disclosed above, and should exercise caution when dealing in the securities of the Company.

For and on behalf of the Board
Mayer Holdings Limited
Lee Kwok Leung
Chairman and Executive Director

Hong Kong, 27 March 2020

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

* *For identification purpose only*