THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Mayer Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

MAYER

美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1116)

VERY SUBSTANTIAL DISPOSAL INVOLVING THE DISPOSAL OF PROPERTY

Financial Adviser to the Company

United Simsen Securities Limited

A wholly-owned subsidiary of SIMSEN INTERNATIONAL CORPORATION LIMITED

A letter from the Board is set out on pages 3 to 13 of this circular.

A notice convening the EGM to be held at Room 501, 5/F., Aon China Building, 29 Queen's Road Central, Hong Kong on Wednesday, 7 July 2010 at 2:30 p.m. is set out on pages 118 to 119 of this circular.

A proxy form for use in the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same at the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

* *For identification purposes only*

21 June 2010

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Agreement"	the conditional sale and purchase agreement dated 12 May 2010 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Building"	德安科技園區八期 (Durban Technology Park Phase VIII), an 11-storey building with another 2-storey building plus 3 levels of basement being erected on the Land and with address as No. 156, 158, 158-1 and 160 Section 2, Gongdao 5th Road, East District, Taiwan
"Company"	Mayer Holdings Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	have the meaning ascribed to it under the Listing Rules
"Consideration"	NT$1,230,000,000 (equivalent to approximately HK$296,676,000), being the consideration for the Disposal
"Cushman & Wakefield"	Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent professional property valuer
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Property pursuant to the terms of the Agreement
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving the Agreement and the transactions contemplated thereunder
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Land"	the land situated at Land No. 14, Guan-Fu Section, Hsinchu City, Taiwan, of which the Building is erected
"Latest Practicable Date"	18 June 2010, being the latest practicable date for ascertaining certain information referred to this circular prior to the printing of this circular

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	the loan facility provided by the Mortgagor to the Vendor of which the Property was pledged as collateral
"Mortgagor"	陽信商業銀行股份有限公司 (Sunny Bank Ltd.)
"Property"	the Land together with the Building
"PRC"	the People's Republic of China which for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Purchaser"	中國人壽保險股份有限公司 (China Life Insurance Co., Ltd.)
"Remaining Balance"	the remaining balance of the Consideration of NT$615,000,000 (equivalent to approximately HK$148,338,000), being 50% of the Consideration
"Remaining Group"	the Group subsequent to the Disposal
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"Vendor"	美控實業股份有限公司 (Mei Kong Shih Ye Limited), a company incorporated in Taiwan with limited liability, and a wholly-owned subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"NT$"	New Taiwan dollars, the lawful currency of Taiwan
"RMB"	renminbi, the lawful currency of the PRC
"%"	Per cent.

For the purpose of this circular, all amounts denominated in NT$ and RMB have been translated (for information only) into HK$ using the exchange rates of NT$1.00:HK$0.2412 and RMB1:HK$1.145. Such translation shall not be construed as a representation that amounts of NT$ and RMB were or may have been converted.

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

Executive Directors:
Mr. Hsiao Ming-chih
Mr. Lai Yueh-hsing
Mr. Lo Haw
Mr. Cheng Dar-terng
Mr. Chiang Jen-chin
Mr. Lu Wen-yi
Mr. Cheng Koon Cheng

Non-executive Director:
Mr. Huang Chun-fa
Mr. Chan Kin Sang

Independent non-executive Directors:
Mr. Lin Sheng-bin
Mr. Huang Jui-hsiang
Mr. Alvin Chiu
Mr. Peter V. T. Nguyen

Registered Office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands
British West Indies

Principal Office in Hong Kong:
Room 501, 5/F
Aon China Building
29 Queen's Road Central
Hong Kong

21 June 2010

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
INVOLVING THE DISPOSAL OF PROPERTY

INTRODUCTION

Reference is made to the announcement of the Company dated 19 May 2010. On 12 May 2010, the Vendor and the Purchaser entered into the Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the Consideration of NT$1,230,000,000 (equivalent to approximately HK$296,676,000).

The purpose of this circular is to provide you with further information, among other things, regarding the Disposal and a notice convening the EGM.

* *For identification purposes only*

THE AGREEMENT

Date:

12 May 2010 (after trading hours)

Parties:

Vendor: 美控實業股份有限公司 (Mei Kong Shih Ye Limited)

Purchaser: 中國人壽保險股份有限公司 (China Life Insurance Co., Ltd.)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and any of its connected persons.

Asset to be disposed:

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property comprising the Building and the Land.

Consideration and payment terms:

Pursuant to the Agreement, the Consideration for the Property is NT$1,230,000,000 (equivalent to approximately HK$296,676,000) comprising:

1. the Land of NT$694,950,000 (equivalent to approximately HK$167,622,000); and

2. the Building of NT$535,050,000 (equivalent to approximately HK$129,054,000) (included value added tax (加值型營業稅)).

The Consideration shall be payable in cash by the Purchaser to the Vendor in the following manners:

1. first instalment: 15% of the Consideration, NT$184,500,000 (equivalent to approximately HK$44,501,000) shall be paid by the Purchaser within three business days in Taiwan upon the fulfilment of the following:

    (a) the Vendor having undertaken to the Mortgagor, that save and except for the Loan, the Vendor shall not mortgage the Property to the Mortgagor for any further loans;

    (b) the Mortgagor having consent that, save and except for the Loan, the Mortgagor shall not provide any loans to the Vendor using the Property as collateral;

(c) the Vendor having provided all title transfer documents required to be signed and stamped with company seal (including but not limited to original copies of the land and building title certificates) to the real estate registration agent (地政士) designated by the Purchaser (the "Designated Agent") for the purpose of reporting on land value increment tax and deed tax; and

(d) the Vendor shall provide a casher's order to the Purchaser in the amount equivalent to the first instalment of the Consideration as security for the Vendor's obligations under the Agreement. Upon fulfilment of the conditions for payment of the second instalment by the Purchaser as set out below, the Purchaser shall return the aforesaid casher's order without interest to the Vendor simultaneously during the process of paying the second instalment of the Consideration;

2. second instalment: 35% of the Consideration, NT$430,500,000 (equivalent to approximately HK$103,837,000) shall be paid by the Purchaser within three business days in Taiwan upon the fulfilment of the following:

(a) the Purchaser having satisfied the deed tax relating to the Agreement and the Vendor having satisfied the land value increment tax;

(b) the Company having obtained supporting documents in relation to the transactions contemplated under the Agreement for the approval by its relevant local regulatory authorities based on the local laws and regulations and the passing by the Board and the Shareholders at their respective meetings; and

(c) the application of registration in relation to transfer of the Property having delivered by the Designated Agent to the land offices in Taiwan; and

3. the Remaining Balance: 50% of the Consideration, NT$615,000,000 (equivalent to approximately HK$148,338,000) shall be paid by the Purchaser no later than three business days in Taiwan upon completion of registration of title ownership transfer of the Property in the following manner:

In relation to the Remaining Balance, the Purchaser shall pay off the Loan on behalf of the Vendor by lodging remittance or delivering a cheque issued by a bank in Taiwan to the Mortgagor according to the actual amount of the Loan together with accrued interests. For any excess amount of the Remaining Balance over the actual amount of the Loan together with its accrued interest, the Purchaser shall first offset against the amount due from the Vendor and any remaining amount shall then be paid directly to the Vendor. The payment of the aforesaid remaining amount payable to the Vendor shall be subject to the following:

(a) both parties to the Agreement shall have signed the relevant title transfer contract; and

(b) the upper limit of the mortgage having been cancelled by the Mortgagor.

The Consideration was arrived at after arm's length negotiations between the parties to the Agreement. The Directors have determined the amount of the Consideration after taking into consideration the fair market value of the Property with reference to the valuation of the Property of NT$1,034,993,000 (equivalent to approximately HK$249,640,000) as at 31 December 2009 made by an independent professional valuer.

Warranties, representations and undertakings:

1. Pursuant to the terms of the Agreement, the warranties and representations made by the Vendor in the Agreement shall be fulfilled commencing from the date of the Agreement and ending on the date of completion of the title transfer of the Property. The major warranties and undertaking are listed as below:

   (i) the Vendor warrants the Purchaser that within three years commencing from the day after the point of delivery date (the "Rent Commencement Date"), the minimum annual rental to be generated from the Property shall be NT$56,100,000 (equivalent to approximately HK$13,531,000) (the "Guarantee Income") and if the actual rental income is less than the Guarantee Income, the Vendor shall compensate the difference to the Purchaser. Both parties to the Agreement shall calculate the annual rental income at the anniversary of each relevant year. In the event the Guarantee Income for a particular year cannot be reached, the Vendor shall compensate the shortfall within two months after settlement of the actual annual rental income; and

   (ii) the Vendor undertakes that during the course of transferring the title of the Property, the Company shall obtain approvals from (i) the local regulatory authorities in relation to applicable laws and regulations; and (ii) the Board and the Shareholders at their respective meetings, in order to carry out the transactions contemplated under the Agreement.

2. Pursuant to the terms of the Agreement, the warranties and representations made by the Purchaser in the Agreement shall be fulfilled commencing from the date of the Agreement and ending on the date of completion of the title ownership transfer of the Property. The major undertaking by the Purchaser is listed as below:

   after completion of the transfer of the Property, the Purchaser agrees to continue to appoint Durban Property Management Co., Ltd. (德安國際公寓大廈管理維護股份有限公司) for the provision of property management services for a period of three years commencing on the date of point of delivery and the contract of which will be further discussed between the parties.

The Guarantee Income of NT$56,100,000 (equivalent to approximately HK$13,531,000) was determined based on 85% of the total estimated annual rental income of NT$66,000,000 (equivalent to approximately HK$15,919,000) expected to be generated from the Property. According to the annual report of the Company for the year ended 31 December 2009, the gross annual rental generated from the Property for the year ended 31 December 2009 amounted to approximately RMB8,330,000 (equivalent to approximately HK$9,538,000) which represented approximately 60% occupancy rate as at 31 December 2009. As at the date of the Agreement, occupancy rate of the Property improved to approximately 76%. The Directors estimate that total annual rental income of the Property can reach to approximately NT$66,000,000 (equivalent to approximately HK$15,919,000) with reference to the existing tenancy agreements of the Property and on the assumption of 100% occupancy rate. After arm's length negotiations between the Vendor and the Purchaser, the Vendor agreed to guarantee up to 85% of the estimated annual rental income for three years, i.e. the Guarantee Income. Based on the above, the Directors consider that the Guarantee Income is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In the event the Guarantee Income cannot be reached during a particular year, the Vendor shall compensate such shortfall on a dollar-to-dollar basis and shall be settled by cash. Mr. Huang Chun-fa, a non-executive Director, is a shareholder of Durban Property Management Co., Ltd. (德安國際公寓大廈管理維護股份有限公司).

Penalties:

Set out below are the major terms relating to penalties resulting from defaults by the parties to the Agreement:

1. **Matters in relation to defaults on the part of the Purchaser**

   (i) For matters attributable to the Purchaser in delayed payment of instalment contract sum by the Purchaser, the Purchaser shall pay the Vendor the delayed interest calculated on a daily basis at 5% per annum in respect of the contract sum due and payable.

   (ii) Except for those stipulated in the Agreement, for matters relating to the Purchaser that cause the Purchaser (a) to default (including delayed payment of contract sum); or (b) to incur loss on the Vendor in respect of those representations and warranties made by the Purchaser in the Agreement which are false and untrue that have not been corrected after 30 days upon receipt of written demand for correction issued by the Vendor, the Vendor may terminate the Agreement and/or request for compensation for damages. Upon termination of the Agreement for this reason, both parties shall bear their respective responsibilities for reversion (with costs incurred there from borne by the Purchaser), and the Vendor may confiscate all monies paid by the Purchaser to the Vendor on termination of the Agreement as compensation. The Vendor shall not request the Purchaser for any other compensation.

2. Matters in relation to defaults on the part of the Vendor

Except for the Vendor's failure to obtain approvals from the Board and the Shareholders at their respective meetings for the Disposal within the stipulated period that should be handled according to the Agreement, for matters attributable to the Vendor that cause the Vendor to default, including but not limited to the Vendor's breach of the Vendor's representations and warranties made under the Agreement, failure to transfer the title of the Property as scheduled, failure to complete necessary relevant procedures of the Disposal according to provisions of the Agreement and so on that have not been corrected after 30 days upon receipt of written demand for correction issued by the Purchaser, the Purchaser may terminate the Agreement or request for deduction of the Consideration. Upon termination of the Agreement for this reason, both parties shall bear their respective responsibilities for reversion (with costs incurred there from borne by the Vendor), and the Vendor shall compensate the Purchaser with an amount doubling all monies paid by the Purchaser to the Vendor on termination of the Agreement, and, in case of delayed payment, the Vendor shall pay the Purchaser the delayed interest calculated on a daily basis at five percent per annum in respect of the contract sum due and payable. The Purchaser shall not request the Vendor for any other compensation.

Other conditions

Other major conditions to the Agreement are set out as below:

1. If the transfer and registration of the title of the Property fails to complete within 90 days from the date of signing of the Agreement, which shall not be attributed to the Purchaser's faults, the Purchaser has the right to terminate the Agreement. Prior to the exercise of the right of termination by the Purchaser, it shall reach an agreement with the Vendor in relation to relevant conditions and/or matters related to the transfer of title ownership, and exercise the above right of termination until a new agreement is being formulated.

   Upon the termination of the Agreement in accordance with the requirements set out in this clause, both parties to the Agreement shall perform their obligations to revert the other party to its original condition. If there is any matter that shall be borne by the Vendor, the Purchaser shall request for compensation for damages from the Vendor.

   To avoid any doubts, upon the termination of the Agreement and unless otherwise stipulated in the Agreement, the other party shall request for compensation for damages in an appropriate manner and/or exercise relevant rights in relation to default punishment in the Agreement if there is any violation by any party to the Agreement.

2. The parent company of the Vendor, being the Company, is a Hong Kong listed company and the Agreement is a very substantial transaction as defined under the Listing Rules and is subject to the passing of the necessary resolution(s) by the Shareholders at the EGM for endorsement of validity of the Agreement. The Vendor shall obtain approval by local

regulatory authorities within 90 days after execution of the Agreement according to decrees of the domicile country of the Company, and shall obtain approval by the Board and the Shareholders at their respective meetings in relation to the transactions as contemplated under the Agreement. Otherwise the Agreement is deemed to be terminated when it is confirmed that neither the aforesaid approvals is obtained nor on the expiry of a term of 90 days, whichever is earlier. In such case, the Purchaser needs not to notify the Vendor in relation to the termination of the Agreement and the Vendor shall refund the first installment to the Purchase in addition to 1.5% of the same to the Purchaser as compensation. Both parties to the Agreement shall bear their respective responsibilities for reversion and shall make no other requests. If the Vendor obtain the aforesaid approvals within 90 days after execution of the Agreement, the Vendor shall pay the rental compensation calculated at 3% per annum accrued from the payment date of the first installment of NT$184,500,000 (equivalent to approximately HK$44,501,000) to the date the aforesaid approvals being obtained, with the compensation amount of 1.5% of the first installment shall not be required, and the compensation amount shall be paid upon the Purchaser makes its second installment.

3. The Vendor acknowledges that the Building at No. 156, Section 2, Gongdao 5th Road, Hsinchu City has defect of water leakage before the Agreement is signed. The Vendor agrees that it shall correct the aforesaid defects on its own expense before delivery according to the Agreement. If the Vendor fails to correct the aforesaid defects upon delivery of the same, the Vendor shall pay NT$10,000 (equivalent to approximately HK$2,412) to the Purchaser per day as fine for default until the defects are corrected by the Vendor, and the Purchaser may request for compensation for damages.

4. The Vendor acknowledges that the Purchaser enters into the Agreement with the aim to lease the Building for use by third parties for profit at a consideration. Therefore, the Vendor agrees that, within five years after the signing of the Agreement, no other property(ies) registered under the names of the Vendor or its associated companies, or registered under the names of joint-venture, partnership or investment subject which formed between the Vendor or its associated companies with a third party, located within an area of a radius of 1 kilometre with the Building as centre, will be leased by any means or provided to a lessee or a user of the Property which existed at the time when the Agreement is signed or the Property is transferred to the Purchaser. In case the Vendor breaches the aforesaid stipulations, the Vendor shall pay the Purchaser an amount equivalent to three months' rental as paid by a lessee to the Vendor as fine for default for each breach.

In relation to fixing of the defects of water leakage of the Building as stated in condition 3 under "Other conditions" above, the Directors estimate that such repairs will cost approximately NT$406,000 (equivalent to approximately HK$98,000). Save and except for the Property, the Group does not own any other properties in Taiwan.

INFORMATION ON THE PROPERTY

The Property is formed up by two industrial/office buildings, an 11-storey building together with another 2-storey building erected upon a 3-level common basement and is named as 德安科技園區八期 (Durban Technology Park Phase VIII), located at No. 156, 158, 158-1 and 160 Section 2, Gongdao 5th Road, East District, Taiwan. The gross floor area of the Property is 20,478 square meters and contains 221 numbers of car parking spaces. The Vendor is the registered and beneficial owner of the Property.

The Property was an investment property acquired by the Vendor pursuant to a sale and purchase agreement dated 12 July 2007 for a total consideration of NT$880,000,000 (equivalent to approximately HK$212,256,000), details of which have been set out in the circular and announcement dated 10 July 2007 and 12 July 2007 respectively. As at 31 December 2009, the carrying value of the Property amount to approximately NT$1,034,993,000 (equivalent to approximately HK$249,640,000).

No income was recognized from the Property during 2007 as all the pre-conditions required under the acquisition of the Property were fulfilled on February 2008. According to the annual report of the Company for the year ended 31 December 2009, the gross rentals from investment property (being the Property) for the two years ended 31 December 2009 amounted to approximately RMB3,977,000 (equivalent to approximately HK$4,554,000) and RMB8,330,000 (equivalent to approximately HK$9,538,000) respectively, which represented approximately 0.60% and 1.91% of the Group's audited consolidated turnover for the two years ended 31 December 2009 of RMB667,193,000 (equivalent to approximately HK$763,936,000) and RMB435,585,000 (equivalent to approximately HK$498,745,000) respectively. The audited net profit attributable to the Property for the two years ended 31 December 2009 amounted to approximately RMB34,567,000 (equivalent to approximately HK$39,579,000) (a net loss of approximately RMB2,088,000 (equivalent to approximately HK$2,391,000) if not taking into account on the revaluation gain of the Property of approximately RMB36,655,000 (equivalent to approximately HK$41,970,000)) and RMB4,518,000 (equivalent to approximately HK$5,173,000) respectively.

REASONS FOR THE DISPOSAL

The Group is principally engaged in manufacturing and trading of steel pipes, steel sheets and other products made of steel, property investment and leasing of aircrafts.

The Company has, on a continuous basis, reviewed its existing businesses and also sought ways to enhance the Company's competitiveness including investment in new business sector as announced by the Company on 8 December 2009. Taking into account the premium of the Consideration as compared to the cost of the acquisition of the Property by the Company and given the uncertainty in the property market in Taiwan as well as the development of the debt crisis in Europe against the valid and attractive offer made by an appropriate willing buyer, being the Purchaser, for the acquisition of the whole of the Property, the Disposal enables the Group to capture the opportunity to realize its investment under the current property market in Taiwan, accordingly, the Directors consider that it is in the interests of the Company and the Shareholders as a whole to realize the Property with a profit. Moreover, the Directors consider that the Disposal will enable the Company to improve the cashflow and liquidity position of the Group and increase the general working capital and cash resources for any future potential investment opportunities that may arise from time to time. After the Disposal, save as property investment, the Company intends to continue to operate the rest of its remaining principal businesses.

Save and except for the Disposal, as at the Latest Practicable Date, the Directors have no intention, negotiation or agreement to dispose or scale-down of the Group's existing businesses.

The Directors, including the independent non-executive Directors, consider that the terms of the Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Disposal of approximately NT$536,250,000 (equivalent to approximately HK$129,344,000) will be used for general working capital purposes and, where appropriate, future acquisitions (if any) where suitable opportunities arise in future.

FINANCIAL EFFECT OF THE DISPOSAL

It is expected that the Group will record a gain from the Disposal of approximately HK$25,662,000 being the difference between the Consideration of NT$1,230,000,000 (equivalent to approximately HK$296,676,000) and the carrying value of the Property of approximately NT$1,034,993,000 (equivalent to approximately HK$249,640,000) as at 31 December 2009 and taking into account the estimated expenses to be incurred (including but not limited to the relevant taxation, agency commission, and legal and professional fees).

Based on the unaudited pro forma financial information of the Remaining Group as illustrated in Appendix III to this circular, after completion, the total assets of the Remaining Group would be decreased by approximately RMB106,872,000 (equivalent to approximately HK$122,368,000). The total liabilities of the Remaining Group would be decreased by approximately RMB138,401,000 (equivalent to approximately HK$158,469,000). The earnings of the Remaining Group would be increased by approximately RMB18,885,000 (equivalent to approximately HK$21,623,000) for the year ended 31 December 2009.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Board is in the view that the Group, after the Disposal, will have its principal business diversified into two major business segments, which shall include: (i) the manufacturing and trading of steel sheets, steel pipes and other products made of steel; and (ii) the leasing of aircrafts and the provision of related consultancy services.

The Directors are confident that the existing business relating to the manufacturing and trading of steel in the PRC will remain strong in demand and the leasing of aircrafts will have stable rental returns, despite that the current economy is overshadowed by the uncertain global financial market.

In anticipation on Taiwan's economic growth, the Directors consider the Group will be well-positioned by taking advantage of the growth potential in Taiwan's market and will be able to further explore its investment business opportunities in Taiwan.

The Group will continue to seek new investment opportunities within Taiwan or other Asian countries, such as the PRC and Hong Kong, thereby enhancing the Group's overall competitiveness and improving its business and financial performance.

Based on the above, the Directors consider that the terms of the Disposal are fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole.

RECONCILIATION STATEMENT OF THE VALUE OF THE PROPERTY

Set out below is a statement of reconciliation between the value of the Property as stated in the valuation report prepared by Cushman & Wakefield set out in Appendix V to this circular and the carrying value of the Property as stated in the audited consolidated balance sheet of the Group as at 31 December 2009 valued by Pan Asia Assets Real Estate Appraisal Company Limited (泛亞不動產估價師事務所), an independent professional valuer in Taiwan. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, there is no relationship between Pan Asia Assets Real Estate Appraisal Company Limited (泛亞不動產估價師事務所) and Cushman & Wakefield. The statement below was prepared in accordance with Rule 5.07 of the Listing Rules.

	HK$'000
Carrying value of the Property as at 31 December 2009 *(Note)*	249,640
Add: Change in fair value of investment property	11,917
Valuation of the Property as at 31 May 2010 as set out in the valuation report included in Appendix V to this circular	261,557

Note: As at 30 December 2009, the carrying value of the Property amount to approximately NT$1,034,993,000 which has been translated into HK$ using the exchange rate of NT$1.00:HK$0.2412.

INFORMATION ON THE PURCHASER

The Purchaser's principal activity is the writing of life insurance business, providing life, annuities, accident and health insurance products in Taiwan, the shares of which are listed on the Taiwan Stock Exchange (stock code: 2823). The headquarters of the Purchaser is located in Taipei, Taiwan.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules exceed 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules and is therefore subject to approval by the Shareholders at the EGM under Rule 14.49 of the Listing Rules. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no Shareholders have a material interest in the Disposal and are required to abstain from voting at the EGM.

EGM

The EGM will be convened for the purpose of, among other things, approving the Agreement and the transactions contemplated thereunder. A notice convening the EGM to be held at Room 501, 5/F., Aon China Building, 29 Queen's Road Central, Hong Kong on Wednesday, 7 July 2010, at 2:30 p.m. is set out on pages 118 to 119 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM must be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules after the EGM.

RECOMMENDATION

The Directors consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders and the Group as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Mayer Holdings Limited
Hsiao Ming-chih
Chairman

PROFIT AND LOSS STATEMENT AND VALUATION OF THE PROPERTY

In accordance with Rule 14.68(2)(b)(i) of the Listing Rules, the profit and loss statement of the Property for the period from 12 July 2007 to 31 December 2007 and the two years ended 31 December 2008 and 2009, and the valuation of the Property as at 31 December 2007, 2008 and 2009 are set out below. In the opinion of the Directors, such information has been properly compiled and derived from the underlying books and records and valuation reports of the Property of the Group.

The Company has engaged CCIF CPA Limited, the auditors of the Company, to perform certain factual findings procedures in respect of the profit and loss statement of the Property and the valuation of the Property as shown in the below tables in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants to ensure that such information was in agreement with the underlying books and records of the Group or the valuation reports prepared by Pan Asia Assets Real Estate Appraisal Company Limited (泛亞不動產估價師事務所), an independent professional valuer in Taiwan. CCIF CPA Limited, the auditors of the Company, reported that they found that such information was in agreement with the underlying books and records of the Group or the valuation reports prepared by Pan Asia Assets Real Estate Appraisal Company Limited (泛亞不動產估價師事務所).

1. Profit and loss statement of the Property

	Period from 12 July 2007 to 31 December 2007	Year ended 31 December	
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Rental income	–	3,977	8,330
Other revenue	161	123	362
Fair value changes on investment property	–	36,655	–
General and administrative expenses and finance costs	(87)	(6,189)	(4,173)
Profit before tax	74	34,566	4,519
Income tax	–	(8,447)	1,066
Profit for the period/year	74	26,119	5,585

No rental income was recognised from the Property during the period from 12 July 2007 to 31 December 2007 as the pre-conditions required under the acquisition of the Property were fulfilled on February 2008.

2. Valuation of the Property

	As at 31 December	
	2008	**2009**
	RMB'000	*RMB'000*
Valuation of the Property	215,589	220,867

No valuation of the Property was performed as at 31 December 2007 as the pre-conditions required under the acquisition of the Property were fulfilled on February 2008.

1. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009

The following financial information is a reproduction of the relevant information extracted from the audited financial statements of the Group for the three years ended 31 December 2007, 2008 and 2009 as published in the respective 2007, 2008 and 2009 annual reports of the Company. There were no qualified or modified opinions in the independent auditors' report for the three years ended 31 December 2007, 2008 and 2009.

Consolidated Income Statement

	For the year ended 31 December		
	2009	**2008**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
CONTINUING OPERATIONS			
Turnover	435,585	667,193	1,260,425
Cost of sales	(385,416)	(603,338)	(1,197,423)
Gross profit	50,169	63,855	63,002
Other revenue	6,830	14,183	10,832
Other net income	55	2,838	5,058
Valuation gain on investment property	–	36,655	–
Distribution costs	(7,738)	(9,155)	(13,681)
Administrative expenses	(37,773)	(44,408)	(34,696)
Other operating expenses	(3,286)	(18,273)	(2,899)
Profit from operations	8,257	45,695	27,616
Finance costs	(4,913)	(19,388)	(19,233)
Profit before taxation	3,344	26,307	8,383
Income tax	(2,073)	(15,759)	(3,106)
Profit for the year from continuing operations	1,271	10,548	5,277
DISCONTINUED OPERATION			
– Profit for the year from discontinued operation	–	–	11,634
Attributable to:			
Owners of the Company	(510)	7,222	13,802
Minority interest	1,781	3,326	3,109
Profit for the year	1,271	10,548	16,911
Dividends payable to owners of the Company attributable to the year			
Final dividend proposed after the balance sheet date	–	–	11,520

	For the year ended 31 December		
	2009	**2008**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/earnings per share			
From continuing and discontinued operations			
Basic and diluted	(RMB0.09 cents)	RMB1.25 cents	RMB2.69 cents
From continuing operations			
Basic and diluted	(RMB0.09 cents)	RMB1.25 cents	RMB0.83 cents
From discontinued operation			
Basic and diluted	N/A	N/A	RMB1.86 cents

Consolidated Balance Sheet

	At 31 December		
	2009	**2008**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Fixed assets			
– Other property, plant and equipment	103,773	113,759	117,110
– Investment property	220,867	215,589	–
	324,640	329,348	117,110
Prepaid lease payments	9,641	7,972	8,194
Deposit paid for acquisition of property	–	–	192,142
Available-for-sale financial assets	19,100	21,371	–
	353,381	358,691	317,446
Current assets			
Inventories	62,870	89,975	169,214
Trade and other receivables	175,355	126,199	396,694
Prepaid lease payments	266	222	222
Trading securities	–	–	15,633
Tax recoverable	8	3,905	–
Pledged bank deposits	5,404	5,578	46,537
Deposits with banks (maturity over 3 months)	1,707	980	–
Cash and cash equivalents	98,736	78,393	67,461
	344,346	305,252	695,761
Current liabilities			
Bank borrowings	155,646	139,458	311,402
Trade and other payables	53,038	53,217	326,478
Current taxation	–	–	2,368
	208,684	192,675	640,248
Net current assets	135,662	112,577	55,513
Total assets less current liabilities	489,043	471,268	372,959
Non-current liabilities			
Bank borrowings	123,772	104,683	–
Deferred tax liabilities	7,059	7,964	–
	130,831	112,647	–
NET ASSETS	358,212	358,621	372,959

	At 31 December		
	2009	**2008**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital	59,460	59,460	59,460
Reserves	236,050	237,376	245,143
Proposed final dividend	–	–	11,520
	295,510	296,836	316,123
Minority interests	62,702	61,785	56,836
TOTAL EQUITY	358,212	358,621	372,959

Balance Sheet

	At 31 December		
	2009	**2008**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	1,009	2	4
Investments in subsidiaries	198,909	201,206	124,378
	199,918	201,208	124,382
Current assets			
Other receivables	187	240	255
Amounts due from subsidiaries	5,355	7,141	73,070
Pledged bank deposits	5,404	4,120	4,378
Cash and cash equivalents	4,002	4,996	10,986
	14,948	16,497	88,689
Current liabilities			
Bank borrowings	6,866	6,866	–
Other payables	14,518	30,850	1,090
	21,384	37,716	1,090
Net current (liabilities)/assets	(6,436)	(21,219)	87,599
NET ASSETS	193,482	179,989	211,981
EQUITY			
Equity attributable to owners of the parent			
Share capital	59,460	59,460	59,460
Reserves	134,022	120,529	141,001
Proposed final dividend	–	–	11,520
TOTAL EQUITY	193,482	179,989	211,981

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Statutory public welfare fund	Exchange reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	50,480	37,586	67,570	18,254	4,950	(1,548)	77,054	9,600	263,946	97,846	361,792
Capital contribution received by a non-wholly owned subsidiary from a minority shareholder	–	–	–	–	–	–	–	–	–	10,331	10,331
Issue of new shares, net of issuance costs	8,980	44,759	–	–	–	–	–	–	53,739	–	53,739
Appropriations	–	–	–	1,271	–	–	(1,271)	–	–	–	–
Disposal of subsidiaries attributable to discontinued operations	–	–	–	–	–	(139)	–	–	(139)	(53,444)	(53,583)
Exchange differences on translation of financial statements to presentation currency	–	–	–	–	–	(5,625)	–	–	(5,625)	(1,006)	(6,631)
Profit for the year	–	–	–	–	–	–	13,802	–	13,802	3,109	16,911
Dividend paid	–	–	–	–	–	–	–	(9,600)	(9,600)	–	(9,600)
Dividend declared in respect of the current year	–	–	–	–	–	–	(11,520)	11,520	–	–	–
At 31 December 2007	59,460	82,345	67,570	19,525	4,950	(7,312)	78,065	11,520	316,123	56,836	372,959
At 1 January 2008	59,460	82,345	67,570	19,525	4,950	(7,312)	78,065	11,520	316,123	56,836	372,959
Capital contribution received by a non-wholly owned subsidiary from minority shareholders	–	–	–	–	–	–	–	–	–	3,266	3,266
Appropriations	–	–	–	1,225	–	–	(1,225)	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	–	(10,063)	7,222	–	(2,841)	1,683	(1,158)
Dividend paid	–	–	–	–	–	–	–	(11,520)	(11,520)	–	(11,520)
Dividend declared to minority shareholder	–	–	–	–	–	–	(4,926)	4,926	–	–	–
Dividend paid to minority shareholder	–	–	–	–	–	–	–	(4,926)	(4,926)	–	(4,926)
At 31 December 2008	59,460	82,345	67,570	20,750	4,950	(17,375)	79,136	–	296,836	61,785	358,621

	Attributable to owners of the Company										
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Statutory public welfare fund	Exchange reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009	59,460	82,345	67,570	20,750	4,950	(17,375)	79,136	–	296,836	61,785	358,621
Appropriations	–	–	–	(72)	–	–	72	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	1,391	(510)	–	881	917	1,798
Dividend declared to minority shareholder	–	–	–	–	–	–	(2,207)	2,207	–	–	–
Dividend paid to minority shareholder	–	–	–	–	–	–	–	(2,207)	(2,207)	–	(2,207)
At 31 December 2009	59,460	82,345	67,570	20,678	4,950	(15,984)	76,491	–	295,510	62,702	358,212

Consolidated Statement of Cash Flows

	For the year ended 31 December		
	2009	**2008**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES			
Profit before taxation			
– Continuing operations	3,344	26,307	8,383
– Discontinued operations	–	–	1,652
– Gain on disposal of subsidiaries attributable to discontinued operations	–	–	8,715
Adjustments for:			
Interest income	(590)	(4,513)	(1,907)
Dividend income from listed securities	–	(56)	(67)
Finance costs	4,913	19,388	21,825
Depreciation	13,814	12,684	19,609
Amortisation of prepaid lease payments	266	222	222
Gain on disposal of subsidiaries attributable to discontinued operations	–	–	(8,715)
Impairment loss on trade and other receivables	1,116	667	1,558
Reversal of impairment loss on trade and other receivables	(55)	–	–
Write down of inventories	421	34,821	–
Reversal of write down of inventories	(30,321)	–	–
Impairment loss on available-for-sale financial assets	2,288	13,956	720
Net loss/(gain) on disposal of fixed assets	918	(72)	(240)
Valuation gain on investment property	–	(36,655)	–
Net loss on derivative financial instrument	–	386	–
Foreign exchange loss/(gain)	311	(2,766)	(3,361)
OPERATING (LOSS)/PROFIT BEFORE CHANGES IN WORKING CAPITAL	(3,575)	64,369	48,394
Decrease/(increase) in inventories	57,005	44,418	(26,851)
(Increase)/decrease in trade and other receivables	(50,217)	269,828	(32,404)
Decrease/(increase) in trading securities	–	15,633	(15,633)
(Decrease)/increase in trade and other payables	(179)	(111,130)	11,443
CASH GENERATED FROM/(USED IN) OPERATIONS	3,034	283,118	(15,051)
Income tax recovered	1,918	–	–
Income tax paid	(1,160)	(13,598)	(234)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	3,792	269,520	(15,285)

	For the year ended 31 December		
	2009	2008	2007
	RMB'000	*RMB'000*	*RMB'000*
INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets	6	144	1,810
Payment for the purchase of fixed assets	(7,985)	(12,559)	(34,078)
Payment for the purchase of investment property	–	(164,979)	–
Payment for the purchase of available-for-sale financial assets	–	(35,074)	–
Deposit paid for acquisition of property	–	–	(29,625)
(Increase)/decrease in deposits with banks (maturity over 3 months)	(727)	(980)	21,800
Decrease/(increase) in pledged bank deposits	174	40,959	(44,027)
Interest received	590	4,513	1,907
Dividend received from listed securities	–	56	67
Proceeds from disposal of subsidiaries attributable to discontinued operations, net of cash disposal	–	–	28,846
NET CASH USED IN INVESTING ACTIVITIES	(7,942)	(167,920)	(53,300)
FINANCING ACTIVITIES			
Proceeds from issue of shares	–	–	53,739
Proceeds from new bank borrowings	398,418	1,192,199	96,025
Repayment of bank borrowings	(363,141)	(1,259,460)	(28,823)
Dividend paid to owners of the Company	–	(11,520)	(9,600)
Dividend paid to minority shareholder	(2,207)	(4,926)	–
Interest paid	(4,913)	(19,388)	(21,825)
Capital contributions received by a non-wholly owned subsidiary from minority shareholders	–	3,266	10,331
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	28,157	(99,829)	99,847
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,007	1,771	31,262
CASH AND CASH EQUIVALENTS AT 1 JANUARY	78,393	67,461	45,689
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	(3,664)	9,161	(9,490)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	98,736	78,393	67,461

2. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2009

The following are the audited financial statements of the Group for the year ended 31 December 2009 as extracted from the annual report of the Company for the year ended 31 December 2009.

Consolidated Income Statement
For the year ended 31 December 2009

	Note	**2009** *RMB'000*	**2008** *RMB'000*
Turnover	4	435,585	667,193
Cost of sales		(385,416)	(603,338)
Gross profit		50,169	63,855
Other revenue	5	6,830	14,183
Other net income	5	55	2,838
Valuation gain on investment property	14(a)	–	36,655
Distribution costs		(7,738)	(9,155)
Administrative expenses		(37,773)	(44,408)
Other operating expenses		(3,286)	(18,273)
Profit from operations		8,257	45,695
Finance costs	6(a)	(4,913)	(19,388)
Profit before taxation	6	3,344	26,307
Income tax	7(a)	(2,073)	(15,759)
Profit for the year		1,271	10,548
Attributable to:			
Owners of the Company	10	(510)	7,222
Minority interest		1,781	3,326
Profit for the year		1,271	10,548
(Loss)/earnings per share			
Basic and diluted	12	(RMB0.09 cents)	RMB1.25 cents

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2009

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

Consolidated Statement of Financial Position
At 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Fixed assets	14(a)		
– Other property, plant and equipment		103,773	113,759
– Investment property		220,867	215,589
		324,640	329,348
Prepaid lease payments	14(f)	9,641	7,972
Available-for-sale financial assets	16	19,100	21,371
		353,381	358,691
Current assets			
Inventories	17	62,870	89,975
Trade and other receivables	18	175,355	126,199
Prepaid lease payments	14(f)	266	222
Tax recoverable	23(a)	8	3,905
Pledged bank deposits	19	5,404	5,578
Deposits with banks (maturity over 3 months)		1,707	980
Cash and cash equivalents	20	98,736	78,393
		344,346	305,252
Current liabilities			
Bank borrowings	22	155,646	139,458
Trade and other payables	21	53,038	53,217
		208,684	192,675
Net current assets		135,662	112,577
Total assets less current liabilities		489,043	471,268
Non-current liabilities			
Bank borrowings	22	123,772	104,683
Deferred tax liabilities	23(b)	7,059	7,964
		130,831	112,647
NET ASSETS		358,212	358,621

	Note	2009 RMB'000	2008 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		59,460	59,460
Reserves		236,050	237,376
		295,510	296,836
Minority interest		62,702	61,785
TOTAL EQUITY		358,212	358,621

Statement of Financial Position
At 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment	14(b)	1,009	2
Investments in subsidiaries	15	198,909	201,206
		199,918	201,208
Current assets			
Other receivables	18	187	240
Amounts due from subsidiaries	15	5,355	7,141
Pledged bank deposits	19	5,404	4,120
Cash and cash equivalents	20	4,002	4,996
		14,948	16,497
Current liabilities			
Bank borrowings	22	6,866	6,866
Other payables	21	14,518	30,850
		21,384	37,716
Net current liabilities		(6,436)	(21,219)
NET ASSETS		193,482	179,989
EQUITY			
Equity attributable to owners of the parent	25(a)		
Share capital		59,460	59,460
Reserves		134,022	120,529
TOTAL EQUITY		193,482	179,989

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Attributable to owners of the Company										
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Statutory public welfare fund	Exchange reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008	59,460	82,345	67,570	19,525	4,950	(7,312)	78,065	11,520	316,123	56,836	372,959
Capital contribution received by a non-wholly owned subsidiary from minority shareholders	–	–	–	–	–	–	–	–	–	3,266	3,266
Appropriations	–	–	–	1,225	–	–	(1,225)	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	–	(10,063)	7,222	–	(2,841)	1,683	(1,158)
Dividend paid *(note 11(b))*	–	–	–	–	–	–	–	(11,520)	(11,520)	–	(11,520)
Dividend declared to minority shareholder	–	–	–	–	–	–	(4,926)	4,926	–	–	–
Dividend paid to minority shareholder	–	–	–	–	–	–	–	(4,926)	(4,926)	–	(4,926)
At 31 December 2008	59,460	82,345	67,570	20,750	4,950	(17,375)	79,136	–	296,836	61,785	358,621
At 1 January 2009	59,460	82,345	67,570	20,750	4,950	(17,375)	79,136	–	296,836	61,785	358,621
Appropriations	–	–	–	(72)	–	–	72	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	1,391	(510)	–	881	917	1,798
Dividend declared to minority shareholder	–	–	–	–	–	–	(2,207)	2,207	–	–	–
Dividend paid to minority shareholder	–	–	–	–	–	–	–	(2,207)	(2,207)	–	(2,207)
At 31 December 2009	59,460	82,345	67,570	20,678	4,950	(15,984)	76,491	–	295,510	62,702	358,212

Consolidated Statement of Cash Flows
For the year ended 31 December 2009

	2009	2008
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before taxation	3,344	26,307
Adjustments for:		
Interest income	(590)	(4,513)
Dividend income from listed securities	–	(56)
Finance costs	4,913	19,388
Depreciation	13,814	12,684
Amortisation of prepaid lease payments	266	222
Impairment loss on trade and other receivables	1,116	667
Reversal of impairment loss on trade and other receivables	(55)	–
Write down of inventories	421	34,821
Reversal of write down of inventories	(30,321)	–
Impairment loss on available-for-sale financial assets	2,288	13,956
Net loss/(gain) on disposal of fixed assets	918	(72)
Valuation gain on investment property	–	(36,655)
Net loss on derivative financial instrument	–	386
Foreign exchange loss/(gain)	311	(2,766)
OPERATING (LOSS)/PROFIT BEFORE CHANGES IN WORKING CAPITAL	(3,575)	64,369
Decrease in inventories	57,005	44,418
(Increase)/decrease in trade and other receivables	(50,217)	269,828
Decrease in trading securities	–	15,633
Decrease in trade and other payables	(179)	(111,130)
CASH GENERATED FROM OPERATIONS	3,034	283,118
Income tax recovered	1,918	–
Income tax paid	(1,160)	(13,598)
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,792	269,520

	2009	2008
	RMB'000	*RMB'000*
INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	6	144
Payment for the purchase of fixed assets	(7,985)	(12,559)
Payment for the purchase of investment property	–	(164,979)
Payment for the purchase of available-for-sale financial assets	–	(35,074)
Increase in deposits with banks (maturity over 3 months)	(727)	(980)
Decrease in pledged bank deposits	174	40,959
Interest received	590	4,513
Dividend received from listed securities	–	56
NET CASH USED IN INVESTING ACTIVITIES	(7,942)	(167,920)
FINANCING ACTIVITIES		
Proceeds from new bank borrowings	398,418	1,192,199
Repayment of bank borrowings	(363,141)	(1,259,460)
Dividend paid to owners of the Company	–	(11,520)
Dividend paid to minority shareholder	(2,207)	(4,926)
Interest paid	(4,913)	(19,388)
Capital contributions received by a non-wholly owned subsidiary from minority shareholders	–	3,266
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	28,157	(99,829)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,007	1,771
CASH AND CASH EQUIVALENTS AT 1 JANUARY	78,393	67,461
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	(3,664)	9,161
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	98,736	78,393

Notes to the Financial Statements

For the year ended 31 December 2009

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries.

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

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investment property is stated at its fair value as explained in the accounting policies set out below (see note 2(e)).

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 35.

(c) Subsidiaries and minority interest

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between minority interests and the owners of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 2(l) depending on the nature of the liability.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)(ii)).

(d) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(q)(iii) and (iv) respectively.

Investments in equity securities that do not have a listed market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(h)(i)).

Other investments in securities are classified as available-for-sale equity securities and are initially recognised at fair value plus transaction costs. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised directly in equity. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(q)(iii) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(q)(iv). When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

For an investment in equity instruments that do not have a quoted market price in an active market, or derivatives linked to such equity instruments, it is measured at cost less impairment (because its fair value cannot be measured reliably).

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/ sell the investments or when they expire.

(e) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(g)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated in the statement of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(q)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(g).

(f) Other property, plant and equipment

Other property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses (see note 2(h)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– freehold land is not depreciated;

Building and factory premises	5%
Leasehold improvements	10% – 33$^1/_3$%
Furniture, fixtures and office equipment	5% – 33$^1/_3$%
Plant and machinery	7% – 25%
Motor vehicles	10% – 25%
Aircrafts	20% – 50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residue value, if any, are reviewed annually.

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses (see note 2(h)(ii)), if any. Cost includes the costs of construction of buildings, the costs of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(e)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous leasee.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

(h) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries: see note 2(h)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale equity securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. The assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale equity securities which are stated at fair value, when a decline in the fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts); and

– investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(h)(i) and (ii)).

Impairment losses recognised in an interim period in respect of available-for-sale equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(h)(i)).

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(p)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(n) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(p)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(v) Service income

Service income is recognised when the services are rendered.

(vi) Government subsidy

Subsidy income is recognised as revenue when there is reasonable assurance that it will be received.

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

For the purpose of presenting the consolidated financial statements, the results of the Group's operations not denominated in RMB are translated into RMB, i.e. the presentation currency of the Group, at the average exchange rates for the year. Statement of financial position items are translated into RMB at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in a separate component of equity.

(s) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intend use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(t) Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

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

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's chief operating decision maker, and has resulted in additional reportable segments being identified and presented (see note 13). Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (Revised 2007), details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures in note 26(f) about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

- The "Improvements to HKFRSs (2008)" comprise a number of amendments to a range of HKFRSs. Of these, the following amendments have resulted in changes to the Group's accounting policies:

  – As a result of amendments to HKAS 40, Investment property, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. As the Group does not currently have any investment property under construction, this change in policy has no impact on net assets or profit or loss for any of the periods presented.

  – The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

4. TURNOVER

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

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

5. OTHER REVENUE AND OTHER NET INCOME

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

6. PROFIT BEFORE TAXATION

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

		2009	2008
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Interest on bank borrowings wholly repayable		
	– within five years	2,353	15,457
	– over five years	2,560	3,931
	Total interest expense on financial liabilities not at fair value through profit or loss	4,913	19,388
(b)	**Staff costs**		
	Contributions to defined contribution retirement plans	2,371	1,854
	Salaries, wages and other benefits	16,503	23,332
		18,874	25,186
(c)	**Other items**		
	Auditor's remuneration		
	– audit services	660	477
	– other services	290	134
	Cost of inventories# (see *note 17*)	385,416	603,338
	Depreciation for property, plant and equipment	13,814	12,684
	Amortisation of prepaid lease payments	266	222
	Operating leases charges:		
	minimum lease payments	990	1,351
	Impairment loss on trade and other receivables	1,116	667
	Impairment loss on available-for-sale financial assets	2,288	13,956
	Gross rental income from investment property less direct outgoings of RMB1,321,000 (2008: RMB2,072,000)	(7,009)	(1,905)
	Write down of inventories	421	34,821
	Reversal of write down of inventories	(30,321)	–
	Net foreign exchange loss/(gain)	311	(2,766)
	Net loss/(gain) on disposal of fixed assets	918	(72)
	Net realised loss on disposal of trading securities	–	2,256
	Net loss on derivative financial instrument	–	386

Cost of inventories includes (i) RMB15,689,000 (2008: RMB52,627,000) relating to staff costs, depreciation, operating lease charges and write down of inventories and (ii) reversal of write down of inventories of RMB30,321,000 (2008: RMBNil) for the year ended 31 December 2009 which amount are also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2009 *RMB'000*	2008 *RMB'000*
Current tax		
– Hong Kong	–	–
– PRC Enterprise Income Tax	–	6,989
– Other jurisdictions	315	323
	315	7,312
Under/(over) provision in respect of prior years		
– Hong Kong	–	–
– PRC Enterprise Income Tax	1,980	–
– Other jurisdictions	–	13
– Withholding tax	844	–
	2,824	13
Deferred tax *(note 23(b))*		
– Current year	–	8,434
– Attributable to a change in tax rate	(1,066)	–
	(1,066)	8,434
Total	2,073	15,759

(i) On 26 June 2008, Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/09. No Hong Kong Profits Tax has been provided for in the financial statements as the Group has no assessable profits for the year (2008: Nil).

(ii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Enterprise Income Tax Law of the PRC (the "New Tax Law"), which became effective on 1 January 2008. According to the New Tax Law, from 1 January 2008, the standard enterprise income tax rate for enterprises in the PRC was reduced from 33% to 25%. Further, the State Council released the Implementation Rules to the Enterprise Income Tax Law on 6 December 2007 and the Notice on the Implementation Rules of the Grandfathering Relief under the Enterprise Income Tax Law (Guo Fa 2007 No. 39) on 26 December 2007 (collectively, the "Implementation Rules").

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

(iii) Vietnam Mayer Company Limited ("Vietnam Mayer") is entitled to a tax concession period in which it is fully exempted from Vietnam income tax for 3 years starting from its first profit-making year (after net off accumulated tax losses), followed by a 50% reduction in the Vietnam income tax for the next 7 years. The first profit making year of Vietnam Mayer is 2008. Accordingly, no provision for Vietnam income tax has been made as Vietnam Mayer is exempted from Vietnam income tax in 2008 and 2009.

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

(v) Pursuant to the new PRC Corporate Income Tax Law which took effect from 1 January 2008, a 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors.

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

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

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

(b) Reconciliation between tax expense and accounting profit at the applicable tax rates:

	2009	**2008**
	RMB'000	*RMB'000*
Profit before taxation	3,344	26,307
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	1,249	15,008
Tax effect of non-deductible expenses	1,484	12,700
Tax effect of non-taxable income	(6,911)	(12,329)
Tax effect of unused tax losses not recognised	3,958	732
Tax effect of profits entitled to tax exemption in Vietnam	(169)	(365)
Tax effect of utilisation of deductible temporary differences not recognised in prior years	856	–
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	(1,066)	–
Under provision in prior years	1,980	13
Others	(152)	–
	1,229	15,759
Under provision in prior years Withholding tax	844	–
	2,073	15,759

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

		Year ended 31 December 2009			
	Note	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Hsiao Ming-chih		–	88	–	88
Mr. Lai Yueh-hsing		–	528	–	528
Mr. Lo Haw		–	309	–	309
Dr. Lin Meng-chang	(i)	–	–	–	–
Mr. Lu Wen-yi		–	158	–	158
Mr. Chiang Jen-chin		–	264	–	264
Mr. Cheng Dar-terng		–	159	–	159
Non-executive director					
Mr. Huang Chun-fa		–	88	–	88
Independent non-executive directors					
Mr. Lin Sheng-bin		26	–	–	26
Mr. Huang Jui-hsiang		26	–	–	26
Mr. Alvin Chiu		201	–	–	201
		253	1,594	–	1,847

		Year ended 31 December 2008			
	Note	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Hsiao Ming-chih		–	104	–	104
Mr. Lai Yueh-hsing		–	348	–	348
Mr. Lo Haw		–	313	–	313
Dr. Lin Meng-chang	(i)	–	386	–	386
Mr. Lu Wen-yi		–	161	–	161
Mr. Chiang Jen-chin		–	402	–	402
Mr. Cheng Dar-terng		–	161	–	161
Non-executive director					
Mr. Huang Chun-fa		–	89	–	89
Independent non-executive directors					
Mr. Lin Sheng-bin		27	–	–	27
Mr. Huang Jui-hsiang		27	–	–	27
Mr. Alvin Chiu		203	–	–	203
		257	1,964	–	2,221

Note:

(i) Resigned on 11 February 2009.

As at 31 December 2009 and 2008, none of the directors held any share options under the Company's share option scheme. The details of the share option scheme are set out in note 24 to the financial statements.

For the years ended 31 December 2009 and 2008, no emolument was paid to the directors as an inducement to join or upon joining the Company or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2009 and 2008.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2008: none of them) were directors of the Company whose emoluments are included in the disclosures in note 8 above. The emoluments of the remaining three (2008: five) individuals were as follows:

	2009	**2008**
	RMB'000	*RMB'000*
Salaries and other benefits	1,340	2,630
Contributions to retirement benefits schemes	–	–
	1,340	2,630

Their emoluments were all within the band of RMBNil to RMB880,300 (equivalent to HK$Nil to HK$1,000,000).

During the years ended 31 December 2009 and 2008, no emolument was paid to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a profit of approximately RMB13,493,000 (2008: loss of RMB8,259,000) which has been dealt with in the financial statements of the Company.

11. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year:

	2009	**2008**
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMBNil per ordinary share (2008: RMBNil per ordinary share)	–	–

(b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year:

	2009	**2008**
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMBNil per ordinary share (2008: RMB2 cents per ordinary share)	–	11,520

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

(b) Diluted (loss)/earnings per share

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

13. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. On first-time adoption of HKFRS 8, Operating Segments and in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Steel (Mainland China/Vietnam): given the importance of the steel division to the Group, the Group's steel business is segregated further into two reportable segments on a geographical basis, as the divisional managers for each of these regions report directly to the senior executive team. All two segments primarily derive their revenue from the manufacture and trading of steel pipes, steel sheets and other products made of steel. These products are manufactured in the Group's manufacturing facilities located primarily in Mainland China and Vietnam.

- Property investment: this segment leases office premises to generate rental income and to gain from the appreciation in the property's value in the long term. Currently the Group's investment property portfolio is located entirely in Taiwan.

- Investments: this segment invests in unlisted equity securities issued by private entities incorporated in Taiwan and Cayman Islands to generate dividend income and/or to gain from the appreciation in the investments' values in the long term.

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

(a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed has been prepared in a manner consistent with the information used by the Group's chief operating decision maker for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of corporate assets. Segment liabilities include trade creditors, accruals and bank borrowings managed directly by the segments with the exception of corporate liabilities.

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

The measure used for reporting segment profit is "adjusted EBIT" i.e. "adjusted earnings before interest and taxes".

In addition to receiving segment information concerning adjusted EBIT, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

Information regarding to the Group's reportable segments or provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the years is set out below.

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

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

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

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

(c) Geographic Information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers is refers to the location at which the services were provided or the goods delivered. The Group's non-current assets include fixed assets and prepaid lease payments. The geographical location of fixed assets and prepaid lease payments is based on the physical location of the asset under consideration.

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

(d) Information about major customers

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

14. FIXED ASSETS

(a) The Group

	Building and factory premises	Construction in progress	Leasehold improvements	Furniture, fixtures and office equipment	Plant and machinery	Motor vehicles	Aircrafts	Sub-total	Investment property	Total fixed assets
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost or valuation										
At 1 January 2008	42,367	11,073	3,760	6,443	98,335	1,624	24,838	188,440	–	188,440
Additions	–	10,224	–	201	1,313	1,220	–	12,958	194,604	207,562
Transfers	–	(5,261)	–	1,147	4,114	–	–	–	–	–
Disposals	–	–	–	(77)	(3,886)	(641)	–	(4,604)	–	(4,604)
Fair value adjustments	–	–	–	–	–	–	–	–	36,655	36,655
Exchange adjustments	–	(1,244)	(9)	(164)	(468)	(22)	(1,608)	(3,515)	(15,670)	(19,185)
At 31 December 2008	42,367	14,792	3,751	7,550	99,408	2,181	23,230	193,279	215,589	408,868
Representing										
Cost	42,367	14,792	3,751	7,550	99,408	2,181	23,230	193,279	–	193,279
Valuation – 2008	–	–	–	–	–	–	–	–	215,589	215,589
	42,367	14,792	3,751	7,550	99,408	2,181	23,230	193,279	215,589	408,868
At 1 January 2009	42,367	14,792	3,751	7,550	99,408	2,181	23,230	193,279	215,589	408,868
Additions	–	6,446	–	175	274	1,090	–	7,985	–	7,985
Transfers *(note(f))*	1,018	(12,943)	–	536	9,358	–	–	(2,031)	–	(2,031)
Disposals	–	–	–	(270)	(4,059)	–	–	(4,329)	–	(4,329)
Fair value adjustments	–	–	–	–	–	–	–	–	–	–
Exchange adjustments	–	(671)	–	(156)	(439)	(8)	16	(1,258)	5,278	4,020
At 31 December 2009	43,385	7,624	3,751	7,835	104,542	3,263	23,246	193,646	220,867	414,513
Representing										
Cost	43,385	7,624	3,751	7,835	104,542	3,263	23,246	193,646	–	193,646
Valuation – 2009	–	–	–	–	–	–	–	–	220,867	220,867
	43,385	7,624	3,751	7,835	104,542	3,263	23,246	193,646	220,867	414,513

	Building and factory premises	Construction in progress	Leasehold improvements	Furniture, fixtures and office equipment	Plant and machinery	Motor vehicles	Aircrafts	Sub-total	Investment property	Total fixed assets
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation										
At 1 January 2008	16,086	–	1,429	3,035	46,023	882	3,875	71,330	–	71,330
Charge for the year	1,905	–	360	787	7,078	277	2,277	12,684	–	12,684
Written back on disposals	–	–	–	(70)	(3,486)	(577)	–	(4,133)	–	(4,133)
Exchange adjustments	–	–	(9)	(22)	(36)	(2)	(292)	(361)	–	(361)
At 31 December 2008 and at 1 January 2009	17,991	–	1,780	3,730	49,579	580	5,860	79,520	–	79,520
Charge for the year	1,932	–	360	758	7,079	516	3,169	13,814	–	13,814
Written-back on disposals	–	–	–	(236)	(3,169)	–	–	(3,405)	–	(3,405)
Exchange adjustments	–	–	–	(17)	(40)	(1)	2	(56)	–	(56)
At 31 December 2009	19,923	–	2,140	4,235	53,449	1,095	9,031	89,873	–	89,873
Carrying amount										
At 31 December 2009	23,462	7,624	1,611	3,600	51,093	2,168	14,215	103,773	220,867	324,640
At 31 December 2008	24,376	14,792	1,971	3,820	49,829	1,601	17,370	113,759	215,589	329,348

(b) The Company

	Leasehold improvements *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Total fixed assets *RMB'000*
Cost				
At 1 January 2008	158	112	–	270
Exchange adjustments	(9)	(7)	–	(16)
At 31 December 2008 and at 1 January 2009	149	105	–	254
Additions	–	–	1,090	1,090
Exchange adjustments	–	–	–	–
At 31 December 2009	149	105	1,090	1,344
Accumulated depreciation				
At 1 January 2008	158	108	–	266
Charge for the year	–	2	–	2
Exchange adjustments	(9)	(7)	–	(16)
At 31 December 2008 and at 1 January 2009	149	103	–	252
Charge for the year	–	2	81	83
Exchange adjustments	–	–	–	–
At 31 December 2009	149	105	81	335
Carrying amount				
At 31 December 2009	–	–	1,009	1,009
At 31 December 2008	–	2	–	2

(c) The investment property of the Group carried at fair value was revalued as at 31 December 2009 on an open market value basis calculated by reference to recent market transactions in comparable properties and to net rental income allowing for reversionary income potential. The valuations were carried out by an independent firm of surveyors, 泛亞不動產估價師事務所, being a member of the Republic of China Association of Real Estate Appraisers who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant location and category of property being valued.

(d) The analysis of carrying amount of properties is as follows:

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
In PRC:		
– medium-term leases	23,462	24,376
In Taiwan:		
– freehold	220,867	215,589
	244,329	239,965
Representing:		
Building and factory premises carried at cost	23,462	24,376
Investment property carried at fair value	220,867	215,589
	244,329	239,965

(e) Fixed assets leased out under operating leases

The Group leases out investment properties and aircrafts under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment property.

As at 31 December 2009, the Group's total future minimum lease receivables under non-cancellable operating leases in respect of aircrafts and investment property are as follows:

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Within 1 year	14,941	15,962
After 1 year but within 5 years	14,237	30,705
	29,178	46,667

(f) Prepaid lease payments

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
The Group's prepaid lease payments comprise:		
Medium term lease:		
Land in the PRC	7,972	8,194
Land in Vietnam	1,935	–
	9,907	8,194
Cost		
At 1 January	11,098	11,098
Transfer *(note(a))*	2,031	–
Exchange adjustments	(53)	–
At 31 December	13,076	11,098
Accumulated amortisation		
At 1 January	2,904	2,682
Charge for the year	266	222
Exchange adjustment	(1)	–
At 31 December	3,169	2,904
Carrying amount		
At 31 December	9,907	8,194
Analysed for reporting purpose as:		
Current assets	266	222
Non-current assets	9,641	7,972
	9,907	8,194

The amortisation charge for the year is included in "administrative expenses" in the consolidated income statement.

(g) As at 31 December 2009, the following fixed assets of the Group were pledged to certain banks for banking facilities granted to the Group as follows (note 29):

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Building and factory premises	–	24,376
Construction in progress	–	7,656
Plant and machinery	–	34,816
Investment property *(note)*	157,745	153,976
Prepaid lease payments	–	8,194
	157,745	229,018

Note: The pledged amount of the investment property is limited to approximately RMB157,745,000 (equivalent to NTD739,200,000) (2008: approximately RMB153,976,000 (equivalent to NTD739,200,000)).

15. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2009	**2008**
	RMB'000	*RMB'000*
Unlisted shares, at cost	215,569	215,569
Less: Impairment loss *(note (c))*	(16,660)	(14,363)
	198,909	201,206
Amounts due from subsidiaries *(note (a))*	5,355	9,974
Less: Allowance for doubtful debts *(note (b))*	–	(2,833)
	5,355	7,141

Notes:

(a) Amounts due from subsidiaries are unsecured, interest free and repayable on demand.

(b) Movements in the allowance for doubtful debts

	The Company	
	2009	**2008**
	RMB'000	*RMB'000*
At 1 January	2,833	2,384
Impairment losses recognised *(note (c))*	–	597
Written off	(2,833)	–
Exchange adjustments	–	(148)
At 31 December	–	2,833

(c) The directors consider that in light of recurring operating loss of certain subsidiaries, the recoverable amount of these subsidiaries has been reduced to the estimated net realisable value of their identifiable net assets. Accordingly, impairment loss of approximately RMB2,297,000 (2008: RMB14,363,000) and RMBNil (2008: RMB597,000) in respect of the Company's investments in subsidiaries and the amounts due from subsidiaries are recognised respectively.

(d) The following list contains only the particulars of subsidiaries which principally affect the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of establishment/ incorporation and operation	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Bamian Investments Pte. Limited ("Bamian")	Singapore/ Hong Kong	16,829,670 ordinary shares of SGD1 each	100%	100%	–	Investment holding
Guangzhou Mayer *	PRC	Registered capital RMB200,000,000	81.4%	–	81.4%	Manufacture and trading of steel pipes, steel sheets and other products made of steel
Vietnam Mayer *(note)*	Vietnam	4,000,000 ordinary shares of USD1 each	40.7%	–	50%	Manufacture and trading of steel pipes, steel sheets and other products made of steel
ROC Advance Limited ("ROC")	British Virgin Islands/ The Republic of China	1,454,000 ordinary shares of USD1 each	100%	100%	–	Leasing of aircrafts and provision of consultancy service
Sunbeam Group Limited ("Sunbeam")	British Virgin Islands/ Hong Kong	7,687,000 ordinary shares of USD1 each	100%	100%	–	Investment holding
美控實業股份有限公司	The Republic of China	82,891,718 ordinary shares of NTD1 each	100%	–	100%	Property investment
Top Force International Limited	British Virgin Islands/ Hong Kong	3,067,000 ordinary shares of USD1 each	100%	100%	–	Investment holding
Advance Century Development Limited	British Virgin Islands/ Hong Kong	2,140,000 ordinary shares of USD1 each	100%	100%	–	Investment holding

* Registered under the laws of the PRC as sino-foreign equity joint-venture enterprise.

Note: The Group holds 50% equity interests of Vietnam Mayer and nominated 3 out of 5 directors in the board of directors of Vietnam Mayer, which has the power to control the strategic financial and operating policies of Vietnam Mayer. As a result, Vietnam Mayer is accounted for as a subsidiary of the Company.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Unlisted securities, at cost:		
– Club debentures *(note (c))*	1,094	1,294
– Equity securities	35,098	34,874
	36,192	36,168
Less: Impairment loss *(note (a))*	(17,092)	(14,797)
	19,100	21,371

The above unlisted investments represent investments in unlisted equity securities and debentures issued by private entities incorporated in PRC, Taiwan and Cayman Islands. They are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

Notes:

(a) Movements in the impairment loss

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
At 1 January	14,797	1,294
Impairment loss recognised *(note (b))*	2,288	13,956
Written off	(200)	–
Exchange adjustments	207	(453)
At 31 December	17,092	14,797

(b) The directors consider that in light of recurring operating loss of investee companies, the recoverable amount of these investee companies has been reduced to the estimated net realisable value of their identifiable net assets. Accordingly, impairment loss of RMB2,288,000 (2008: RMB13,956,000) in respect of the costs of investments is recognised.

(c) The cost of club debentures was fully impaired in prior years as the management of the Company considered that the recovery of this amount was remote.

17. INVENTORIES

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Raw materials	38,222	65,573
Finished goods	24,648	24,402
	62,870	89,975

The analysis of the amount of inventories recognised as an expense is as follows:

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Carrying amount of inventories sold	415,316	568,517
Write down of inventories *(note(a))*	421	34,821
Reversal of write down of inventories *(note(b))*	(30,321)	–
	385,416	603,338

Notes:

(a) The write down of inventories made during the year arose due to a decrease in the estimated net realisable value of the raw materials and finished goods based on the latest market transactions for similar products.

(b) The reversal of write down of inventories arose as a result of the subsequent usage of raw materials, subsequent sale of finished goods and an increase in the estimated net realisable value of the raw materials and finished goods for which a write down was made in prior year.

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors and bills receivables *(note (a))*	166,515	118,448	–	–
Less: allowance for doubtful debts *(note (b))*	(2,460)	(1,525)	–	–
	164,055	116,923	–	–
Other receivables	785	957	11	47
Less: allowance for doubtful debts *(note (b))*	–	(62)	–	–
	785	895	11	47
Amount due from a director *(note (d))*	–	17	–	17
Amount due from a related company *(note (e))*	8,557	7,025	–	–
Loans and receivables	173,397	124,860	11	64
Prepayments and deposits	1,958	1,339	176	176
	175,355	126,199	187	240

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

(a) Age analysis

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

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Current	164,055	115,121
1 to 3 months overdue	–	1,802
	164,055	116,923

Trade debtors are due within 30-180 days from the date of billing. Further details on the Group's credit policy are set out in note 26(a).

(b) Impairment of trade debtors and bills receivables and other receivables

Impairment losses in respect of trade debtors and bills receivables and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against the debtors directly (see note 2(h)(i)).

Movements in the allowance for doubtful debts:

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
At 1 January	1,587	920
Impairment loss recognised	1,116	667
Reversal of impairment loss	(55)	–
Uncollectible amounts written off	(188)	–
At 31 December	2,460	1,587

As at 31 December 2009, trade debtors and bills receivables and other receivables of the Group amounting to RMB2,460,000 (2008: RMB1,587,000) were individually determined to be impaired. These individually impaired receivables were due from debtors with financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB1,116,000 (2008: RMB667,000) are recognised. The Group does not hold any collateral over these balances.

The factors which the Group considered in determining whether these debtors were individually impaired include, for example, the following:

- significant financial difficulty of the debtor;
- receivables that have been outstanding for a certain period;
- the Group granting to the debtor, for economic or legal reasons relating to the debtor's financial difficulty, a concession that the Group would not otherwise consider;
- it is becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the debtor since their initial recognition, although the decrease cannot yet be identified including:
  - adverse changes in the payment status of debtors in the Group;
  - economic conditions that correlate with defaults on the trade receivables in the Group.

(c) Trade debtors and bills receivables that are not impaired

The age analysis of trade debtors and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Neither past due nor impaired	164,055	115,121
Past due but not impaired		
Less than 1 month past due	–	1,800
1 to 3 months past due	–	2
	–	1,802
	164,055	116,923

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(d) The amount is unsecured, interest free and repayable on demand.

(e) The amount due from a related company amounted to RMB8,557,000 (2008: RMB7,025,000), in which Mr. Huang Chun-fa has beneficial interest, is unsecured, interest free and repayable within the next twelve months from the end of the reporting period. The maximum amount outstanding during the year amounted to RMB10,603,000 (2008: RMB7,025,000).

No provision for the amount due has been made in the financial statements.

19. PLEDGED BANK DEPOSITS

The amounts are pledged to secure the Group's banking facilities (see note 29). The pledged bank deposits carry fixed interest rate at 0.10% (2008: 0.10% to 0.80%) per annum for the year ended 31 December 2009.

20. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits with banks	29,000	25,357	–	1,271
Cash at bank and on hand	69,736	53,036	4,002	3,725
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	98,736	78,393	4,002	4,996

Deposits with banks carry interest at market rates which range from 0.81% to 1.71% (2008: 0.05% to 20%) per annum for the year ended 31 December 2009.

21. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	18,351	6,697	–	–
Other payables	21,395	23,456	2,080	5,073
Dividend payables	566	1,079	566	1,058
Amount due to a director *(note)*	1,119	162	1,119	–
Amount due to minority shareholder *(note)*	–	152	–	–
Amount due to ultimate holding company *(note)*	11,607	21,285	10,753	24,719
Financial liabilities measured at amortised cost	53,038	52,831	14,518	30,850
Derivative financial instrument	–	386	–	–
	53,038	53,217	14,518	30,850

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

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

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Current – 30 days	17,106	2,195
31 – 60 days	872	1,539
61 – 90 days	–	862
91 – 180 days	2	1,847
Over 180 days	371	254
	18,351	6,697

Note: The amounts are unsecured, interest free and repayable on demand.

22. BANK BORROWINGS

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	279,418	244,141	6,866	6,866
Secured *(note (a))*	183,558	222,605	6,866	6,866
Unsecured *(note (b))*	95,860	21,536	–	–
	279,418	244,141	6,866	6,866

At 31 December 2009, the bank borrowings were repayable as follows:

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	155,646	139,458	6,866	6,866
After 1 year but within 2 years	19,206	12,885	–	–
After 2 years but within 5 years	16,645	41,294	–	–
After 5 years	87,921	50,504	–	–
	123,772	104,683	–	–
	279,418	244,141	6,866	6,866

All of the non-current interest-bearing borrowings are carried at amortised cost. None of the non-current interest-bearing borrowings is expected to be settled within one year.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with finance institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 26(b). As at 31 December 2009, none of the covenants relating to drawn down facilities had been breached.

At 31 December 2009, the banking facilities of the Group are secured by bank deposits amounting to RMB5,404,000 (2008: RMB5,578,000) (see note 19). Such banking facilities amounting to RMB512,866,000 (2008: RMB788,794,000), of which approximately RMB36,524,000 (equivalent to approximately USD5,350,000) is subject to be secured by the Group's property, plant and equipment and prepaid lease payments at the bank's discretion in the future period. The facilities were utilised to the extent of RMB262,886,000 at 31 December 2009 (2008: RMB244,141,000). The pledged bank deposits will be released upon the settlement of the relevant bank borrowings.

Note:

(a) The secured bank borrowings comprise:

(i) at 31 December 2009, approximately RMB128,894,000 (equivalent to approximately NTD604,000,000) from a bank is bearing interest rate at 2.5% per annum and secured by an investment property with carrying amount of approximately RMB220,867,000 and repayable by installments up to 18 June 2024.

at 31 December 2008, approximately RMB118,166,000 (equivalent to approximately NTD567,286,000) from a bank was bearing interest ranging from 2.3% to 2.4% per annum and secured by an investment property with carrying amount of approximately RMB215,589,000, bank deposit with carrying amount of approximately RMB1,458,000 (equivalent to approximately NTD7,000,000) and guarantee given by the Company and a director of the Company, Mr. Lai Yueh-hsing. The loan was fully repaid during the year ended 31 December 2009.

(ii) approximately RMB47,798,000 (equivalent to approximately USD7,000,000) (2008: approximately RMB97,573,000 (equivalent to approximately USD14,276,000)) from banks are bearing interest ranging from 1.67% to 2.5% per annum (2008: 2.3% to 6.0%) and repayable within one year and secured by the following:

– Prepaid lease payments with aggregate carrying amount of approximately RMBNil (2008: approximately RMB8,194,000);

– Building and factory premises with aggregate carrying amount of approximately RMBNil (2008: approximately RMB24,376,000);

– Plant and machinery with aggregate carrying amount of approximately RMBNil (2008: approximately RMB34,816,000);

– Guarantee given by the Company.

(iii) at 31 December 2009, approximately RMB6,866,000 (equivalent to approximately USD1,000,000) from a bank is bearing interest rate at 1.96% per annum and secured by a bank deposit with aggregate carrying amount of approximately RMB5,404,000 (equivalent to approximately USD787,000) and guarantee given by the Company and certain subsidiaries, and fully settled subsequent to the reporting period.

at 31 December 2008, approximately RMB6,866,000 (equivalent to approximately USD1,000,000) from a bank was bearing interest rate at 4% per annum and secured by a bank deposit with aggregate carrying amount of approximately RMB4,120,000 (equivalent to approximately USD600,000) and guarantee given by the Company and certain subsidiaries. The loan was fully repaid during the year ended 31 December 2009.

(b) The unsecured bank borrowings comprise:

(i) approximately RMB90,444,000 (equivalent to approximately USD13,246,000) (2008: approximately RMB21,536,000 (equivalent to approximately USD3,151,000)) from banks are unsecured, unguaranteed, bearing interest ranging from 0.28% to 1.35% per annum (2008: 5.5% to 6.4%) and repayable within one year.

(ii) approximately RMB5,416,000 (equivalent to approximately VND14,647,884,000) (2008: RMBNil) from a bank is unsecured, unguaranteed, bearing interest ranging from 5.5% to 12% per annum and repayable by 17 June 2010.

23. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Provision for the year		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax	–	6,989
– Other tax jurisdictions	1,159	323
Provisional tax paid		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax	–	(10,887)
– Other tax jurisdictions	(1,167)	(330)
	(8)	(3,905)

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of investment property *RMB'000*
Deferred tax arising from:	
At 1 January 2008	–
Charged to profit or loss *(note 7(a))*	(8,434)
Exchange adjustments	470
At 31 December 2008	(7,964)
At 1 January 2009	(7,964)
Credited to profit or loss *(note 7(a))*	1,066
Exchange adjustments	(161)
At 31 December 2009	(7,059)

(c) Deferred tax assets not recognised

At the end of the reporting period, the Group has unused tax losses of RMB52,824,000 (2008: RMB31,851,000) available for offset against future profits that may be carried forward indefinitely, except of which RMB18,666,000 (2008: RMBNil) was tax loss in the PRC which is available for carry forward to set off future assessable incomes for a maximum period of five years, which will be expired in 2014 for the year ended 31 December 2009. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

24. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 24 May 2004, for the primary purpose of providing incentives and to recognise the contribution of the eligible participants to the growth of the Group and will expire on 24 May 2014. Under the share option scheme, the board of directors may grant options to eligible full time employees, including any executive, non-executive and independent non-executive directors, and consultants or advisers of the Company and/or any of its subsidiaries.

Up to 31 December 2009, no options have been granted since the adoption of the share option scheme in 2004. The total number of shares in respect of which options may be granted under the share option scheme and any other option schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any year is not permitted to exceed 1% of the issued share capital of the Company, without prior approval from the Company's shareholders.

Options may be exercised at any time from the date of grant to the 10 years of the date of grant. No minimum period for which an option must be held is required. The exercise price, which is determined by the board of directors, is the highest of: (i) the closing price per share on the date of grant; (ii) the average closing price per share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

25. CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital *RMB'000*	Share premium *RMB'000*	Special reserve *RMB'000*	Exchange reserve *RMB'000*	Accumulated losses *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*
At 1 January 2008	59,460	82,345	125,211	(23,008)	(43,547)	11,520	211,981
Exchange differences on translation of financial statements to presentation currency	–	–	–	(12,213)	–	–	(12,213)
Loss for the year	–	–	–	–	(8,259)	–	(8,259)
Dividend paid *(note 11(b))*	–	–	–	–	–	(11,520)	(11,520)
At 31 December 2008	59,460	82,345	125,211	(35,221)	(51,806)	–	179,989
At 1 January 2009	59,460	82,345	125,211	(35,221)	(51,806)	–	179,989
Exchange differences on translation of financial statements to presentation currency	–	–	–	–	–	–	–
Profit for the year	–	–	–	–	13,493	–	13,493
At 31 December 2009	59,460	82,345	125,211	(35,221)	(38,313)	–	193,482

(b) Share capital

(i) Authorised and issued share capital

	2009 Number of shares *'000*	2009 RMB *'000*	2008 Number of shares *'000*	2008 RMB *'000*
Authorised: Ordinary shares of HK$0.10 each	2,000,000	195,662	2,000,000	195,662
Ordinary shares, issued and fully paid: At 1 January and at 31 December	576,000	59,460	576,000	59,460

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company' s residual assets.

(ii) Increase in authorised share capital

By an ordinary resolution passed at the special general meeting held on 6 June 2008, the Company's authorised share capital was increased to HK$200,000,000 (equivalent to approximately RMB195,662,000) by the creation of an additional 1,000,000,000 ordinary shares of HK$0.10 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Acts of the Cayman Islands.

Under the Companies Acts of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Special reserve

The Group

The amount represents the paid-in capital of the Company of 1 share of HK$0.10 each and the special reserve of RMB83,570,000 arising from exchange of 1 share of the Company of HK$0.10 for the entire share capital of Bamian pursuant to the reorganisation scheme dated 12 December 2005.

The Company

The special reserve represents the difference between the nominal value of the shares of the Company issued in exchange for the issued share capital of the subsidiaries and the value of the underlying assets of the subsidiaries pursuant to the group reorganisation on 12 December 2004.

(iii) Statutory surplus reserve

The Articles of Association of Guangzhou Mayer requires the appropriation of 10% of its profit after taxation, based on its statutory audited accounts, each year to the statutory surplus reserve until the balance reaches 50% of the registered capital. According to the provision of the Articles of Association of Guangzhou Mayer, in normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the production and operation of Guangzhou Mayer. For the capitalisation of statutory surplus reserve into share capital, the remaining amount of such reserve shall not be less than 25% of the registered share capital.

(iv) Statutory public welfare fund

Pursuant to the PRC Company Law, Guangzhou Mayer shall make allocation from its profit after taxation at the rate of 5% to 10% to the statutory public welfare fund, based on its statutory audited accounts. The statutory public welfare fund can only be utilised on capital items for employees' collective welfare. Individual employees only have the right to use these facilities, the titles to which will remain with the Company. The statutory public welfare fund forms part of the shareholders' equity but is non-distributable other than in liquidation. With effect from 1 January 2006, the appropriation is not a statutory requirement in accordance with the PRC Company Law (2006 Amendment). Guangzhou Mayer adopted the amended Company Law and no appropriation was made.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(r).

(d) Distributability of reserves

At 31 December 2009, the aggregate amount of reserves available for distribution to owners of the Company was RMB169,243,000 (2008: RMB155,750,000). After the end of the reporting period, the directors proposed a final dividend of RMBNil cent per share (2008: RMBNil cent per share) amounting to RMBNil (2008: RMBNil). This dividend has not been recognised as a liability at the end of the reporting period.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher stakeholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practices, the Group monitors its capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents and bank deposits. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, shareholders' funds (i.e. total equity attributable to owners of the Company) plus net debt.

During 2009, the Group's strategy, which was unchanged from 2008, was to maintain the gearing ratio below 80%. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's gearing ratios as at 31 December 2009 and 2008 were as follows:

	2009	**2008**
	RMB'000	*RMB'000*
Total borrowings *(note 22)*	279,418	244,141
Less: Cash and cash equivalents and bank deposits	(105,847)	(84,951)
Net debt	173,571	159,190
Shareholders' funds	295,510	296,836
Total capital	469,081	456,026
Gearing ratio	37%	35%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group's major financial instruments include cash and bank deposits, available-for-sale financial assets, bank borrowings, trade and other receivables and trade and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

(i) As at 31 December 2009, the maximum exposure to credit risk is represented by:

– the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance; and

– the amount of contingent liabilities in relation to financial guarantees issued by the Company as disclosed in note 30.

(ii) In respect of trade and other receivables, in order to minimize risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collateral in respect of its financial assets. Debts are usually due within 30 to 180 days from the date of billing and may be extended to selected customers depending on their trade volumes and settlement with the Group. Usually, debtors with balances aged more than 6 months past due are requested to settle all outstanding balances before any further credit is granted.

(iii) In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the end of the reporting period, the Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 93% (2008: 93%) of the total trade and other receivables as at 31 December 2009. The Group has concentration of credit risk by customers as for 32% (2008: 31%) and 9% (2008: 16%) of the total trade and other receivables were due from the Group's five largest customers and the largest customer respectively as at 31 December 2009.

(iv) Investments are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long term strategic purposes.

(v) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 18.

(vi) As set out in note 30, the financial guarantees given by the Company were of minimal credit risk to the Company.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2009, the Group has available un-utilised banking facilities of approximately RMB249,980,000 (2008: RMB544,653,000), details of which are disclosed in note 22.

The following liquidity table set out the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company required to pay:

The Group

	2009						2008					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount at 31/12/2009	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount at 31/12/2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-derivative financial liabilities:												
Bank borrowings	159,443	22,252	25,256	115,188	322,139	279,418	143,709	16,048	48,143	51,996	259,896	244,141
Trade and other payables	53,038	–	–	–	53,038	53,038	53,217	–	–	–	53,217	53,217
	212,481	22,252	25,256	115,188	375,177	332,456	196,926	16,048	48,143	51,996	313,113	297,358

The Company

	2009						2008					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount at 31/12/2009	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount at 31/12/2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	6,900	–	–	–	6,900	6,866	6,951	–	–	–	6,951	6,866
Other payables	14,518	–	–	–	14,518	14,518	30,850	–	–	–	30,850	30,850
	21,418	–	–	–	21,418	21,384	37,801	–	–	–	37,801	37,716
Financial guarantee issued:												
Maximum amount guaranteed *(note 30)*	54,664	–	–	–	54,664	–	172,874	–	–	–	172,874	–

The amounts included above for financial guarantee contracts existing as at 31 December 2009 are the maximum amounts the Company could be called if that amount is claimed by the counterparty to the guarantee. Based on expectations as at 31 December 2009, the Company considered that it is more likely than not that no amount will be payable under the arrangement. This estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Interest rate risk

The Group manages its interest rate exposure based on interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility. The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors monitor the Group's exposure on ongoing basis and will consider hedging the interest rate should the need arise.

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings and bank deposits carrying fixed interest rates and cash flow interest rate risk in relation to variable-rate borrowings (see note 22 for details of these borrowings) and short-term deposits placed in banks and financial institutions that are interest-bearing at market interest rates (see note 19 and 20 for details of these deposits). The directors consider the Group's exposure of the bank deposits to fair value interest rate risk is not significant as interest-bearing bank deposits are within short maturity period.

(i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest-bearing financial assets and interest-bearing financial liabilities at the end of the reporting period:

	The Group				The Company			
	2009		2008		2009		2008	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*
Assets								
Bank balances and deposits	0.01% – 1.71%	101,864	0.05% – 20%	81,318	0.01%	5,696	0.05% – 3.55%	5,619
Liabilities								
Fixed rate borrowings								
Bank borrowings	0.28% – 2.5%	138,242	2.27% – 6.4%	119,109	–	–	–	–
Variable rate borrowings								
Bank borrowing	1.96% – 12%	141,176	2.29% – 3.95%	125,032	1.96%	6,866	3.95%	6,866
Total borrowings		279,418		244,141		6,866		6,866
Net fixed rate borrowings as a percentage of total net borrowings		49.47%		48.79%		–		–

(ii) Sensitivity analysis

All of the bank loans and bank deposits of the Group which are fixed rate instruments are insensitive to any change in interest rates. A change in interest rates at the end of the reporting period would not affect profit or loss.

At 31 December 2009, it is estimated that a general increase/decrease of 50 basis points in interest rates for variable rate bank borrowings, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately RMB276,000 (2008: RMB200,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the net exposure to interest rate risk for non-derivative variable rate interest-bearing financial liabilities and bank deposits in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next reporting period. The analysis is performed on the same basis for 2008.

(d) Currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars, Renminbi, New Taiwan dollars and Hong Kong dollars.

As the estimated foreign currency exposure in respect of committed future sales and purchases and estimated foreign currency exposure in respect of highly probable forecast sales and purchases is not significant, no hedging on foreign currency risk has been carried out during the year under review.

In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

The Group

	2009				
	United States dollars	**New Taiwan dollars**	**Hong Kong dollars**	**Singapore dollars**	**Renminbi**
	'000	*'000*	*'000*	*'000*	*'000*
Trade and other receivables	16,883	13,195	16,625	–	5
Pledged bank deposits	787	–	–	–	–
Cash and cash equivalents	6,690	–	5,977	–	1
Bank borrowings	(21,246)	–	–	–	–
Trade and other payables	(3,047)	(79)	(96)	–	–
Overall net exposure arising from recognised assets and liabilities	67	13,116	22,506	–	6

	2008				
	United States dollars	**New Taiwan dollars**	**Hong Kong dollars**	**Singapore dollars**	**Renminbi**
	'000	*'000*	*'000*	*'000*	*'000*
Trade and other receivables	11,081	23,410	14,682	–	–
Pledged bank deposits	600	–	–	–	–
Cash and cash equivalents	6,934	–	4,316	75	–
Bank borrowings	(18,427)	–	–	–	–
Trade and other payables	(1,670)	(91,689)	(208)	–	–
Derivative financial instrument	(4,000)	–	–	–	–
Overall net exposure arising from recognised assets and liabilities	(5,482)	(68,279)	18,790	75	–

The Company

	2009		
	United States dollars	New Taiwan dollars	Renminbi
	'000	*'000*	*'000*
Other receivables	1	–	5
Pledged bank deposits	787	–	–
Cash and cash equivalents	397	–	1
Bank borrowings	(1,000)	–	–
Other payables	(1,566)	(50)	–
Overall net exposure arising from recognised assets and liabilities	(1,381)	(50)	6

	2008		
	United States dollars	New Taiwan dollars	Renminbi
	'000	*'000*	*'000*
Pledged bank deposits	600	–	–
Cash and cash equivalents	533	–	–
Bank borrowings	(1,000)	–	–
Other payables	–	(118,748)	–
Overall net exposure arising from recognised assets and liabilities	133	(118,748)	–

(ii) *Sensitivity analysis*

The following table indicates the approximate change in the Group's profit after tax (and retained profits) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

The Group

	2009		2008	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
		RMB'000		*RMB'000*
United States dollars	5%/(5%)	(13)/13	5%/(5%)	(1,870)/1,870
New Taiwan dollars	5%/(5%)	112/(112)	5%/(5%)	(710)/710
Hong Kong dollars	5%/(5%)	793/(793)	5%/(5%)	827/(827)
Singapore dollars	5%/(5%)	–/–	5%/(5%)	1/(1)
Renminbi	5%/(5%)	–/–	5%/(5%)	–/–

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next reporting period. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2008.

(e) Fair values

The fair values of cash and cash equivalents, bank deposits, trade and other receivables, trade and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The carrying amounts of bank borrowings approximately their fair values.

(f) Estimation of fair values

The following summarises the major methods and assumptions applied in determining the fair values of the following financial instruments:

(i) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(ii) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services when such information is obtainable or is otherwise estimated by reference to interest rate differentials. Where reliable estimates of such information can be made, the latter is arrived at by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged had the guarantees not been available.

27. MATERIAL RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following material related party transactions which were carried out in the normal course of the Group's business:

(i) ROC, a wholly-owned subsidiary of the Company, entered into an aircraft lease agreement with Daily Air Corporation ("Daily Air"), a related company in which Mr. Huang Chun-fa, a non-executive director of the Company, has beneficial interest, regarding the leasing of four aircrafts and the provision of consultancy services by ROC to Daily Air for a term of three years commencing from 1 May 2006 to 30 April 2008 in consideration of rental income and consultancy fee income. On 6 May 2008, the lease agreement was further extended to 7 July 2011 with rental income and consultancy fee income remain unchanged. At the end of the reporting period, RMB8,557,000 (2008: RMB7,025,000) is due from this related company (note 18(e)). The amounts of transactions during the year are disclosed in (iv) below.

(ii) On 13 April 2007, Guangzhou Mayer, a 81.4% indirectly owned subsidiary of the Company, entered into the Raw Material Purchase Agreement with Mayer Steel Pipe Corporation ("Taiwan Mayer"), the ultimate holding company, for the acquisition of raw materials from Taiwan Mayer for the period commencing from 1 April 2007 to 31 March 2010. The directors of the Company expect that the maximum amount of raw material purchase for the three years ending 31 March 2010 will be in the amounts of USD3,900,000 (equivalent to approximately RMB30,100,000), USD4,300,000 (equivalent to approximately RMB33,200,000) and USD4,700,000 (equivalent to approximately RMB36,300,000), respectively.

Further on 22 May 2009, Guangzhou Mayer entered into a revised Raw Material Purchase Agreement with Taiwan Mayer for the period commencing from 1 July 2009 to 31 December 2011. The directors of the Company expect that the maximum amount of raw material purchase for the six months ending 31 December 2009 will be in the amount of USD1,560,000 (equivalent to approximately RMB10,723,000) and the two years ending 31 December 2011 will be in the amounts of approximately USD2,340,000 (equivalent to approximately RMB16,080,000) and USD2,340,000 (equivalent to approximately RMB16,080,000), respectively.

On the same date, Guangzhou Mayer entered into a Finished Goods Sales Agreement with Taiwan Mayer for the sales of finished goods to Taiwan Mayer for the period commencing from 1 July 2009 to 31 December 2011. The directors of the Company expect that the maximum amount of finished goods sales for the six months ending 31 December 2009 will be in the amount of USD1,837,000 (equivalent to approximately RMB12,626,000) and the two years ending 31 December 2011 will be in the amounts of approximately USD3,675,000 (equivalent to approximately RMB25,261,000) and USD5,512,000 (equivalent to approximately RMB37,878,000), respectively. The amounts of transactions during the year are disclosed in (iv) below.

(iii) At 31 December 2008, a personal guarantee was given by Mr. Lai Yueh-hsing, a director of the Company, to a bank for banking facilities granted to the Group.

The guarantee was released on 5 June 2009 when the Group fully repaid the bank borrowings.

(iv) In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group also entered into the following material related party transactions during the year:

Name of related party	**Nature of relationship**	**Nature of transaction**	*Note*	**Amount paid to/ (received from) the related parties 2009** *RMB'000*	**2008** *RMB'000*
Lo Haw and his spouse	Family member of director of the Company	Rental paid	(i)	120	120
Daily Air	Common director	Rental income	(ii)	(8,033)	(8,171)
		Consultancy fee income	(ii)	(356)	(437)
		Consumable stock sales	(ii)	(830)	(1,172)
Wealth & Health Investments Limited	Minority shareholder of Guangzhou Mayer	Consultancy fee	(ii)	–	455
Winner Industrial Corporation Limited	Minority shareholder of Vietnam Mayer	Purchases	(ii)	–	2,463
Taiwan Mayer	Ultimate holding company	Rental paid	(i)	24	–
		Purchases	(ii)	5,474	–
		Sales	(ii)	(1,578)	–

Notes:

(i) The rentals which were paid for premises owned by Mr. Lo Haw and his spouse and Taiwan Mayer were determined with reference to the prevailing market rental.

(ii) Mutually agreed by the parties concerned.

(v) Amount due from/(to) related parties:

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Amount due from a director *(note 18)*	–	17
Amount due from a related company *(note 18)*	8,557	7,025
Amount due to a director *(note 21)*	(1,119)	(162)
Amount due to minority shareholder *(note 21)*	–	(152)
Amount due to ultimate holding company *(note 21)*	(11,607)	(21,285)

(b) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2009	**2008**
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	3,478	4,432
Retirement scheme contributions	16	8
	3,494	4,440

Total remuneration is included in "staff costs" (see note 6(b)).

28. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2009 not provided for in the financial statements were as follows:

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Contracted for		
– Acquisition of property, plant and equipment	3,722	–

The Company did not have any significant capital commitments at both the end of the reporting period.

(b) At 31 December 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2009	**2008**
	RMB'000	*RMB'000*
Within 1 year	602	1,376
After 1 year but within 5 years	99	630
	701	2,006

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

29. PLEDGE OF ASSETS

At 31 December 2009, the following assets of the Group and of the Company are pledged to banks for the banking facilities and loans granted to the Group and the Company:

		The Group		The Company	
		2009	**2008**	**2009**	**2008**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Building and factory premises	14(g)	–	24,376	–	–
Construction in progress	14(g)	–	7,656	–	–
Plant and machinery	14(g)	–	34,816	–	–
Investment property	14(g)	157,745	153,976	–	–
Prepaid lease payments	14(g)	–	8,194	–	–
Pledged bank deposits	19	5,404	5,578	5,404	4,120
		163,149	234,596	5,404	4,120

30. FINANCIAL GUARANTEE

During the current and prior years, the Company has given corporate guarantees to certain banks in connection with banking facilities of RMB92,180,000 (2008: RMB244,356,000) granted by the banks to the subsidiaries. At 31 December 2009, such facilities were drawn down by the subsidiaries to the extent of RMB47,798,000 (2008: RMB172,874,000).

The maximum liability of the Company under the guarantees issued represents the amount drawn down by the subsidiary of RMB47,798,000 (2008: RMB172,874,000). No recognition was made because the fair value of the guarantees was insignificant and that the directors did not consider it probable that a claim would be made against the Company under the guarantees.

31. EMPLOYEE RETIREMENT BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement schemes governed by the relevant local government authorities in which they operate. The Company's subsidiary in the PRC is required to make monthly contributions to the retirement schemes up to the time of retirement of the eligible employees, at a rate of 12% of the local standard basic salaries. The local government authorities are responsible for the pension liabilities to these retired employees.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

As of 31 December 2009, the Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

32. EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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

33. PARENT AND ULTIMATE HOLDING COMPANY

At 31 December 2009, the directors consider the parent and ultimate controlling party of the Group to be Mayer Steel Pipe Corporation, which was incorporated in the Republic of China and does not produce financial statements available for public use.

34. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (Revised 2007), Presentation of Financial Statements, and HKFRS 8, Operating Segments, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 3.

35. ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below:

(i) Fair values of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, available-for-sale financial assets) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities is subjective and requires varying degrees of judgement by management, which may result in significantly different fair values and results. All significant financial valuation models are strictly controlled and regularly recalibrated and vetted.

(ii) Useful lives and residual values of property, plant and equipment

Useful lives of the Group's property, plant and equipment are defined as the period over which they are expected to be available for use by the Group. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment or similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, and it will derecognise or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residue lives and therefore depreciation expense in future periods.

(iii) Impairment of property, plant and equipment and land lease prepayments

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(iv) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the trade receivables and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade receivables and other receivables balances, the credit worthiness and the past collection history of each individual customer, and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

(v) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling and distribution costs. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at the end of the reporting period.

(vi) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities have not been recognised in respect of the withholding income tax that would be payable on the distribution of retained profits accumulated since 1 January 2008 of the Group's subsidiary in the PRC as the Company controls the dividend policy of this subsidiary and it has been determined that it is not probable that profits will be distributed out of this subsidiary in the foreseeable future. Any changes in dividend policy may result in the recognition of the related deferred tax liabilities.

(b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

Impairment of available-for-sale financial assets

Available-for-sale financial assets are stated at cost less impairment. Judgement is required when determining whether an impairment existed. In making this judgement, historical data and factors such as industry and sector performance and financial information regarding the investee are taken into account.

36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 January 2013.

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

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

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

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

3. INDEBTEDNESS

At the close of business on 30 April 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following borrowings:

(i) short term unsecured bank loan of RMB88,863,321 (equivalent to approximately HK$101,799,000);

(ii) short term secured bank loan of RMB6,825,000 (equivalent to approximately HK$7,815,000) which were secured by pledged bank deposits;

(iii) short term secured bank loan of RMB43,679,889 (equivalent to approximately HK$50,013,000) which were secured by corporate guarantee;

(iv) short term secured bank loan of RMB14,374,800 (equivalent to approximately HK$16,459,000), which were secured by an investment properties with carrying amount of RMB222,456,000 (equivalent to approximately HK$254,712,000); and

(v) long term secured bank loan of RMB117,176,400 (equivalent to approximately HK$134,167,000), which were secured by an investment properties with carrying amount of RMB222,456,000 (equivalent to approximately HK$254,712,000).

At the close of business on 30 April 2010, the banking facilities of the Group were supported by charges over investment properties and pledged bank deposits of the Group with book value or fair value of approximately RMB222,456,000 (equivalent to approximately HK$254,712,000) and RMB5,371,275 (equivalent to approximately HK$6,150,000) respectively and corporate guarantees executed by certain entities in the Group.

At the close of business on 30 April 2010, the Group had given corporate guarantees in certain banks to secure banking facilities of approximately RMB44,362,500 (equivalent to approximately HK$50,795,000) granted to the subsidiary. Out of these bank facilities, RMB43,679,889 (equivalent to approximately HK$50,013,000) was utilised.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 30 April 2010, the Group did not have any outstanding indebtedness, any loan capital issued and outstanding or agreed to be issued, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, material guarantees or material contingent liabilities.

As at the close of business on 30 April 2010, the Group did not have any debt securities issued and outstanding, and authorized or otherwise created but unissued, and term loans.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 30 April 2010.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources and banking facilities available to the Group, and the Disposal, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

5. MATERIAL ADVERSE CHANGE

Up to the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2009, the date to which the latest audited consolidated financial statements of the Group were made up.

The following is the text of a report prepared for the sole purpose of incorporation in this circular, received from CCIF CPA Limited, the independent reporting accountants of the Company.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

CCIF
CCIF CPA LIMITED
34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong

21 June 2010

The Directors
Mayer Holdings Limited
Room 501, 5th Floor
Aon China Building
29 Queen's Road Central
Hong Kong

Dear Sirs

We report on the unaudited pro forma financial information of Mayer Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the very substantial disposal in relation to the disposal of property might have affected the financial information presented, for inclusion in Appendix III to the circular dated 21 June 2010 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages 96 to 98 of the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 December 2009 or at any future date; or
- the results of the Group for the year ended 31 December 2009 or for any future period.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully
CCIF CPA Limited
Certified Public Accountants
Hong Kong, 21 June 2010

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the unaudited pro forma consolidated net assets statement and the unaudited pro forma consolidated income statement of the Group (collectively known as the "Unaudited Pro Forma Financial Information") which have been prepared in accordance with paragraph 29 of Chapter 4 of The Listing Rules for the purpose of illustrating the effect of the Disposal on the financial position of the Remaining Group as if the Disposal had been completed on 31 December 2009 and the results of the Remaining Group as if the Disposal had been completed on 1 January 2009.

As the Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position and results of the Remaining Group following the completion of the Disposal.

The Unaudited Pro Forma Financial Information is based on the audited consolidated net assets of the Group as at 31 December 2009 and the audited consolidated income statement of the Group for the year ended 31 December 2009 extracted from the published audited financial report of the Group for the year ended 31 December 2009, after giving effect to the pro forma adjustments relating to the Disposal that are (i) clearly shown and explained; (ii) directly attributable to the Disposal and not relating to future events or decisions; and (iii) factually supportable.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position and results of the Remaining Group that would have been attained had the Disposal been completed on 31 December 2009 and on 1 January 2009 respectively. The Unaudited Pro Forma Financial Information does not purport to predict the future financial positions or results of the Remaining Group.

1. Unaudited Pro Forma Consolidated Net Assets Statement

	The Group as at 31 December 2009	Pro forma adjustments			Pro forma Remaining Group as at 31 December 2009
		Note 1	*Note 2*	*Note 3*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non Current assets					
Fixed Assets					
– Other property, plant and equipment	103,773				103,773
– Investment property	220,867	(220,867)			–
	324,640				103,773
Prepaid lease payments	9,641				9,641
Available-for-sale financial assets	19,100				19,100
	353,381				132,514
Current assets					
Inventories	62,870				62,870
Trade and other receivables	175,355				175,355
Prepaid lease payments	266				266
Tax recoverable	8				8
Pledged bank deposits	5,404				5,404
Deposits with banks (maturity over 3 months)	1,707				1,707
Cash and cash equivalents	98,736	245,337	(129,153)	(2,189)	212,731
	344,346				458,341
Current liabilities					
Bank borrowings	155,646		(5,381)		150,265
Trade and other payables	53,038			(2,189)	50,849
	208,684				201,114
Net current assets	135,662				257,227
Total assets less current liabilities	489,043				389,741
Non-current liabilities					
Bank borrowings	123,772		(123,772)		–
Deferred tax liabilities	7,059	(7,059)			–
	130,831				–
Net assets	358,212				389,741

Notes:

1. The adjustment reflects the elimination of the carrying value of RMB220,867,000 of the Property upon Disposal and the net cash of RMB245,337,000 received from the Disposal. The net cash received is the difference of sale proceeds of NTD1,230,000000 (approximately RMB264,369,000) and the estimated direct transaction costs of approximately RMB19,032,000 incurred upon completion of the Disposal. The adjustment also reflects the reversal of the deferred tax liability of RMB 7,059,000 in relation to the revaluation of the Property recognised in prior years.

   According to the sale and purchase agreement entered between Mei Kong Shi Ye Ltd and the China Trust, the Purchaser agrees to purchase the Property from the Vendor, at a cash consideration of NTD1,230,000,000 (approximately RMB264,369,000).

2. The adjustment reflects the repayment of the bank borrowings of NTD604,000,000 (approximately RMB128,894,000) in full and the related accrued interest payment of approximately NTD1,204,000 (approximately RMB259,000) in respect of the release of the pledge for the Property out of the proceeds received from the Disposal.

3. The adjustment reflects the transfer of the rental deposits and reimbursement of rental receipts in advance to the Purchaser of NTD8,423,000 (approximately RMB1,810,000) and NTD1,774,000 (approximately RMB379,000).

2. Unaudited Pro Forma Consolidated Income Statement

	The Group for the year ended 31 December 2009	Pro forma adjustments		Pro forma Remaining group for the year ended 31 December 2009
		Note 1	*Note 2*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	435,585	(8,330)		427,255
Cost of sales	(385,416)			(385,416)
Gross profit	50,169			41,839
Other revenue	6,830	(362)		6,468
Other net income	55			55
Gain on disposal of investment property	–		24,470	24,470
Distribution costs	(7,738)			(7,738)
Administrative expenses	(37,773)	1,394		(36,379)
Other operating expenses	(3,286)			(3,286)
Profit from operations	8,257			25,429
Finance costs	(4,913)	2,779		(2,134)
Profit before taxation	3,344			23,295
Income tax	(2,073)	(1,066)		(3,139)
Profit for the year	1,271			20,156
Attributable to:				
Owners of the Company	(510)	(5,585)	24,470	18,375
Minority interest	1,781			1,781
Profit for the year	1,271			20,156

Notes:

1. The adjustment reflects the exclusion of the income and expenses attributable to the Property for the year ended 31 December 2009 as if the Disposal had been completed on 1 January 2009.

2. The adjustment reflects the gain on disposal of the Property of RMB24,470,000 after taking account of the gross sale proceeds of RMB264,369,000 less the carrying value of the Property as at 31 December 2009 of NTD1,034,993,000 (approximately RMB220,867,000) and the estimated direct transaction costs of RMB19,032,000 (including but not limited to relevant taxation, agency commission and legal and professional fees) in relation to the Disposal as if the Disposal had been completed on 1 January 2009.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for the year ended 31 December 2009.

For the year ended 31 December 2009

Review of Results

For the year ended 31 December 2009, the Remaining Group reported consolidated turnover of RMB427,255,000, representing decrease of 35.6% over last year. Gross profit margin was 9.8% compared to last year's 9.0%. Net loss attributable to shareholders was RMB6,095,000, compared with last year's net loss of RMB18,897,000. Loss per share for the year was RMB1.06 cents versus last year's loss per share of RMB3.3 cents respectively.

Major Business Activities

- Very Substantial Acquisition of Maxipetrol HK

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

  The acquisition constituted, under the Listing Rules, a very substantial acquisition of the Company, the details of which were set out in the announcement issued by the Company on 8 December 2009. As at the Latest Practicable Date, the acquisition has not been completed.

- 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 1,750,000 shares of Vietnam Mayer, representing 50% of the issued share capital of Vietnam Mayer and the Group's all effective interest in Vietnam Mayer, at an aggregate consideration of USD2,100,000 (equivalent to approximately RMB14,336,700), which will be satisfied in cash.

  The disposal constituted, under the Listing Rules, a discloseable and connected transaction of the Company, the details of which were set out in the Company's announcement dated 21 January 2010 and the circular issued by the Company on 11 February 2010. The disposal had been approved by the then independent shareholders of the Company in the extraordinary general meeting held on 25 March 2010. As at the Latest Practicable Date, the disposal has not been completed due to the processing of relevant transfer and registration procedures by the Group.

Production and Sales

The revenue from indirect export sales of steel products in the PRC and Vietnam during the year was approximately RMB318,090,000, representing a decrease of approximately 38.6% compared with approximately RMB517,792,000 for the last year. The market for indirect export sales in the PRC continued to be the core market for the Group's steel segment.

The revenue from domestic sales of steel products in the PRC and Vietnam during the year was approximately RMB96,730,000, representing a decrease of approximately 19.7% compared with approximately RMB120,406,000 for the last year.

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

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

Gross Profit

The Remaining Group recorded a gross profit of approximately RMB41,839,000 for the year, with a gross profit margin of approximately 9.8%, compared with the gross profit of approximately RMB59,878,000 and a gross profit margin of approximately 9.0% for the last year.

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

Operating Expenses

The total operating expenses of the Remaining Group for the year were approximately RMB47,403,000, of which approximately RMB7,738,000 in distribution costs, RMB36,379,000 in administrative expenses and RMB3,286,000 in other operating expenses, accounting for approximately 1.8%, 8.5%, and 0.8% of turnover respectively while the amounts for the last year were approximately RMB9,155,000, RMB42,150,000, and RMB18,273,000 respectively, accounting for approximately 1.4%, 6.4%, and 2.8% respectively.

Finance Costs

During the year, the Remaining Group incurred RMB2,134,000 in finance costs, compared with approximately RMB15,457,000 for the last year. The Remaining Group relied on bank borrowings to finance its trading activities and property's mortgage, the decrease in finance costs paid during the year was mainly due to the decrease in interest rates.

Financial Resources and Treasury Policies

The Remaining Group continues to adhere to prudent treasury policies. The Remaining Group continued to insure against major receivables in order to lower the risks of credit sales and to ensure that funds would be recovered on a timely basis, hence fulfilling the requirements for debt repayments and working capital commitments.

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

The Remaining Group had net current assets of approximately RMB137,472,000 as at 31 December 2009 as compared with RMB114,387,000 as at 31 December 2008. The current ratio (current assets divided by current liabilities) changed to approximately 1.71 as at 31 December 2009 from 1.72 as at 31 December 2008.

The Remaining Group had a total of approximately RMB383,972,000 financing facilities from banks were available as at 31 December 2009, of which approximately RMB150,524,000, mainly denominated in US dollars, HK dollars, Vietnamese Dong and new Taiwan dollars with floating interest rates, had been drawn down to finance the Remaining Group's working capital purposes, capital expenditures and for other acquisition opportunities.

The gearing ratio (net debt divided by total capital) as at 31 December 2009 was approximately 13% while it was 12% as at 31 December 2008. Current portion of borrowings accounted for approximately 32% and 28% of the total assets of the Remaining Group as at 31 December 2009 and 31 December 2008, respectively.

Cash Flow

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

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

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

Foreign Exchange Exposures

As most of the Remaining 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 Remaining Group was not exposed to any significant exchange risk (see note 26 to the financial statements). In general, it is the Remaining Group's policy for each operating entity to borrow in local currencies, where necessary, to minimize currency risk.

Charge on the Remaining Group Assets

As at 31 December 2009, bank deposits of approximately RMB5,404,000 were pledged to banks for securing banking and other financing facilities granted to the Remaining Group. These financing facilities had been utilised to the extent of approximately RMB6,866,000 at the end of the reporting period.

Contingent Liabilities

As at 31 December 2009, the Company has given corporate guarantees in favour of certain banks to secure banking facilities of RMB92,180,000 granted to the subsidiaries. Out of these banking facilities, RMB47,798,000 was utilised by Guangzhou Mayer as at 31 December 2009.

The maximum liability of the Company under the guarantees issued represents the amount drawn down by the subsidiary of RMB47,798,000. No recognition was made because the fair value of the guarantees was insignificant and that the directors did not consider it probable that a claim would be made against the Company under the guarantees.

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

Employment, Training and Development

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

The Remaining 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.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent valuer, in connection with its valuation as at 31 May 2010 of the Property.

Cushman & Wakefield Valuation Advisory Services (HK) Limited

6/F Henley Building
5 Queen's Road Central, Hong Kong
Tel: (852) 2956 3888
Fax:(852) 2956 2323

www.cushmanwakefield.com

CUSHMAN & WAKEFIELD® 高緯環球

21 June 2010

The Board of Directors
Mayer Holdings Limited
Room 501, 5th Floor
Aon China Building
29 Queen's Road Central
Hong Kong

Dear Sirs,

Preliminary

In accordance with the instructions given by the management of Mayer Holdings Limited (the "Company") to value the property interests to be disposed by the Company and/or its subsidiaries (hereinafter together referred to as the "Group") located in Taiwan. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 May 2010 (the "date of valuation").

Basis of Valuation

Our valuations of the property interests represent the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

In valuing the property interests, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by The Royal Institution of Chartered Surveyors and effective from 1 January 2008; and The HKIS Valuation Standards on Properties (2005, First Edition) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

Valuation Assumptions

Our valuations have been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and/or official plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Site Inspection

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

Valuation Methodology

We have valued the property interest in Group I by the direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

We have valued the property interest in Group II by the investment method by taking into account the net rental incomes of the property derived from the existing tenancies with due allowance for the reversionary income potential of the tenancies, which are then capitalised into the value at an appropriate capitalisation rate. The approach converts anticipated cash flows into present value by discounting the net rental incomes from existing tenancies, plus the estimated net rental income thereafter (which is derived based on market comparable evidence) by a market derived capitalization rate.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Title Investigations

We have caused searches to be made at Land Offices of Taiwan in respect of the properties in Taiwan. Where possible, we have searched the original documents to verify the existing titles to the property interests in Taiwan and any material encumbrances that might be attached to the properties or any lease amendments which may not appear on the copies handed to us. We have relied considerably on the advice given by the Company's legal advisers – Lee and Li, Attorneys-at-Law, concerning the validity of the Group's titles to the property interests in Taiwan.

Currency & Exchange Rate

Unless otherwise stated, all monetary sums stated in this report are in New Taiwan Dollars (NT$). The exchange rate adopted in our valuations for NT$ and HK$ is approximately NT$1 = HK$0.2412 which was approximately the prevailing exchange rate as at the date of valuation.

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Cushman & Wakefield Valuation Advisory Services (HK) Limited
Vincent K. C. Cheung
Registered Professional Surveyor (GP)
BSc(Hons) MBA MRICS MHKIS
Director

Note: Mr Vincent K. C. Cheung holds a Master Degree in Business Administration and a Bachelor (Hons) Degree in Real Estate and he is a Registered Professional Surveyor with over 12 years' experience in assets valuations in Hong Kong, Mainland China, Taiwan, Vietnam and other Asia Pacific Regions. Specifically, Mr. Cheung obtains over six years of property valuation experience in the Mainland China and four years of property valuation experience in Taiwan. Mr. Cheung is a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. Mr. Cheung is one of the valuers on the "list of property valuers for undertaking valuation for undertaking valuation for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers" as well as a Registered Business Valuer of the Hong Kong Business Valuation Forum.

All the valuations conducted in Taiwan are carried out by Cushman & Wakefield Valuation Advisory Services (HK) Limited and led by Vincent K, C. Cheung and in collaboration with RePro International Inc., an associated company of Cushman & Wakefield in Taiwan and the principal valuer from RePro International Inc. to undertake this valuation assignment is Mr. Jackie Wu, who has over eight years of valuation experience in Taiwan and he is the Taiwan Certified Real Estate Appraiser (Licence No. (94) 000065).

SUMMARY OF VALUES

GROUP I – PROPERTY INTEREST OWNED BY THE GROUP AND IN VACANT POSSESSION IN TAIWAN

No.	Property		Market Value in existing state as at 31 May 2010	Interest attributable to the Group	Market Value in existing state as at 31 May 2010 attributable to the Group
1.	Vacant Portion of Durban Technology Park Phase 8, No. 156, 158, 158-1 and 160 Section 2, Gongdao 5th Road, East District, Taiwan		NT$489,600,000 HK$118,091,520	100%	NT$489,600,000 HK$118,091,520
		Sub-total :	NT$489,600,000 HK$118,091,520		NT$489,600,000 HK$118,091,520

GROUP II – PROPERTY INTEREST OWNED BY THE GROUP FOR LEASING IN TAIWAN

No.	Property		Market Value in existing state as at 31 May 2010	Interest attributable to the Group	Market Value in existing state as at 31 May 2010 attributable to the Group
2.	Leased-out Portion of Durban Technology Park Phase 8, No. 156, 158, 158-1 and 160 Section 2, Gongdao 5th Road, East District, Taiwan		NT$594,800,000 HK$143,465,760	100%	NT$594,800,000 HK$143,465,760
		Sub-total :	NT$594,800,000 HK$143,465,760		NT$594,800,000 HK$143,465,760
		Total:	**NT$1,084,400,000** **HK$261,557,280**		**NT$1,084,400,000** **HK$261,557,280**

VALUATION CERTIFICATE

GROUP I – PROPERTY INTEREST OWNED BY THE GROUP AND IN VACANT POSSESSION IN TAIWAN

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2010	Market Value in existing state as at 31 May 2010 attributable to the Group
1. Vacant Portion of Durban Technology Park Phase 8, No. 156, 158, 158-1 and 160 Section 2, Gongdao 5th Road, East District, Taiwan	The property comprises portions of 1st, 5th, 6th, 8th, 9th and 11th floor and the whole of 7th floor, Basements 1, 2 and 3 of Durban Technology Park Phase VIII. The subject development is formed up by two industrial/office buildings: an 11-storey building together with another 2-storey building erected upon a 3-level common basement. The subject buildings were completed in about 2007. The total gross floor area of the whole development is approximately 20,478 square metres. The industrial/office portion of the property has a total gross floor area of approximately 4,905.02 square metres. The 3-level basement contains 221 nos. of car parking spaces, of which 155 are currently vacant.	The property is currently vacant. In addition, portion of the property has been contracted to lease (Please refer to Note 3 below).	NT$489,600,000 (HK$118,091,520)	NT$489,600,000 (HK$118,091,520) *(100% interest attributable to the Group)*

Notes:

1. Pursuant to the land registration transcript no. 1775 dated 5 January 2010 and building registration transcript no. 1235 dated 5 January 2010, the registered owner of the property with a land registration no. 14 Guan-Fu Section, East District, Hsinchu and building registration nos. 5081-5127 Guan-Fu Section, East District, Hsinchu is 美控實業股份有限公司(Mei Kong Shih Ye Limited), which is an indirectly wholly-owned subsidiary of the Company.

2. Pursuant to the abovementioned land and building registration transcripts, the property is subject to a mortgage in favour of Sunny Bank Ltd. at a consideration of NT$739,200,000 with an expiry date on 9 June 2039.

3. Portion of the property has been contracted to lease subject to the following terms:

   (i) Unit A on 1st floor and 5 car parking spaces will be leased to De-Hsien Holdings Ltd. for a term of 2 years commencing from 16 June 2010 and expiring on 15 June 2012 at a monthly unit rent of approximately NT$476 per square metre (inclusive of property tax) and the monthly car parking rent is NT$4,000 per space (exclusive of property tax).

   (ii) Unit D on 5th floor will be leased to STAr Technologies, Inc. for a term commencing from 1 September 2010 and expiring on 31 October 2013 at a monthly unit rent of approximately NT$349 per square metre (inclusive of property tax).

   (iii) The remaining portion of 1st floor, 7 car parking spaces on Basement Level 1 and 3 car parking spaces on Basement Level 3 will be leased to Hong Neng-wen Architects Company for a term of 2 years commencing from 1 July 2010 and expiring on 30 June 2012 at a monthly unit rent of NT$476 per square metre (inclusive of property tax) and the monthly car parking rent is NT$4,000 per space for car parking spaces on Basement Level 1, and NT$3,000 per space for car parking spaces on Basement Level 3 (exclusive of property tax).

4. We have been provided with a legal opinion dated 21 June 2010 on the property prepared by the Company's legal adviser – Lee and Li, Attorneys-at-Law, which contains, inter alia, the following information:

   (i) The property is subject to a mortgage in favour of Sunny Bank Ltd. to guarantee the obligation of repayment of Mei Kong Shih Ye Limited of up to the amount of NT$739,200,000 with the expiry date on 9 June 2039.

VALUATION CERTIFICATE

GROUP II – PROPERTY INTEREST OWNED BY THE GROUP FOR LEASING IN TAIWAN

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2010	Market Value in existing state as at 31 May 2010 attributable to the Group
2. Leased-out Portion of Durban Technology Park Phase 8, No. 156, 158, 158-1 and 160 Section 2, Gongdao 5th Road, East District, Taiwan	The property comprises portions of 1st, 5th, 6th, 8th, 9th and 11th floor and the whole of 2nd, 3rd, 4th and 10th floor of Durban Technology Park Phase VIII. The subject development is formed up by two industrial/office buildings: an 11-storey building together with another 2-storey building erected upon a 3-level common basement. The subject buildings were completed in about 2007. The total gross floor area of the whole development is approximately 20,478 square metres. The industrial/office portion of the property has a total gross floor area of approximately 7,990.90 square metres. The 3-level basement contains 221 nos. of car parking spaces, of which 66 are currently leased out. .	The property is currently leased to various parties with a lease expiry date at the latest on 31 October 2013.	NT$594,800,000 (HK$143,465,760)	NT$594,800,000 (HK$143,465,760) *(100% interest attributable to the Group)*

Notes:

1. Pursuant to the land registration transcript no. 1775 dated 5 January 2010 and building registration transcript no. 1235 dated 5 January 2010, the registered owner of the property with a land registration no. 14 Guan-Fu Section, East District, Hsinchu and building registration nos. 5081-5127 Guan-Fu Section, East District, Hsinchu is 美控實業股份有限公司(Mei Kong Shih Ye Limited), which is an indirectly wholly-owned subsidiary of the Company.

2. Pursuant to the abovementioned land and building registration transcripts, the property is subject to a mortgage in favour of Sunny Bank Ltd. at a consideration of NT$739,200,000 with an expiry date on 9 June 2039.

3. The subject property is subject to the following tenancy agreements:

(i) Unit B on 1st floor and a car parking space are leased to Leadconn Technology Co., Ltd. for a term of 3 years commencing from 2 April 2008 and expiring on 1 April 2011 at a monthly unit rent of approximately NT$476 per square metre (inclusive of property tax) and the monthly car parking rent is NT$3,000 (exclusive of property tax).

(ii) Units A, B, C and D on 2nd, 3rd and 4th floor and 30 car parking spaces are leased to Gsharp Corporation. The lease term for the industrial/office units is for 5 years commencing from 1 November 2008 and expiring on 31 October 2013 at a monthly unit rent of approximately NT$349 per square metre (inclusive of property tax) and the monthly rent for the car parking spaces in Basement 1 and 3 are NT$2,700 per space (exclusive of property tax).

(iii) Unit A on 5th floor is leased to Carl Zeiss SMT PTE Ltd for a term of 3 years commencing from 20 December 2007 and expiring on 19 December 2010 at a monthly unit rent of approximately NT$348 per square metre (inclusive of property tax).

(iv) Units B and C on 5th floor and 7 car parking spaces are leased to Tronic International Ltd. The lease for Unit B is for a term commencing from 15 November 2009 and expiring on 31 May 2010, and the lease for Unit C is for a term commencing from 1 June 2008 and expiring on 31 May 2010, respectively, both at a monthly unit rent of approximately NT$349 per square metre (inclusive of property tax). The monthly rent for the car parking pace is NT$3,500 per space (exclusive of property tax).

(v) Units C and D on 6th floor and 10 car parking spaces are leased to Cascade Micro Tech Inc. for a term of 3 years commencing from 1 March 2009 and expiring on 28 February 2012 at a monthly unit rent of approximately NT$349 per square metre (inclusive of property tax) and the monthly rent for the car parking spaces is NT$3,500 per space (exclusive of property tax).

(vi) Unit B on 8th floor and 3 car parking spaces are leased to Musashi Engineering Inc. for a term of 3 years commencing from 1 July 2008 and expiring on 30 June 2011 at a monthly unit rent of approximately NT$349 per square metre (inclusive of property tax) and the monthly rent for the car parking spaces is NT$3,000 per space (exclusive of property tax).

(vii) Units C and D on 8th floor and 5 car parking spaces are leased to MegKuan computer LLC for a term of 3 years commencing from 11 July 2008 and expiring on 10 July 2011 at a monthly unit rent of approximately NT$349 per square metre (inclusive of property tax) and the monthly rent for the car parking spaces is NT$3,500 per space (exclusive of property tax).

(viii) Unit A on 9th floor and 5 car parking spaces are leased to Tronic Engineering Systems Corporation for a term of 1.5 years commencing from 1 December 2008 and expiring on 31 May 2010 at a monthly unit rent of approximately NT$349 per square metre (inclusive of property tax) and the monthly rent for the car parking spaces is NT$3,200 per space (exclusive of property tax).

(ix) Units A, B, C and D on 10th floor and 4 car parking spaces are leased to Organo Technology co., Ltd. for a term of 3 years commencing from 18 May 2008 and expiring on 17 May 2011 at a monthly unit rent of approximately NT$365 per square metre (inclusive of property tax) and the monthly rent for the car parking spaces is NT$4,000 per space (exclusive of property tax).

(x) Units C and D on 11th floor and a car parking space are leased to Zoran Corporation Inc. for a term of 3 years commencing from 16 January 2009 and expiring on 15 January 2012 at a monthly unit rent of approximately NTD$381 per square metre (inclusive of property tax) and the monthly rent for the car parking spaces is NT$3,500 per space (exclusive of property tax).

4. We have been provided with a legal opinion dated 21 June 2010 on the property prepared by the Company's legal adviser – Lee and Li, Attorneys-at-Law, which contains, inter alia, the following information:

(i) The property is subject to a mortgage in favour of Sunny Bank Ltd. to guarantee the obligation of repayment of Mei Kong Shih Ye Limited of up to the amount of NT$739,200,000 with the expiry date on 9 June 2039.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

(I) Taiwan Mayer Steel Pipe Corporation ("Taiwan Mayer")

	Number of ordinary shares in Taiwan Mayer					
Name of Director	**Personal**	**Family**	**Corporate**	**Other**	**Total**	**Approximate % of shareholding**
Mr. Lo Haw	279,438	1,208	13,544,452	–	13,825,098	6.73%
Mr. Chang Dar-terng	–	396,000	2,941,655	–	3,337,655	1.62%
Mr. Chiang Jen-chin	6,601	–	–	–	6,601	0.00%

(II) Guangzhou Mayer Corp., Ltd ("Guangzhou Mayer")

	Number of ordinary shares in Guangzhou Mayer					
Name of Director	**Personal**	**Family**	**Corporate**	**Other**	**Total**	**Approximate % of shareholding**
Mr. Lo Haw	–	–	12,800,000	–	12,800,000	6.40%

Save as disclosed above and so far as the Company is aware, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' and other persons' interests and short positions in the shares and underlying shares of the Company

As at the Latest Practicable Date, so far as are known to the Directors and chief executives of the Company, those persons, other than the Directors or chief executives of the Company, who had an interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, were as follows:

Interest in the Shares

Name	**Capacity and nature of interest**	**Number of shares**	**Approximate % of Company's issued share capital**
Taiwan Mayer *(Note 1)*	Corporate	200,000,000	34.72%
Mayer Corporation Development International Limited ("BVI Mayer")	Corporate	200,000,000	34.72%

Name	Capacity and nature of interest	Number of shares	Approximate % of Company's issued share capital
Mr. Lee Kwok Leung *(Note 2)*	Corporate	63,404,100	11.01%
Capital Wealth Finance Company Limited *(Note 3)*	Corporate	48,904,000	8.49%

Note 1: BVI Mayer is a wholly-owned subsidiary of Taiwan Mayer. Taiwan Mayer is deemed to be interested in the 200,000,000 Shares held by BVI Mayer under the SFO.

Note 2: Mr. Lee Kwok Leung indirectly holds 14,500,000 Shares through Stayever Group Limited and indirectly holds 48,904,000 Shares through Capital Wealth Finance Company Limited. He is deemed to be interested in the Shares held by both of Stayever Group Limited and Capital Wealth Finance Company Limited.

Note 3: Capital Wealth Finance Company Limited is wholly owned by Stayever Group Limited.

Save as disclosed above, as far as the Directors and chief executives of the Company are aware, as at the Latest Practicable Date, there was no other person, other than the Directors or chief executive of the Company, who had an interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group other than contracts expiring or determinable by the Company or the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which have been, since 31 December 2009 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interest in any business which competes or likely to compete, either directly or indirectly, with the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no other litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. EXPERTS AND CONSENTS

(a) The followings are qualifications of experts who have given opinions, letters or advice which are contained or referred to in this circular:

CCIF CPA Limited	Certified public accountants
Cushman & Wakefield	Professional property valuer
Lee and Li Attorneys-at-law	Legal adviser as to Taiwan law

(Collectively, the "Experts")

(b) As at the Latest Practicable Date, none of the Experts has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) As at the Latest Practicable Date, each of the Experts did not have any direct or indirect interests in any assets which have been, since 31 December 2009 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(d) Each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports and/or letters dated 21 June 2010 and/or references to its name in the form and context in which they are included.

9. MATERIAL CONTRACTS

Save as disclosed below, none of the members of the Group has entered into any contracts, not being contracts entered into in the ordinary course of business, which are or may be material within the two years immediately preceding the date of this circular.

(a) the conditional sale and purchase agreement dated 6 October 2008 entered into by the Company and 16 vendors (namely, (i) Mr. Lai Yueh-hsing (賴粵興先生), an executive Director; (ii) Ms. Chang Heng-chiu (張姮秋女士); (iii) Mr. Huang Chun-fa (黃春發先生), a non-executive Director; (iv) Ms. Huang Shiu-mei (黃秀美女士); (v) Mr. Huang Chun-foo (黃春福先生); (vi) Mr. Huang Chun-wee (黃春偉先生); (vii) Ms. Lu Meifung (陸美芳女士); (viii) Ms. Huang Ke-wei (黃可薇女士); (ix) Ms. Huang Ko-hsuan (黃可萱女士); (x) Heng Hsing Development Co., Ltd. (姮興開發股份有限公司); (xi) Chang Chun Teng Construction Co., Ltd. (長春藤建設股份有限公司); (xii) Durban Investment Co., Ltd (德安投資股份有限公司); (xiii) Durwei Investment Co., Ltd. (德威投資股份有限公司); (xiv) The Sincere Department Store Ltd. (先施百貨股份有限公司); (xv) Yuan Chuan Steel Co., Ltd. (源泉鋼鐵股份有限公司); and (xvi) Taiwan Mayer, (the ultimate controlling Shareholder) in relation to the acquisition of (i) 120,477,580 shares of Durban Development Co., Ltd. (德安開發股份有限公司) ("Durban"), representing approximately 88.59% of the entire issued share capital of Durban (the "Sale Shares") at an aggregate consideration of NT$1,397,539,928 by the Company; and (ii) such number of shares of Durban (if any) in addition to Sale Shares to be sold by one of the vendors, Durban Investment Co., Ltd (德安投資股份有限公司) to the Company at a consideration of NT$11.60 per share of Durban;

(b) the agreement dated 26 November 2009 entered into among the Company, Mr. Hector Daniel Lalin, Mr. Nereo Nestor Martin and Maxipetrol-Petroleros de Occidente S.A. in relation to the acquisition of the entire issued share capital of Maxipetrol HK, a company incorporated in the British Virgin Islands, at a consideration of HK$1,264,000,000;

(c) the agreement dated 21 January 2010 entered into between Guangzhou Mayer, a non-wholly owned subsidiary of the Company, as vendor and Taiwan Mayer, the ultimate controlling Shareholder, as purchaser in respect of the disposal of 50% issued share capital of Vietnam Mayer Company Limited, an indirect non wholly-owned subsidiary of the Company, at a total consideration of USD2,100,000; and

(d) the Agreement.

10. MISCELLANEOUS

(a) Mr. Chan Lai Yin, Tommy, a qualified accountant, is the company secretary and financial controller of the Group and a member of the senior management of the Company. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of American Institute of Certified Public Accountants. Mr. Chan has over 17 years of experience in the audit and accounting field. Prior to joining the Company, he held the posts of financial controller and company secretary of a listed company in Hong Kong.

(b) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, British West Indies and its principal office in Hong Kong is situated at Room 501, 5/F, Aon China Building, 29 Queen's Road Central, Hong Kong. The address of the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, is at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The English text of this circular prevails over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Room 501, 5th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong during normal business hours on any business day for a period of 14 days commencing from the date of this circular:

(a) the memorandum and articles of association of the Company;

(b) the service contracts and the material contracts referred to under the paragraphs headed "Service consents" and "Material consents" in this appendix respectively;

(c) the accountants' report issued by CCIF CPA Limited in connection with the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(d) the property valuation report prepared by Cushman & Wakefield, the text of which is set out in Appendix V to this circular;

(e) the legal opinion in respect of the Property prepared by Lee and Li Attorneys-at-law as to Taiwan law;

(f) the written consents as referred to in the paragraphs headed "Experts and consents" in this appendix;

(g) the published audited consolidated accounts of the Group for each of the two financial years ended 31 December 2008 and 31 December 2009; and

(h) a copy of this circular.

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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Mayer Holdings Limited (the "**Company**") will be held at Room 501, 5/F., Aon China Building, 29 Queen's Road Central, Hong Kong, on Wednesday, 7 July 2010 at 2:30 p.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution (unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 21 June 2010 (the "**Circular**")) as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the Agreement (a copy of which has been produced to the meeting and marked "A", and initialed by the chairman of the meeting for the purpose of identification) and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified, and

(b) any one director of the Company be and is hereby authorized for and on behalf of the Company to do all such acts and things, to sign, execute and deliver all such other documents, deeds, instruments and agreements and to take such steps as he may consider necessary, desirable or expedient to give effect to or in connection with the Agreement or any of the transactions contemplated under the Agreement and all other matters incidental thereto."

For and on behalf of the Board
Mayer Holdings Limited
Hsiao Ming-chih
Chairman

Hong Kong, 21 June 2010

Registered office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands
British West Indies

Head office and principal place of business in Hong Kong:
Room 501, 5/F.
Aon China Building
29 Queen's Road Central
Hong Kong

* *For identification purposes only*

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, in the event of a poll, vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof), must be completed and returned in accordance with the instructions printed thereon.

3. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM (or any adjournment thereof) should be so wishes and in such event, the form of proxy shall be deemed to have been revoked.

4. The resolution will be voted by way of poll.

5. As at the date thereof, the executive Directors are Mr. Hsiao Ming-chih, Mr. Lai Yueh-hsing, Mr. Lo Haw, Mr. Cheng Dar-terng, Mr. Chiang Jen-chin, Mr. Lu Wen-yi and Mr. Cheng Koon Cheung; the non-executive Directors are Mr. Huan Chun-fa and Mr. Chan Kin Sang; and the independent non-executive Directors are Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang, Mr. Alvin Chiu and Mr. Peter V. T. Nguyen.