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美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1116)

INTERIM RESULT ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors of Mayer Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2011 (the "Period").

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited) (Restated)
	Note	***RMB'000***	*RMB'000*
CONTINUING OPERATIONS			
Turnover	*4*	**245,908**	258,181
Cost of sales		**(221,718)**	(224,534)
Gross profit		**24,190**	33,647
Other revenue		**6,407**	5,331
Other net income		**10,625**	231
Distribution costs		**(4,903)**	(4,602)
Administrative expenses		**(21,814)**	(15,938)
Profit from operations		**14,505**	18,669
Finance costs	*5(a)*	**(4,551)**	(1,077)
Share of loss of jointly controlled entities		**(4,519)**	–

* *For identification purposes only*

	Note	Six months ended 30 June 2011 (Unaudited) RMB'000	2010 (Unaudited) (Restated) RMB'000
Profit before taxation		**5,435**	17,592
Income tax	6	**(120)**	(127)
Profit from continuing operations		**5,315**	17,465
DISCONTINUED OPERATIONS			
(Loss)/profit from discontinued operations	7	**(2,879)**	14,240
Profit for the period	5	**2,436**	31,705
Attributable to:			
Owners of the Company		**1,554**	26,449
Non-controlling interests		**882**	5,256
Profit for the period		**2,436**	31,705
Earnings/(loss) per share	9		
From continuing and discontinued operations			
Basic and diluted		**RMB0.20 cents**	RMB4.59 cents
From continuing operations			
Basic and diluted		**RMB0.610 cents**	RMB2.42 cents
From discontinued operations			
Basic and diluted		**RMB(0.41) cents**	RMB2.17 cents

Details of dividends payable to owners of the Company attributable to profit for the period are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Profit for the period	**2,436**	31,705
Other comprehensive (loss)/income for the period:		
Exchange differences on translation of financial statements of foreign operations		
– Exchange loss arising during the period, net of nil tax *(note)*	**(5,894)**	(2,690)
– Reclassification adjustments relating to foreign operations disposed of during the period, net of nil tax *(note)*	**2,218**	–
	(3,676)	(2,690)
Share of other comprehensive loss of jointly controlled entities		
– Exchange loss arising during the period on translation of financial statements of foreign operations, net of nil tax *(note)*	**(92)**	–
Total comprehensive income for the period (net of tax)	**(1,332)**	29,015
Attributable to:		
Owners of the Company	**(1,834)**	24,275
Non-controlling interests	**502**	4,740
Total comprehensive income for the period	**(1,332)**	29,015

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Note	**At 30 June 2011 (Unaudited) *RMB'000***	At 31 December 2010 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**67,461**	89,682
Construction in progress		**26,737**	366
Prepaid lease payments		**7,417**	11,251
Intangible asset	*10*	**547,505**	–
Deposit for acquisition of equity interests in a company		**–**	63,880
Deposit for acquisition of property, plant and equipment		**60,660**	–
Interests in jointly controlled entities		**73,146**	6,634
Loan to a jointly controlled entity		**–**	72,836
Available-for-sale financial assets		**11,766**	–
		794,692	244,649
Current assets			
Properties under development for sale		**183,703**	–
Financial assets at fair value through profit or loss		**5,759**	9,448
Inventories		**72,038**	52,761
Trade and other receivables	*11*	**161,495**	163,417
Prepaid lease payments		**222**	321
Tax recoverable		**–**	81
Pledged bank deposits		**10,788**	5,216
Cash and cash equivalents		**42,529**	106,595
		476,534	337,839
Current liabilities			
Bank borrowings		**125,244**	118,242
Trade and other payables	*12*	**79,642**	40,939
Consideration payable for acquisition of subsidiaries		**20,557**	–
		225,443	159,181

	Note	At 30 June 2011 (Unaudited) RMB'000	At 31 December 2010 (Audited) RMB'000
Net current assets		**251,091**	178,658
Total assets less current liabilities		**1,045,783**	423,307
Non-current liabilities			
Convertible bonds		**70,959**	–
Promissory note		**261,165**	–
		332,124	–
NET ASSETS		**713,659**	423,307
CAPITAL AND RESERVES			
Share capital	*13*	**88,872**	69,306
Share premium and reserves		**358,507**	289,384
Total equity attributable to owners of the Company		**447,379**	358,690
Non-controlling interests		**266,280**	64,617
TOTAL EQUITY		**713,659**	423,307

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Unaudited											
	Attributable to owners of the Company											
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Statutory public welfare fund	Exchange reserve	Convertible bonds equity reserve	Retained profits	Sub-total	Total	Non-controlling 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*	*RMB'000*
Balance at 1 January 2011	69,306	126,653	67,570	22,076	4,950	(20,697)	–	88,832	289,384	358,690	64,617	423,307
Changes in equity for 2011:												
Profit for the period	–	–	–	–	–	–	–	1,554	1,554	1,554	882	2,436
Other comprehensive income	–	–	–	–	–	(3,388)	–	–	(3,388)	(3,388)	(380)	(3,768)
Total comprehensive income for the period	–	–	–	–	–	(3,388)	–	1,554	(1,834)	(1,834)	502	(1,332)
Issue of consideration shares	19,566	69,459	–	–	–	–	–	–	69,459	89,025	–	89,025
Recognition of the equity component of convertible bonds	–	–	–	–	–	–	1,498	–	1,498	1,498	–	1,498
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	214,905	214,905
Capital contribution to a non-wholly owned subsidiary from non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	17,922	17,922
Deemed disposal of a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	–	(31,666)	(31,666)
Appropriations	–	–	–	1,779	–	–	–	(1,779)	–	–	–	–
Balance at 30 June 2011	88,872	196,112	67,570	23,855	4,950	(24,085)	1,498	88,607	358,507	447,379	266,280	713,659
Balance at 1 January 2010	59,460	82,345	67,570	20,678	4,950	(15,984)	–	76,491	236,050	295,510	62,702	358,212
Changes in equity for 2010:												
Profit for the period	–	–	–	–	–	–	–	26,449	26,449	26,449	5,256	31,705
Other comprehensive loss	–	–	–	–	–	(2,174)	–	–	(2,174)	(2,174)	(516)	(2,690)
Total comprehensive income for the period	–	–	–	–	–	(2,174)	–	26,449	24,275	24,275	4,740	29,015
Appropriations	–	–	–	1,549	–	–	–	(1,549)	–	–	–	–
Balance at 30 June 2010	59,460	82,345	67,570	22,227	4,950	(18,158)	–	101,391	260,325	319,785	67,442	387,227

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(14,232)**	53,200
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(51,372)**	2,215
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**5,983**	(20,245)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(59,621)**	35,170
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**106,595**	98,736
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	**(4,445)**	(532)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**42,529**	133,374

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2011

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 31 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2010 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in the audit report dated 28 March 2011.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. These developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods.

3. SEGMENT REPORTING

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

- Steel: this segment primarily derives revenue from the manufacture and trading of steel pipes, steel sheets and other products made of steel. These products are manufactured in the Group's manufacturing facilities located in Mainland China.

- Port and logistic business: this segment primarily derives revenue from the operations of port and relevant logistic business in Vietnam.

- Development of property: this segment conducts real estate business in Vietnam.

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

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

The operation of steel business in Vietnam and property investment in Taiwan were discontinued in the current period and prior year respectively. The segment information reported does not include any amounts for the discontinued operations, which are described in more detail in note 7.

(a) Segment results, assets and liabilities

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

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

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

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

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

	Six months ended 30 June 2011 (Unaudited)					
	Steel	**Port and logistic business**	**Development of property**	**Investments**	**Aircraft**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment revenue						
Revenue from external customers*	**242,063**	**–**	**–**	**–**	**3,845**	**245,908**
Reportable segment profit/(loss) (EBIT)	**11,397**	**(2,050)**	**(218)**	**6,662**	**2,013**	**17,804**

	Six months ended 30 June 2010 (Restated) (Unaudited)					
	Steel	Port and logistic business	Development of property	Investments	Aircraft	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue						
Revenue from external customers*	254,167	–	–	–	4,014	258,181
Reportable segment profit (EBIT)	19,933	–	–	780	2,122	22,835

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

The following table presents segment assets and segment liabilities of the Group's operating segments as at 30 June 2011 and 31 December 2010:

	At 30 June 2011 (Unaudited)					
	Steel	**Port and logistic business**	**Development of property**	**Investments**	**Aircraft**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment assets (including interests in jointly controlled entities)	**377,215**	**578,923**	**184,987**	**90,672**	**12,350**	**1,244,147**
Interests in jointly controlled entities	**–**	**–**	**–**	**73,146**	**–**	**73,146**
Reportable segment liabilities	**152,922**	**18,439**	**25,848**	**–**	**–**	**197,209**

	At 31 December 2010 (Restated) (Audited)					
	Steel	Port and logistic business	Development of property	Investments	Aircraft	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment assets (including interests in jointly controlled entities)	351,760	–	–	16,447	17,437	385,644
Interests in jointly controlled entities	–	–	–	6,634	–	6,634
Reportable segment liabilities	139,133	–	–	–	–	139,133

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Total reportable segment revenues	**245,908**	258,181
Consolidated turnover for continuing operations	**245,908**	258,181
Profit or loss		
Reportable segment profit derived from Group's external customers	**17,804**	22,835
Interest income	**290**	4
Other revenue and other net loss	**(537)**	–
Depreciation	**(181)**	(108)
Finance costs	**(4,551)**	(1,077)
Unallocated head office and corporate expenses	**(7,390)**	(4,062)
Consolidated profit before taxation and discontinued operations	**5,435**	17,592

	At 30 June	At 31 December
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
		(Restated)
Assets		
Total reportable segment assets	**1,244,147**	385,644
Assets relating to discontinued operations	**–**	41,160
Unallocated head office and corporate assets		
– Loan to a jointly controlled entity	**–**	72,836
– Deposit for acquisition of equity interests in a company	**–**	63,880
– Others	**27,079**	18,968
Consolidated total assets	**1,271,226**	582,488
Liabilities		
Total reportable segment liabilities	**197,209**	139,133
Liabilities relating to discontinued operations	**–**	14,646
Unallocated head office and corporate liabilities		
– Convertible bonds	**70,959**	–
– Promissory note	**261,165**	–
– Consideration payable for acquisition of subsidiaries	**20,557**	–
– Others	**7,677**	5,402
Consolidated total liabilities	**557,567**	159,181

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

	Revenue from external customers		**Specified non-current assets**	
	Six months ended 30 June		**At 30 June**	At 31 December
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
		(Restated)		(Restated)
Mainland China	**232,455**	240,270	**63,738**	68,403
Hong Kong	**–**	–	**977**	1,181
Taiwan	**7,333**	5,024	**8,015**	10,040
Vietnam	**–**	–	**576,390**	–
Other countries	**6,120**	12,887	**73,146**	6,634
	245,908	258,181	**722,266**	86,258

4. TURNOVER

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

	Six months ended 30 June (Unaudited)					
	Continuing operations		**Discontinued operations**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)		(Restated)
Sales of goods:						
– steel pipes, steel sheets and other products made of steel	**242,063**	254,167	**4,647**	17,713	**246,710**	271,880
Gross rentals from leasing of aircrafts	**3,845**	4,014	**–**	–	**3,845**	4,014
Gross rentals from investment property	**–**	–	**–**	3,909	**–**	3,909
	245,908	258,181	**4,647**	21,622	**250,555**	279,803

5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June (Unaudited)					
	Continuing operations		Discontinued operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)		(Restated)
(a) Finance costs						
Interest on bank borrowings						
– wholly repayable within five years	**1,650**	1,047	**2**	253	**1,652**	1,300
– not wholly repayable within five years	**–**	–	**–**	1,496	**–**	1,496
Interest on amount due to ultimate holding company	**–**	30	**–**	–	**–**	30
Imputed interest on convertible bonds	**729**	–	**–**	–	**729**	–
Imputed interest on promissory note	**2,172**	–	**–**	–	**2,172**	–
Total interest expenses on financial liabilities not at fair value through profit or loss	**4,551**	1,077	**2**	1,749	**4,553**	2,826
(b) Staff costs (including directors' remuneration)						
Contributions to defined contribution retirement plans	**1,138**	718	**4**	–	**1,142**	718
Salaries, wages and other benefits	**9,858**	8,294	**119**	254	**9,977**	8,548
	10,996	9,012	**123**	254	**11,119**	9,266

	Six months ended 30 June (Unaudited)					
	Continuing operations		**Discontinued operations**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)		(Restated)
(c) Other items						
Dividend income from unlisted securities	**–**	(717)	**–**	–	**–**	(717)
Dividend income from listed securities	**(35)**	–	**–**	–	**(35)**	–
Government subsidies	**(147)**	(443)	**–**	–	**(147)**	(443)
Auditor's remuneration – other services	**622**	351	**–**	–	**622**	351
Cost of inventories #	**221,718**	224,534	**4,071**	13,746	**225,789**	238,280
Depreciation for property, plant and equipment	**6,721**	6,828	**163**	540	**6,884**	7,368
Amortisation of prepaid lease payments	**111**	111	**11**	21	**122**	132
Amortisation of intangible asset	**1,854**	–	**–**	–	**1,854**	–
Net realised and unrealised loss on trading securities	**85**	–	**–**	–	**85**	–
Net realised and unrealised loss on financial assets designated as at fair value through profit or loss	**1,723**	–	**–**	–	**1,723**	–
Operating leases charges: minimum lease payments	**805**	364	**–**	27	**805**	391
Interest income on bank deposits	**(301)**	(296)	**(27)**	(148)	**(328)**	(444)
Interest income on loan to a jointly controlled entity	**(287)**	–	**–**	–	**(287)**	–
Impairment loss on trade receivables	**513**	–	**–**	–	**513**	–
Reversal of impairment loss on trade receivables	**(588)**	–	**–**	–	**(588)**	–
Gross rental income from investment property less direct outgoings of RMB Nil (six months ended 30 June 2010: RMB658,000)*	**–**	–	**–**	(3,251)	**–**	(3,251)
Net foreign exchange (gain)/ loss	**591**	(192)	**–**	197	**591**	5
Net (gain)/loss on disposal of property, plant and equipment	**–**	(231)	**–**	117	**–**	(114)
Gain on disposal of a subsidiary	**(12,949)**	–	**–**	–	**(12,949)**	–
Loss on loss of control in a subsidiary attributable to discontinued operations	**–**	–	**3,271**	–	**3,271**	–

\# Cost of inventories includes (i) RMB7,439,000 (six months ended 30 June 2010: RMB7,852,000) relating to staff costs, depreciation and operating lease charges; and (ii) reversal of write down of inventories of RMB4,352,000 (six months ended 30 June 2010: RMB4,536,000) for the six months ended 30 June 2011 which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

* All the direct outgoings of RMBNil (six months ended 30 June 2010: RMB658,000) are arising from investment property that generated rental income during the period.

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	Six months ended 30 June (Unaudited)					
	Continuing operations		Discontinued operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)	**(Unaudited)**	(Unaudited) (Restated)	**(Unaudited)**	(Unaudited) (Restated)
Current tax – Provision for the period						
– Taiwan Enterprise Income Tax	**120**	127	**–**	224	**120**	351
– Other jurisdictions	**–**	–	**34**	–	**34**	–
	120	127	**34**	224	**154**	351
Deferred tax						
– Origination and reversal of temporary difference	**–**	–	**–**	2,147	**–**	2,147
– Attributable to a change in tax rate	**–**	–	**–**	(1,384)	**–**	(1,384)
	–	–	**–**	763	**–**	763
	120	127	**34**	987	**154**	1,114

(a) Pursuant to the rules and regulations of Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in Cayman Islands and British Virgin Islands during the period (six months ended 30 June 2010: Nil).

(b) No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the period (six months ended 30 June 2010: Nil).

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

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

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

(d) Vietnam income tax is calculated at 25% (six months ended 30 June 2010: 25%) of estimated assessable profits for the period. 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 2010.

For the port and logistic business, Dan Tien Port Development Joint Venture Company Limited ("Dan Tien") is exempted from Vietnam income tax for eight years from the year of having taxable income, and the applicable tax rate thereafter is 10%. For the development of property business, the Vietnam income tax exemption is for one year and 50% reduction for the following two years. No Vietnam income tax has been provided for as Dan Tien has no assessable profits for the period.

(e) The provision for Taiwan Enterprise Income Tax for the six months ended 30 June 2011 regarding the business of leasing of aircrafts and provision of consultancy service is calculated at a rate of 20% (six months ended 30 June 2010: 20%) of estimated assessable profits for the period.

The provision for Taiwan Enterprise Income Tax for the six months ended 30 June 2010 regarding the business of property investment was calculated at a rate of 17% of estimated assessable profits for the period.

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

7. DISCONTINUED OPERATIONS

Disposal of property investment operation

During the year ended 31 December 2010, the Group ceased its property investment operation by disposal of the investment property located in Taiwan held by Mei Kong Shih Ye Limited ("Mei Kong"), a subsidiary of the Group engaged in property investment operation, to China Life Insurance Co., Ltd. ("China Life"), an independent third party, on 15 July 2010 and disposal of 100% equity interests in Mei Kong to Mayer Steel Pipe Corporation ("Taiwan Mayer"), the ultimate holding company of the Company, on 27 September 2010.

Deemed disposal of Steel – Vietnam operation

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

In the meanwhile, Winner Industrial disposed the entire 20% equity interests in Vietnam Mayer to Taiwan Mayer according to the sale and purchase agreement entered into by Winner Industrial and Taiwan Mayer on 14 October 2010. Upon completion of the share transfer from Winner Industrial to Taiwan Mayer and the VM Capital Increase on 11 February 2011, the equity interests in Vietnam Mayer held indirectly by the Group decreased from 50% to 29.85% and the Group's effective interest in Vietnam Mayer decreased from 40.7% to 24.3% and Taiwan Mayer holds 70.15% equity interests in Vietnam Mayer. Consequently, the Group lost control in the board of directors of Vietnam Mayer and hence lost the power to control the strategic financial and operating policies of Vietnam Mayer. As a result, Vietnam Mayer ceased to be a subsidiary of the Group.

The results of the Steel-Vietnam operation for the period from 1 January 2011 to 11 February 2011 (the date of deemed disposal of Vietnam Mayer) included in the consolidated income statement are set out below. The comparative profits from Steel-Vietnam operation and property investment operation have been re-presented to include the operations classified as discontinued in the current period.

	1/1/2011 to 11/2/2011	1/1/2010 to 30/6/2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Turnover *(note 4)*	**4,647**	21,622
Cost of sales	**(4,071)**	(13,746)
Gross profit	**576**	7,876
Other revenue	**120**	422
Other net loss	**–**	(117)
Valuation gain on investment property	**–**	10,573
Distribution costs	**(76)**	(285)
Administrative expenses	**(192)**	(1,493)
Profit from operations	**428**	16,976
Finance costs *(note 5(a))*	**(2)**	(1,749)
Profit before taxation *(note 5)*	**426**	15,227
Income tax *(note 6)*	**(34)**	(987)
	392	14,240
Loss on disposal of discontinued operations (including RMB2,294,000 reclassification of exchange reserve from equity to profit or loss on disposal of discontinued operations)	**(3,271)**	–
Income tax	**–**	–
Loss on disposal of discontinued operations, net of tax	**(3,271)**	–
(Loss)/profit from discontinued operations	**(2,879)**	14,240
Attributable to:		
owners of the Company	**(3,112)**	12,509
non-controlling interests	**233**	1,731
(Loss)/profit from discontinued operations	**(2,879)**	14,240

8. INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2011 (Six months ended 30 June 2010: Nil).

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

(i) From continuing and discontinued operations

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB1,554,000 (six months ended 30 June 2010: RMB26,449,000) and the weighted average number of 760,411,000 ordinary shares (At 30 June 2010: 576,000,000 ordinary shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	2011	2010
	'000	*'000*
Issued ordinary shares at 1 January	**691,200**	576,000
Effect of issue of consideration shares *(note 13)*	**69,211**	–
Weighted average number of ordinary shares at 30 June	**760,411**	576,000

(ii) From continuing operations

The calculation of basic earnings per share from continuing operations is based on the profit attributable to owners of the Company of RMB4,666,000 (six months ended 30 June 2010: RMB13,940,000 (restated)) and the weighted average number of 760,411,000 ordinary shares (At 30 June 2010: 576,000,000 ordinary shares) in issue during the period. The profit attributable to owners of the Company are calculated as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**1,554**	26,449
Less: Loss/(profit) for the period attributable to owners of the Company from discontinued operations	**3,112**	(12,509)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share from continuing operations	**4,666**	13,940

(iii) From discontinued operations

The calculation of basic (loss)/earnings per share from discontinued operations is based on the loss attributable to owners of the Company of RMB3,112,000 (six months ended 30 June 2010: profit of RMB12,509,000 (restated)) and the weighted average number of 760,411,000 ordinary shares (At 30 June 2010: 576,000,000 ordinary shares) in issue during the period.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is equal to basic earnings/(loss) per share as the potential ordinary shares outstanding for the six months ended 30 June 2011 are anti-dilutive. (Six months ended 30 June 2010: there were no dilutive ordinary shares outstanding).

10. INTANGIBLE ASSET

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cost		
At 1 January	**–**	–
Exchange adjustment	**(417)**	–
Arising on acquisition of subsidiaries *(note 15)*	**549,780**	–
At 30 June 2011/31 December 2010	**549,363**	–
Accumulated amortisation and impairment		
At 1 January	**–**	–
Exchange adjustment	**4**	–
Charge for the period/year	**1,854**	–
At 30 June 2011/31 December 2010	**1,858**	–
Carrying amount		
At 30 June 2011/31 December 2010	**547,505**	–

Intangible asset represents the investment certificate No. 221.022.000.107 granted on 28 December 2007 by the People's Committee of Quang Ninh Province to Dan Tien for (i) the Dan Tien Port Project on the development and operation of port in Mong Cai in Vietnam ("Dan Tien Port Project") and (ii) the Phoenix Trade and Tourism Urban Area Project on the development of properties in Mong Cai in Vietnam ("Phoenix Trade and Tourism Urban Area Project") for a period of 50 years from 27 June 2003.

The acquisition of the entire equity interests in Yield Rise Limited ("Yield Rise") and its subsidiaries (collectively the "Yield Rise Group") is considered as a purchase of net assets and liabilities, including the intangible asset (i.e. investment certificate), of Yield Rise Group. The value of the intangible asset acquired represents the difference between (i) the fair value of consideration of HK$605,763,000 (equivalent to approximately RMB501,451,000) for the acquisition of the entire equity interests in Yield Rise; and (ii) the net assets of Yield Rise Group attributable to the owners of Yield Rise Group as at 9 May 2011 of approximately VND528,179,444,000 (equivalent to approximately RMB166,576,000), which amounting to RMB549,780,000.

The investment certificate has finite useful lives and is amortised on a straight line basis over its remaining useful life up to 26 June 2053. The amortisation charge for the period is included in "Administrative expenses" in the consolidated income statement.

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables and bills receivables	**142,624**	151,060
Less: allowance for doubtful debts	**(1,603)**	(2,088)
	141,021	148,972
Other receivables	**824**	7,206
Amounts due from jointly controlled entities	**4,004**	1,140
Amounts due from related companies	**4,333**	4,393
Amount due from ultimate holding company	**1,000**	–
Amount due from a non-controlling shareholder of a subsidiary	**232**	–
Loans and receivables	**151,414**	161,711
Prepayments and other deposits	**5,839**	1,706
Value-added tax deductible	**4,242**	–
	161,495	163,417

Trade receivables and bills receivables net of allowance for doubtful debts of RMB1,603,000 (At 31 December 2010: RMB2,088,000) with the following age presented based on invoice date as of the end of the reporting period:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
0 – 30 days	**35,504**	47,323
31 – 60 days	**34,582**	44,467
61 – 90 days	**39,567**	25,426
91 – 180 days	**30,740**	31,660
Over 180 days	**628**	96
	141,021	148,972

12. TRADE AND OTHER PAYABLES

	At 30 June 2011 *RMB'000* (Unaudited)	At 31 December 2010 *RMB'000* (Audited)
Trade payables	**13,998**	10,609
Other payables	**16,724**	14,687
Dividend payables	**534**	546
Amount due to a director	**1,518**	1,058
Amount due to a related company	**6,130**	–
Amount due to a jointly controlled entity	**12,290**	–
Amount due to ultimate holding company	**–**	10,633
Financial liabilities measured at amortised cost	**51,194**	37,533
Advances from customers for properties under development for sale	**25,826**	–
Receipts in advance	**2,622**	3,406
	79,642	40,939

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

	At 30 June 2011 RMB'000 (Unaudited)	At 31 December 2010 RMB'000 (Audited)
0 – 30 days	**13,747**	10,219
31 – 60 days	**–**	139
61 – 90 days	**–**	–
91 – 180 days	**–**	–
181 – 365 days	**–**	–
Over 1 year	**251**	251
	13,998	10,609

13. SHARE CAPITAL

Authorised and issued share capital

	At 30 June 2011		At 31 December 2010	
	Number of shares '000	***RMB '000***	Number of shares *'000*	*RMB '000*
Authorised:				
Ordinary shares of HK$0.10 each	**2,000,000**	**195,662**	2,000,000	195,662

	For the six months ended 30 June 2011		For the year ended 31 December 2010	
	Number of shares '000	***RMB '000***	Number of shares *'000*	*RMB '000*
Ordinary shares, issued and fully paid:				
At 1 January	**691,200**	**69,306**	576,000	59,460
Issue of new shares on exercise of warrants	**–**	**–**	115,200	9,846
Issue of consideration shares	**236,364**	**19,566**	–	–
At 30 June 2011/31 December 2010	**927,564**	**88,872**	691,200	69,306

The holders 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.

14. DISPOSAL OF SUBSIDIARIES

(a) Disposal of a subsidiary

For the six months ended 30 June 2011

On 28 June 2011, the Group disposed its entire 100% equity interests in Advance Century Development Limited ("Advance Century"), which was principally engaged in investment holding of available-for-sale financial assets, for a consideration of HK$15,500,000 (equivalent to approximately RMB12,874,000). The net assets of Advance Century at the date of disposal were as follows:

Consideration received

	Six months ended 30 June 2011 *RMB'000*
Consideration received in cash and cash equivalents	**12,874**
Total consideration received	**12,874**

Analysis of asset and liabilities over which control was lost

	At 28 June 2011 *RMB'000*
Current assets	
Cash and cash equivalents	**46**
Available-for-sale financial asset, net of impairment	**–**
Current liabilities	
Amount due to immediate holding company	**45**
Net assets disposed of	**1**

Gain on disposal of a subsidiary

	Six months ended 30 June 2011 *RMB'000*
Consideration received	**12,874**
Net assets disposed of	**(1)**
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of a subsidiary	**76**
Gain on disposal	**12,949**

The gain on disposal of a subsidiary is included in the other net income in the consolidated income statement.

Net cash inflow on disposal of a subsidiary

	Six months ended 30 June 2011 *RMB'000*
Consideration received in cash and cash equivalents	**12,874**
Less: cash and cash equivalent balances disposed of	**(46)**
	12,828

(b) Deemed disposal of a subsidiary attributable to discontinued operations

For the six months ended 30 June 2011

As explained in note 7, on 11 February 2011, the Group lost effective control over Vietnam Mayer, a then available-for-sale financial asset of the Group.

On 11 February 2011, the Group's interests in Vietnam Mayer was diluted from 40.7% to 24.3%. Accordingly, Vietnam Mayer ceased to be a subsidiary and the 24.3% equity interests retained in Vietnam Mayer is recognised as available-for-sale financial asset as the directors of the Company consider Vietnam Mayer is controlled by Taiwan Mayer and the Group is unable to exercise significant influence over Vietnam Mayer thereafter.

Consideration received

	Six months ended 30 June 2011 *RMB'000*
Fair value of 24.3% equity interests in Vietnam Mayer retained by the Group	**11,766**
Total consideration received	**11,766**

Analysis of assets and liabilities over which control was lost

	At 11 February 2011 *RMB'000*
Non-current assets	
Property, plant and equipment	**17,689**
Prepaid lease payments	**3,791**
	21,480
Current assets	
Inventories	**6,377**
Trade and other receivables	**9,473**
Amount due from ultimate holding company	**7,243**
Tax recoverable	**75**
Cash and cash equivalents	**2,758**
	25,926
Current liabilities	
Bank borrowings	**(433)**
Trade and other payables	**(2,564)**
	(2,997)
Net assets disposed of	**44,409**

Loss on loss of control in a subsidiary

	Six months ended 30 June 2011 *RMB'000*
Consideration received	**11,766**
Net assets disposed of	**(44,409)**
Non-controlling interests disposal of	**31,666**
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control in a subsidiary	**(2,294)**
Loss on loss of control in a subsidiary	**(3,271)**

The loss on loss of control in a subsidiary is included in the (loss)/profit from discontinued operations in the consolidated income statement (see note 7).

Net cash outflow on loss of control in a subsidiary

	Six months ended 30 June 2011 *RMB'000*
Cash and cash equivalent balances disposed of	**(2,758)**

15. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

Acquisition of Yield Rise

On 9 May 2011, the Group completed its acquisition of 100% equity interests in Yield Rise from an independent third party for a consideration of HK$620,000,000, which is satisfied by (i) cash of HK$100,000,000; (ii) the issue of 236,363,636 consideration shares at the issue price of HK$0.55 per consideration share; (iii) 5% convertible bonds of HK$90,000,000; and (iv) 8% promissory note of HK$300,000,000.

Yield Rise holds 87.5% equity interests in Best Wonder Holdings Limited, which in turn holds 100% equity interests in Good Wishes Investment Limited ("Good Wishes") and Good Wishes in turn holds 80% equity interests in Dan Tien.

Dan Tien is a foreign invested limited liability company established under the laws of Vietnam on 3 June 2003. Dan Tien is principally engaged in the development of property, port and relevant logistic business in Vietnam. Dan Tien is licensed with the investment certificate No. 221.022.000.107 by the People's Committee of Quang Ninh Province on 28 December 2007 to carry out two separate projects in Vietnam, which are Dan Tien Port Project and Phoenix Trade and Tourism Urban Area Project for a period of 50 years from 27 June 2003.

The acquisition is considered as a purchase of net assets and liabilities, including the intangible asset (i.e. investment certificate), of Yield Rise Group.

Details of the net assets acquired in respect of the acquisition of Yield Rise Group are summarised below:

	At 9 May 2011 *RMB'000*
Net assets acquired	
Property, plant and equipment	2,180
Construction in progress	25,237
Intangible asset	549,780
Properties under development for sale	180,920
Other receivables and prepayments	2,967
Cash and cash equivalents	6,062
Other payables and accruals	(24,945)
Advances from customers for properties under development for sale	(25,845)
Net assets	716,356
Non-controlling interests	(214,905)
	501,451
Consideration satisfied by:	
Deposit for acquisition of subsidiaries paid in previous year	62,293
Consideration payable for acquisition of subsidiaries	20,489
Issue of new shares *(note (i))*	89,025
Promissory note *(note (ii))*	258,145
Convertible bonds *(note (ii))*	71,499
	501,451
Cash and cash equivalents acquired	6,062
Cash consideration paid	–
Net inflow of cash and cash equivalents in respect of the acquisition of Yield Rise	6,062

Notes:

(i) The fair value of 236,363,636 shares issued for the acquisition of Yield Rise amounting to HK$107,545,454 (equivalent to approximately RMB89,025,000) was determined using the published closing bid price of HK$0.455 at the date of acquisition instead of the issue price of HK$0.55 in accordance with the agreement dated 8 November 2010. The shares were allotted and the relevant registration with the share registrar was completed on 9 May 2011.

(ii) The fair value was determined with reference to the valuation reports prepared by Grant Sherman Appraisal Limited, an independent professional valuer.

16. MATERIAL RELATED PARTY TRANSACTIONS

(a) During the period, 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 Advance Limited ("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 former non-executive director of the Company and currently a director of Taiwan Mayer, has beneficial interest, regarding the leasing of four aircrafts and the provision of consultancy services, including provision of qualified and experienced pilot and technician, 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, ranged from USD23,000 to USD26,000 per month per aircraft, and consultancy fee income, based on the actual cost of provision of consultancy services and limited to USD20,000 per month. On 6 May 2008 and 5 June 2011, the lease agreement was extended to 7 July 2011 and 7 June 2012 respectively with rental income and consultancy fee income remain unchanged. At the end of the reporting period, RMB4,301,000 (At 31 December 2010: RMB4,393,000) is due from this related company which is unsecured, interest free and repayable within the next twelve months from the end of the reporting period. The amounts of transactions during the period are disclosed in (vii) below.

(ii) On 13 April 2007, Guangzhou Mayer Corporation Limited ("Guangzhou Mayer"), a 81.4% indirectly owned subsidiary of the Company, entered into a raw material purchase agreement with Taiwan Mayer for the acquisition of raw materials from Taiwan Mayer for the period commencing from 1 April 2007 to 31 March 2010. The maximum amounts of raw material purchase for the three years ended 31 March 2008, 2009 and 2010 were 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.

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 maximum amounts of raw material purchase for the six months ended 31 December 2009 and year ended 31 December 2010 were of USD1,560,000 (equivalent to approximately RMB10,723,000) and USD2,340,000 (equivalent to approximately RMB16,080,000) respectively. The maximum amount of raw material purchase for the year ending 31 December 2011 will be in the amount of approximately USD2,340,000 (equivalent to approximately RMB16,080,000). There are no such transactions during the period.

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 maximum amounts of finished goods sales for the six months ended 31 December 2009 and year ended 31 December 2010 were of USD1,837,000 (equivalent to approximately RMB12,626,000) and approximately USD3,675,000 (equivalent to approximately RMB25,261,000) respectively. The maximum amount of finished goods sales for the year ending 31 December 2011 will be in the amount of USD5,512,000 (equivalent to approximately RMB37,878,000). The amounts of transactions during the period are disclosed in (vii) below.

(iii) On 11 February 2011, the Group's former subsidiary, Vietnam Mayer, completed the VM Capital Increase of which capital was contributed in form of cash by Taiwan Mayer only. Consequently, the Group lost control in the board of directors of Vietnam Mayer and hence lost the power to control the strategic financial and operating policies of Vietnam Mayer. As a result, Vietnam Mayer ceased to be a subsidiary of the Group and it resulted to a deemed disposal of the Group's 40.7% equity interests in Vietnam Mayer to Taiwan Mayer. The 24.3% equity interests in Vietnam Mayer retained by the Group after the VM Capital Increase is a deemed acquisition of available-for-sale financial assets from Taiwan Mayer. A loss on deemed disposal of the subsidiary of RMB3,271,000 was recorded by the Group (see note 14(b)).

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

Pursuant to the terms of the disposal agreement with Taiwan Mayer, the Group agreed to indemnify Taiwan Mayer (i) all costs and expenses incurred by Taiwan Mayer in connection with any claim or action commenced at any time before or on the date of the disposal agreement against the Group in relation to Mei Kong; and (ii) any due or undue guarantee, liability or tax liability at any time before or on the date of the disposal agreement against the Group in relation to Mei Kong. The warranty of minimum annual rental of NTD56,100,000 (equivalent to approximately RMB12,695,000) to be generated from the investment property, which are previously held by Mei Kong and disposed to China Life on 15 July 2010 within three years from the day after the point of delivery date of 15 July 2010 ("Guarantee Income") would be a liability to be retained and borne by the Group as it is the undue guarantee incurred before the date of disposal agreement against the Group in relation to Mei Kong.

As Mei Kong had entered into a separate reimbursement and custodian agreement dated 12 May 2010 with a real estate agent, who agreed to bear the shortfall of guaranteed rental income within three years commencing from 16 July 2010, the Group considered the possibility of an outflow of resources embodying economic benefits is remote. At 30 June 2011, provision of RMBNil (At 31 December 2010: RMBNil) is recognised by the Group.

(v) On 28 January 2011, the Company entered into a capital increase agreement (the "JV Capital Increase Agreement") with Taiwan Mayer pursuant to which the share capital of Glory World Development Limited ("Glory World") is increased from US$2,000,000 (equivalent to approximately RMB13,242,000) to US$50,000,000 (equivalent to approximately RMB331,072,000). Pursuant to the JV Capital Increase Agreement, the Company and Taiwan Mayer agree to make further capital contribution on a non pro-rata basis of US$19,000,000 (equivalent to approximately RMB125,808,000) and of US$29,000,000 (equivalent to RMB192,022,000) respectively. The consideration to be paid by the Company is satisfied by the following manner: (i) capitalisation of shareholder's loan of US$11,000,000 (equivalent to approximately RMB72,836,000); and (ii) the balance of US$8,000,000 (equivalent to approximately RMB52,972,000) in cash by 31 December 2012. The consideration to be paid by Taiwan Mayer is satisfied by the following manner: (i) capitalisation of shareholder's loan of US$11,000,000 (equivalent to approximately RMB72,836,000); and (ii) the balance of US$18,000,000 (equivalent to approximately RMB119,186,000) in cash by 31 December 2012. Upon completion of the capital injection, the Company's equity interests in the jointly controlled entity will be decreased from 50% to 40% and the remaining 60% will be owned by Taiwan Mayer. Pursuant to the JV Capital Increase Agreement, Glory World is still under the joint control by the Company and Taiwan Mayer after the capital increase.

The shareholder's loans by the Company and Taiwan Mayer of US$11,000,000 (equivalent to approximately RMB72,836,000) each were capitalised on 8 April 2011. In addition, Taiwan Mayer further contributed US$100,000 (equivalent to approximately RMB654,000) in cash to Glory World during the period. At 30 June 2011, the Company's equity interests in the jointly controlled entity decreased from 50% to 49.79%.

(vi) The Company, certain subsidiaries and jointly controlled entities executed a cross guarantee arrangement to a bank in respect of banking facilities of RMB90,488,000 (At 31 December 2010: RMB26,491,000) granted to the Group and the jointly controlled entities. In addition, the Company pledged a bank deposit of RMB5,106,000 (equivalent to USD788,000) (At 31 December 2010: RMB5,216,000 (equivalent to approximately USD788,000)) to the bank to secure the banking facilities. Under the guarantee, the Group and the jointly controlled entities are jointly and severally liable for all and any of the borrowings from the bank which is the beneficiary of the cross guarantee.

(vii) The Group also entered into the following material related party transactions during the period:

				Six months ended 30 June	
				2011	2010
Name of related party	**Nature of relationship**	**Nature of transaction**	*Note*	***RMB'000*** **(Unaudited)**	*RMB'000* (Unaudited)
Lo Haw and his spouse	Family member of director of the Company	Rental paid	(i)	**60**	60
Daily Air	Under control of a director of ultimate holding company of the Company	Rental income	(ii)	**(3,845)**	(4,014)
		Consultancy fee income	(ii)	**(146)**	(183)
Taiwan Mayer	Ultimate holding company	Rental paid	(i)	**–**	12
		Sales of finished goods	(ii)	**(483)**	(1,010)
		Interest expenses	(iii)	**–**	30
Glory World	Jointly controlled entity of the Company	Interest income	(iii)	**(287)**	–

Notes:

(i) The rentals which were paid for premises owned by Mr. Lo Haw, a former executive director of the Company who resigned on 11 March 2011, and his spouse and Taiwan Mayer were determined with reference to the prevailing market rental.

(ii) Mutually agreed by the parties concerned.

(iii) Interest bearing at 1.5% per annum.

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

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Amounts due from related companies	**4,333**	4,393
Amount due to a related company	**(6,130)**	–
Amount due to a director	**(1,518)**	(1,058)
Loan to a jointly controlled entity	**–**	72,836
Amounts due from jointly controlled entities	**4,004**	1,140
Amount due to a jointly controlled entity	**(12,290)**	–
Amount due from/(to) ultimate holding company	**1,000**	(10,633)
Amount due from a non-controlling shareholder of a subsidiary	**232**	–
Advances from customers for properties under development for sale	**12,114**	–

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	**2,010**	1,738
Retirement scheme contributions	**8**	8
	2,018	1,746

Total remuneration is included in "staff costs" (see note 5(b)).

17. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2011 not provided for in the interim financial report were as follows:

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted for		
– Acquisition of property, plant and equipment	**–**	167
– Construction in progress	**25,275**	–
– Properties under development for sale	**3,069**	–
	28,344	167

(b) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**1,511**	1,604
After 1 year but within 5 years	**1,595**	2,382
	3,106	3,986

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

(c) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases in respect of aircrafts are receivable as follows:

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**6,968**	3,235
After 1 year but within 5 years	**–**	–
	6,968	3,235

18. PLEDGE OF ASSETS

At 30 June 2011, the following assets are pledged to banks for the banking facilities and loans granted to the Group and the Group's jointly controlled entities:

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Pledged bank deposits	**10,788**	5,216

19. COMPARATIVE FIGURES

Comparative information in consolidated income statement has been restated to re-present the results of the Steel-Vietnam operation and property investment operation as discontinued operations as disclosed in note 7.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

For the six months ended 30 June 2011, the Group reported consolidated turnover of RMB245,908,000, representing decrease of 4.75% compared to the same period last year's RMB258,181,000. Gross profit margin was 9.84% compared to the same period last year's 13.03%. Net profit attributable to owners of the Company was RMB1,554,000, compared with the same period last year's net profit attributable to owners of the Company of RMB26,449,000. Basic and diluted earnings and loss per share for the Period from continuing operations and discontinued operations was RMB0.61 cents and RMB0.41 cents versus the same period last year's earnings per share of RMB2.42 cents and RMB2.17 cents respectively.

Business Review

The national economy of the PRC is continually impacted by the general expectation to see further aggressive Chinese government tightening measures. Yet the oversupply problem in the steel product market remained acute due to the overcapacity in the industry. The increase in market demand and overall prices of steel products has been raised in the first half of 2011, easing operating pressure to the steel business segment. From January to June, management took measures under the steel business segment and immediately enhanced efficiency and adjusted its marketing strategy for the purpose of leveraging on the price surge opportunities.

The Group's steel business segment has recorded a reportable segment profit of RMB11,397,000 for the period. During the Period, the Group sold approximately 54,313 tonnes of steel products, representing 7.80% decrease from approximately 58,909 tonnes for the same period last year. The average selling price of the Group's steel products during the Period decreased by approximately 3.42% compared with that for the same period last year.

The Group focused on developing the emerging markets. In 2010, the Group has entered into the commodity sector, through the formation of a Joint venture agreement with Taiwan Mayer with initial capital of USD2,000,000 and subsequent capital increase to USD24,100,000 on 1 April 2011. In the first half of 2011, the high oil price was affecting the economic scenario and the commodity market. During the Period, the Group's share of loss result of the joint venture amounted to approximately RMB4,519,000.

On 9 May 2011, the Group has completed the acquisition of the Yield Rise Limited and its subsidiaries the "Yield Rise Group"). The Yield Rise Group owns an 87.5% equity interest in a joint venture company, namely Dan Tien Port Development Joint Venture Company Limited, and is principally engaged in the development of Dan TienPort, property development project and relevant logistic business in MongCai Town, QuangNinh Province, Vietnam.

The Group's property development business segment in Vietnam has recorded a segment loss of RMB218,000 and no segment revenue has recorded for the Period.

The Group's port and logistic business segment in Vietnam has recorded a segment loss of RMB2,050,000 and no segment revenue has recorded for the Period.

Production and Sales

The revenue from indirect export sales of steel products in the PRC during the Period was approximately RMB142,990,000, representing decrease of approximately 20.33% compared with approximately RMB179,473,000 for the same period 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 during the Period was approximately RMB75,247,000, representing an increase of approximately 23.80% compared with approximately RMB60,780,000 for the same period last year.

The revenue from direct export sales of steel products outside the PRC during the Period was approximately RMB23,826,000, representing an increase of 71.44% while it was RMB13,897,000 for the same period last year.

Rental income from aircrafts leasing during the Period was approximately RMB3,845,000 of which creates a stable stream of income for the Group.

Gross Profit

The Group recorded a gross profit of approximately RMB24,190,000 for the Period, with a gross profit margin of approximately 9.84%, compared with the gross profit of approximately RMB33,647,000 and gross profit margin of approximately 13.03% for the same period last year.

Operating Expenses

The total operating expenses of the Group for the Period were approximately RMB26,717,000 of which approximately RMB4,903,000 in distribution costs and RMB21,814,000 in administrative expenses accounting for approximately 1.99% and 8.87% of turnover, respectively, while the amounts for the same period last year were approximately RMB4,602,000 and RMB15,938,000, respectively, accounting for approximately 1.78% and 6.17%, respectively.

Finance Costs

During the Period, the Group incurred RMB4,551,000 in finance costs, compared to same period last year of RMB1,077,000. The Group relied on bank borrowings to finance its trading activities.

Financial Resources and Treasury Policies

The Group continues to adhere to prudent treasury policies.

As at 30 June 2011, the Group had bank deposits and cash balances of approximately RMB53,317,000, of which bank deposits of approximately RMB10,788,000 were pledged to secure financing facilities granted to the Group and the Group's jointly controlled entities.

The Group had net current assets of approximately RMB251,091,000 as at 30 June 2011 as compared with RMB178,658,000 as at 31 December 2010. The current ratio (current assets divided by current liabilities) changed to approximately 2.11 as of 30 June 2011 from 2.12 as at 31 December 2010. The Group continued to insure against 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.

The Group had an approximately RMB125,244,000 financing facilities from banks, mainly denominated in US dollars with fixed interest rates, had been drawn down to finance the Group's working capital purposes, capital expenditures and for other acquisition opportunities.

The gearing ratio is defined as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank deposits. Total capital is calculated as shareholders' funds (i.e. total equity attributable to owners of the Company) plus net debt.

The gearing ratio as of 30 June 2011 was approximately 47.46% while it was 2% as of 31 December 2010.

Cash Flow

For the Period, the Group generated net cash outflow of RMB14,232,000 from its operating activities, as compared to net cash inflow of approximately RMB53,200,000 in the same period last year.

Net cash outflow of approximately RMB51,372,000 was from investing activities for the Period. Net cash inflow of approximately RMB5,983,000 was from financing activities.

Bank deposits and cash balances (including pledged bank deposits of approximately RMB10,788,000) as at 30 June 2011 amounted to approximately RMB53,317,000, mainly denominated in Renminbi, US dollars, HK dollars and new Taiwan dollars.

Exchange Rate Exposures

As most of the Group's monetary assets and liabilities are denominated in Renminbi, US dollars, HK dollars and new Taiwan dollars and those currencies remained relatively stable during the Period, the Group was not exposed to any significant exchange risk. Meanwhile, the Group is also studying and implementing various measures, including emerging financial products launched by the banks, in relation to reducing any exchange impact from the revalued of Renminbi against the US dollars.

Charge on Group Assets

As at 30 June 2011, bank deposits of approximately RMB10,788,000 were pledged to banks for securing banking and other financing facilities granted to the Group. These financing facilities had been utilised by the Group and the jointly controlled entity to the extent of approximately RMB9,958,000 at the end of the reporting period.

Contingent Liabilities

As at 30 June 2011, the Company has given corporate guarantees to certain banks in connection with banking facilities of RMB32,358,000 granted by the banks to the subsidiaries. At 30 June 2011, the facilities drawn down by the subsidiaries were RMB32,358,000.

The Company is one of the entities covered by a cross guarantee arrangement executed by the Company, its subsidiaries and jointly controlled entities to a bank in respect of banking facilities of RMB90,489,000 granted to the Group and the jointly controlled entities. Under the cross guarantee, the Group and the jointly controlled entities are jointly and severally liable for all and any of the borrowings from the bank which is the beneficiary of the cross guarantee.

The maximum liability of the Company at the end of the reporting period under the corporate guarantees issued represents the amount of the facilities drawn down by the subsidiaries of RMB32,358,000. The maximum liability of the Group and of the Company at the end of the reporting period under the cross guarantee issued represents the amount of the facilities drawn down by the jointly controlled entity of RMB9,958,000. 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 Group and the Company under the guarantees.

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

Employment, Training and Development

As at 30 June 2011, the Group had a total of 250 employees. Total staff costs for the Period were approximately RMB10,996,000, including retirement benefits cost of approximately RMB1,138,000. Remuneration packages of the Group are maintained at a competitive level to attract, retain and motive employees and are reviewed on a periodic basis.

Outlook

Looking forward to the second half of 2011, the imbalance between demand and supply in the steel sector will continue and the price trends of steel and metal products will remain strong. Familiar situation in the commodity sector and the price of commodity products will remain fluctuate. However, the PRC's and the Asian's economy maintain a rapid growth rate, still there will be a strong domestic demand for our products and services.

In the short run, the global economy is likely to be affected by the weaken U.S. dollar against other currencies, with the concerns of weak global demand and the impact of high oil prices. The undercurrent running through many Asian countries economic is raising inflation. We expect that the unstable in operating costs, oil prices, interest rate and inflation pressure will continue present more challenges to the Group's operations.

Now the Group has entered into the commodity sector, through the joint venture company and trading of non-ferrous metals and other mineral resources worldwide. The management believes that the macroeconomic environment will be supportive for commodities but the market situation is unlikely to ease in the second half of year.

The management is also confident in the new businesses in Vietnam. The Dan Tien Port and the property development project are currently under construction and are in progress. Upon commencement of the operation of the Dan Tien Port, the management will closely monitor the progress and execution of the capital expenditure plans which may be updated from time to time with reference to the actual business environment, as well as to actively seek co-operation with major industry participants and aim to increase greater competitive advantages.

With the PRC fiscal and monetary policies continue to relay and roll out to help balancing the demand and supply of the domestic market, we are confident that the economy will on the right track again. The Group's management is confident that the Group will fully capitalise its extensive experience in cost management and achieve greater cost effectiveness, increased output of high value-added products and welcome to every investment opportunity around the world which are beneficial to the Group, with an aim to generate the best return from investments and generate the best returns to our investors.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

INTERIM DIVIDENDS

No dividend was paid during the period of six months ended 30 June 2011. The directors do not recommend the payment of an interim dividend for the Period.

AUDIT COMMITTEE

The Audit Committee was established on 24 March 2004 and is comprised of four independent non-executive directors. Mr. Huang Jui-hsiang is the chairman of the Audit Committee.

The Committee is primary responsible for reviewing and monitoring the reporting, accounting, financial and control aspects of the executive management's activities. Written terms of reference in compliance with the Listing Rules have been adopted for the Audit Committee. The interim financial report of the Company for the six months ended 30 June 2011 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 22 August 2005 and is comprised of four independent non-executive directors and two executive directors (Mr. Lai Yueh-hsing as the Committee Chairman).

The committee determines the compensation structure and rewards for the chief executive officer and other executive directors and monitors the policies being applied in remunerating other senior executives in the Group. In addition, it has responsibility for reviewing and making appropriate recommendations to the Board on management development and succession plans for executive directors and senior management levels.

The fundamental policy underlying the Company's remuneration and incentive schemes is to link total compensation for senior management with the achievement of annual and long-term performance goals. By providing total compensation at competitive industry levels for delivering on-target performance, the Company seeks to attract, motivate and retain key executives essential to its long-term success. Senior management incentive schemes include any equity component that is designed to align the long-term interest of management with those of shareholders.

NOMINATION COMMITTEE

The Nomination Committee was established on 22 August 2005 and is comprised of four independent non-executive directors and two executive directors (Mr. Lai Yueh-hsing as the Committee Chairman).

The committee is responsible for the identification and evaluation of candidates for appointment or reappointment as a director, as well as the development and maintenance of the Group's overall corporate governance policies and practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code of the Listing Rules. Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the accounting period covered by the interim report.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions laid down in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the Period, except for the code provisions (i) A.2.1 whereas there is no separation of the role of Chairman and Chief Executive Officer. Mr. Hsiao Ming-chih currently assumes the role of both the Chairman and the Chief Executive Officer; and (ii) A.4.1 whereas all non-executive directors of the Company are not appointed for a specific term as they are subject to retirement and rotation in accordance with the Company's articles of association.

BOARD COMPOSITION

As at the date of this announcement, the executive directors of the Company are Mr. Hsiao Ming-chih, Mr. Lai Yueh-hsing, Mr. Chiang Jen-chin, Mr. Lu Wen-yi, Mr. Cheng Koon Cheung and Mr. Xue Wenge; the non-executive directors of the Company are Mr. Chan Kin Sang, Mr. Li Deqiang and Mr. Lam Chun Yin; and the independent non-executive directors of the Company are Mr. Lin Sheng-bin, Mr. Huang Jui-hsiang, Mr. Alvin Chiu and Mr. Peter V.T. Nguyen respectively .

By Order of the Board
Hsiao Ming-chih
Chairman

Hong Kong, 31 August 2011