美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1116)

Interim Report 2012

* *For identification purpose only*

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Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited) (Restated)
Continuing Operations			
Revenue	5	219,141	242,063
Cost of sales		(211,576)	(221,718)
Gross profit		7,565	20,345
Other income		6,906	6,258
Other net (loss)/income		(323)	11,149
Distribution costs		(5,359)	(4,903)
Administrative expenses		(24,775)	(17,569)
Other operating expenses		–	(6)
(Loss)/profit from operations		(15,986)	15,274
Finance costs		(3,059)	(1,650)
Loss on de-recognition of investment		–	(172,343)
Impairment loss on amount due from an investee company		(190)	–
Impairment loss on a joint venture		(12)	–
Share of results of a joint venture		–	(4,519)
Loss before tax		(19,247)	(163,238)
Income tax expense	6	(920)	–
Loss from continuing operations		(20,167)	(163,238)
Discontinued operations	8		
Loss from discontinued operations		–	(987)
Loss for the period	7	(20,167)	(164,225)

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited) (Restated)
Loss for the period attributable to:			
Owners of the Company			
Loss from continuing operations		(19,554)	(164,722)
Loss from discontinued operations		–	(1,220)
		(19,554)	(165,942)
Non-controlling interests			
(Loss)/profit from continuing operations		(613)	1,484
Profit from discontinued operations		–	233
		(613)	1,717
		(20,167)	(164,225)
Loss per share	*10*		
From continuing and discontinued operations			
Basic and diluted (RMB cents)		(2.11)	(21.82)
From continuing operations			
Basic and diluted (RMB cents)		(2.11)	(21.66)
From discontinued operations			
Basic and diluted (RMB cents)		–	(0.16)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2012

	Six months ended 30 June 2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Loss for the period	(20,167)	(164,225)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(7,354)	1,913
Reclassification adjustment relating to foreign operations disposed of during the period	–	2,218
	(7,354)	4,131
Items that may not be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(802)	(5,847)
Other comprehensive income for the period, net of tax	(8,156)	(1,716)
Total comprehensive income for the period	(28,323)	(165,941)
Total comprehensive income for the period attributable to:		
Owners of the Company	(27,710)	(167,409)
Non-controlling interests	(613)	1,468
	(28,323)	(165,941)

Condensed Consolidated Statement of Financial Position
At 30 June 2012

	Notes	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	51,618	54,007
Prepaid land lease payments		7,195	7,306
Interests in joint ventures		4,090	11,045
Available-for-sale financial assets		11,766	11,766
		74,669	84,124
Current assets			
Inventories		52,704	52,390
Trade and other receivables	12	197,495	202,368
Prepaid land lease payments		222	222
Amounts due from joint ventures		–	2,548
Pledged bank deposit		–	17,074
Cash and cash equivalents		46,028	27,720
		296,449	302,322
Current liabilities			
Trade and other payables	13	50,605	17,679
Amount due to a director		1,469	1,481
Bank borrowings		101,656	119,475
		153,730	138,635
Net current assets		142,719	163,687
Total assets less current liabilities		217,388	247,811
NET ASSETS		217,388	247,811
Capital and reserves			
Share capital	14	88,872	88,872
Reserves		82,785	110,495
Equity attributable to owners of the Company		171,657	199,367
Non-controlling interests		45,731	48,444
TOTAL EQUITY		217,388	247,811

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Attributable to owners of the Company									
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Statutory public welfare fund	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011 (Audited)	69,306	126,653	67,570	22,076	4,950	(20,697)	88,832	358,690	64,617	423,307
Total comprehensive income for the year (Unaudited)	–	–	–	–	–	(1,467)	(165,942)	(167,409)	1,468	(165,941)
Realised on disposal of subsidiaries (Unaudited)	–	–	–	–	–	–	–	–	(31,666)	(31,666)
Capital contributed by non-controlling interest (Unaudited)	–	–	–	–	–	–	–	–	17,922	17,922
Appropriation to statutory surplus reserve (Unaudited)	–	–	–	1,779	–	–	(1,779)	–	–	–
Issue of shares on acquisition of assets (Unaudited)	19,566	69,460	–	–	–	–	–	89,026	–	89,026
At 30 June 2011 (Unaudited)	88,872	196,113	67,570	23,855	4,950	(22,164)	(78,889)	280,307	52,341	332,648
At 1 January 2012 (Audited)	88,872	196,113	67,570	22,076	4,950	(21,590)	(158,624)	199,367	48,444	247,811
Total comprehensive income for the year (Unaudited)	–	–	–	–	–	(8,156)	(19,554)	(27,710)	(613)	(28,323)
Dividend paid to non-controlling interest (Unaudited)	–	–	–	–	–	–	–	–	(2,100)	(2,100)
At 30 June 2012 (Unaudited)	88,872	196,113	67,570	22,076	4,950	(29,746)	(178,178)	171,657	45,731	217,388

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	**2011**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	25,261	(14,232)
Net cash generated from/(used in) investing activities	24,193	(51,372)
Net cash (used in)/generated from financing activities	(22,978)	5,983
Net increase/(decrease) in cash and cash equivalents	26,476	(59,621)
Cash and cash equivalents at beginning of period	27,720	106,595
Effect of changes in foreign exchange rate	(8,168)	(4,445)
Cash and cash equivalents at end of period	46,028	42,529
Analysis of cash and cash equivalents		
Bank and cash balances	46,028	42,529

1. GENERAL INFORMATION

Mayer Holdings Limited (the "Company") is an exempted company with limited liability incorporated in Cayman Islands and its registered office is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

The principal activities of the Company and its subsidiaries (collectively "the Group") for the period ended 30 June 2012 are investment holdings and manufacturing of steel pipes and other products.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011 ("2011 Annual Report").

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of 2011 Annual Report of the Group.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (the "HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

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

4. SEGMENT INFORMATION

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

- Steel – PRC: this segment primarily derive its 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 the PRC.

- 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.

- Steel – Vietnam (discontinued): this segment primarily derive its 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 the Vietnam.

- Aircraft (discontinued): 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

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. 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 is set out below:

	Steel – PRC	Investment	(Discontinued Operation) Steel – Vietnam	(Discontinued Operation) Aircraft	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Period ended 30 June 2012 (Unaudited)					
Revenue from external customers	219,141	–	–	–	219,141
Segment loss	(6,333)	(13)	–	–	(6,346)
At 30 June 2012 (Unaudited)					
Segment assets	347,064	4,391	–	–	351,455
Segment liabilities	148,581	–	–	–	148,581

	Steel – PRC	Investment	(Discontinued Operation) Steel – Vietnam	(Discontinued Operation) Aircraft	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Period ended 30 June 2011 (Unaudited)					
Revenue from external customers	242,063	–	4,687	3,845	250,595
Segment (loss)/profit	11,397	6,662	(3,509)	2,013	16,563
At 31 December 2011 (Audited)					
Segment assets	340,275	11,351	–	–	351,626
Segment liabilities	127,210	–	–	–	127,210

Reconciliations of reportable segment profit or loss:

	Six months ended 30 June	
	2012	**2011**
	RMB'000	*RMB'000*
Profit or loss:		
Total (loss)/profit of reportable segments	(6,346)	16,563
Elimination of discontinued operations	–	1,496
Finance cost	(3,059)	(1,650)
Loss on de-recognition of investment	–	(172,343)
Corporate and unallocated loss	(9,842)	(7,304)
Consolidated loss before taxation and discontinued operations for the period	(19,247)	(163,238)

	At 30 June 2012	**At 31 December 2011**
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Assets:		
Total assets of reportable segments	351,455	351,626
Corporate and unallocated assets:		
– Available-for-sale financial assets	11,766	11,766
– Others	7,897	23,054
Consolidated total assets	371,118	386,446
Liabilities:		
Total liabilities of reportable segments	148,581	127,210
Corporate and unallocated liabilities	5,149	11,425
Consolidated total liabilities	153,730	138,635

Over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical information is disclosed.

5. REVENUE

The Group's revenue represents the aggregate of sales value of goods supplied to customers less goods returned, trade discounts and sales tax. An analysis of the Group's revenue for the year is as follows:

	Six months ended 30 June	
	2012	**2011**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of steel pipes, steel sheet and other products made of steel	219,141	242,063

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	**2011**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Withholding tax	920	–

No provision for Hong Kong Profits Tax has been made for the period as the Group did not generate any assessable profits arising in Hong Kong (six months ended 30 June 2011: Nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

7. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2012	**2011**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	211,576	221,718
Depreciation	4,273	6,884
Amortisation of prepaid lease payments	111	1,854
Net exchange losses	89	591
Loss on disposal of subsidiaries	–	3,271
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	8,327	9,977
– Retirement benefits scheme contributions	1,387	1,142
	9,714	11,119

8. DISCONTINUED OPERATIONS

Deemed disposal of Steel – Vietnam operation

On 5 November 2010, the Group entered into an agreement with Mayer Steel Pipe Corporation ("Taiwan Mayer"), a shareholder who holds 30% equity interests in Vietnam Mayer Company Limited ("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 of 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 Vietnam Mayer. As a result, Vietnam Mayer ceased to be a subsidiary of the Group.

Disposal of aircraft leasing operation

Pursuant to an agreement dated 15 August 2011 entered between the Company and Hosking Investment Limited, an independent third party, the Group disposed of 100% equity interest in a subsidiary, ROC Advance Limited, which engaged in aircraft leasing operation. The disposal was completed on 28 December 2011.

9. INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

10. LOSS PER SHARE

Basic loss per share

(i) From continuing and discontinuing operations

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB19,554,000 (six months ended 30 June 2011: approximately RMB165,942,000 (restated)) and the weighted average number of 927,564,000 ordinary shares (six months ended 30 June 2011: 760,411,000 ordinary shares) in issue during the period.

(ii) From continuing operations

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB19,554,000 (six months ended 30 June 2011: approximately RMB164,722,000 (restated)) and the weighted average number of 927,564,000 ordinary shares (six months ended 30 June 2011: 760,411,000 ordinary shares) in issue during the period.

Diluted loss per share

Diluted loss per share is equal to basic loss per share as there are no potential ordinary shares outstanding for both period.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, property, plant and equipment of approximately RMB1,912,000 was acquired by the Group (six months ended 30 June 2011: approximately RMB2,180,000).

12. TRADE AND OTHER RECEIVABLES

The trade and other receivables included trade receivables of approximately RMB144,932,000 as at 30 June 2012. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	30 June 2012 *RMB'000* (Unaudited)	**31 December 2011** *RMB'000* (Audited)
0 to 30 days	46,719	33,264
31 to 60 days	49,860	38,114
61 to 90 days	25,585	28,930
91 to 180 days	20,050	25,783
Over 180 days	2,718	221
	144,932	126,312

13. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables of approximately RMB22,892,000 as at 30 June 2012. The aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

	30 June 2012 *RMB'000* (Unaudited)	**31 December 2011** *RMB'000* (Audited)
0 to 30 days	22,038	3,854
31 to 60 days	783	1,105
61 to 90 days	2	–
91 to 180 days	8	–
Over 180 days	61	52
	22,892	5,011

14. SHARE CAPITAL

	Notes	**Number of shares** *'000*	**Amount** *RMB'000*
Authorised:			
Ordinary shares of HK$0.1 each at 1 January 2011, 31 December 2011, 1 January 2012 and 30 June 2012		2,000,000	195,662
Issued and fully paid:			
Ordinary shares of HK$0.1 each at 1 January 2011		691,200	69,306
Issue of consideration shares	*(a)*	236,364	19,566
Ordinary shares of HK$0.1 each at 31 December 2011, 1 January 2012 and 30 June 2012		927,564	88,872

(a) On 9 May 2011, 236,363,636 new ordinary shares of the Company of HK$0.1 each were issued at HK$0.455 per share (which based on published closing bid price at that date) as part of the consideration of HK$107,545,454 (equivalent to approximately RMB89,025,000) for acquisition of Yield Rise. HK$23,636,363 (equivalent to approximately RMB19,566,000) was credited to share capital and the balance of approximately HK$83,909,000 (equivalent to approximately RMB69,460,000 was credited to the Company's share premium accounts.

15. COMMITMENTS

The Group has no significant capital commitments outstanding at 30 June 2012 and 31 December 2011.

At 30 June 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	1,442	1,436
In second to fifth years	120	838
	1,562	2,274

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.

16. CONTINGENT LIABILITIES

a. Acquisition of Yield Rise

Pursuant to the sale and purchase agreement (the "Agreement") made on or about 8 November 2010 between the Company and Make Success Limited ("Make Success"), an independent third party, as amended by a supplemental agreement on 31 March 2011, the Group agreed to acquire from Make Success 100% equity interests in Yield Rise Limited ("Yield Rise") at 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 (the "Consideration"). 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 Port Development Joint Venture Co, Limited ("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. The acquisition was completed on 9 May 2011.

The fair value of consideration paid at completion date was as follows:

	RMB'000
Deposit for acquisition of equity interest in a company paid in last year	62,293
Cash consideration	20,489
Issue of consideration shares	89,026
Promissory notes	258,145
Convertible bonds	71,499
	501,452

In November 2011, the Group became aware of problem about the acquisition when the local management was reluctant to provide the Group financial information of Dan Tien and there was conflicting version of the development progress of the port. Therefore, the Group started investigating the acquisition. Through various investigations, the Group noted that there were false information and documents provided by or through Make Success in relation to the acquisition of Yield Rise. In January 2012, the Group commenced litigation against Make Success and certain parties involved in the acquisition (the "Defendants") to claim for the damages and rescission of the Agreement for breach of the Agreement and misrepresentation made by them and repayment of Consideration. The Group is negotiating with the Defendants for the settlement of the claims and proposes to enter a settlement deed with Make Success to resolve the matter of Yield Rise. Pursuant to the draft settlement deed, the Agreement shall be rescinded. Make Success shall (i) return the consideration shares to the Company and (ii) surrender the promissory notes and convertible bonds. The Company shall return the shares in Yield Rise to Make Success. Therefore, the directors consider that it is appropriate to de-recognise the investment in Yield Rise Group, the promissory notes and convertible bonds. Resulting a loss on derecognition of RMB172,343,000 was recognised in consolidated profit or loss for the year ended 31 December 2011.

The Company is finalising the settlement deed and therefore, the directors are in the opinion that the outcome of the litigation will not have significant impact on the Group's financial position.

b. Winding up petition

On 4 August 2014, Mr. Lai Yueh-Hsing, a former director of the Company, filed a Winding Up Petition dated 29 July 2014 against the Company under the Grant Court of Cayman Islands ("Grant Court") to demand for the repayment of loan of HK$11,030,000 due to him. The Group acknowledged the loan was owing to him. On 7 November 2014 and judgment was handed down by Grant Court to dismiss the petition. Subsequently an appeal against the decision of the Grant Court was filed by Mr. Lai Yueh-Hsing. On 19 October 2017, the Company filed an application to strike out the appeal to the Cayman Islands Court of Appeal. The hearing of the Cayman Islands Court of Appeal was held on 15 November 2017 and order that both the appeal filed by Mr. Lai Yueh-Hsing and the Company be dismissed. Therefore, it is the opinion of the directors that the outcome will not have a material impact on the Group's financial position.

c. Winding up petition against a subsidiary

Guangzhou Mayer, a subsidiary of the Company, had received a notice dated 6 December 2017 from the Intermediate Court of Guangzhou Municipality, Guangdong Province (the "Intermediate Court") that the Intermediate Court had received the application of the winding up petition against Guangzhou Mayer filed by Wealth & Health Investments Limited and Taishun Industrial (Inner Mongolia) Food Co., Limited. The Intermediate Court has not decided the date for hearing of the said winding up petition. According to legal advice, the winding up petition against Guangzhou Mayer do not meet the conditions required by the relevant laws. The directors believe that the application of the winding up petition will be strike out by Intermediate Court.

d. Writs of summons against the Company

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

17. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these Interim Financial Statements, the Group had no other transactions and balances with its related parties during the period ended 30 June 2012.

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

	Six months ended 30 June	
	2012	**2011**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefit	2,371	2,010
Retirement scheme contribution	10	8
	2,381	2,018

18. COMPARATIVE FIGURES

As a result of re-present the results of the aircraft leasing operation as discontinued operations and the de-recognition of Yield Rise Group, certain comparative figures have been restated to conform to current period's presentation.

REVIEW OF RESULTS

For the six months ended 30 June 2012 (the "Period"), Mayer Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") reported consolidated revenue of approximately RMB219,141,000 representing a decrease of 9.5% compare to same period last year's approximately RMB242,063,000. Gross profit margin was 3.5% compared to the same period of last year's 8.4%. Loss attributable to owners of the Company was approximately RMB19,554,000, compared with same period of last year's approximately RMB164,722,000. Loss per share for the Period was RMB2.11 cents versus same period of last year's RMB21.66 cents.

BUSINESS REVIEW

The primary business focus for the management of the Company in the half-year period of review is to deal with the difficulties in publishing and despatching the Group's annual results and the annual reports for the year ended 31 December 2011, and also the Group's interim results and the interim report for the six months ended 30 June 2012, respectively, pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). An updated list of unsolved matters in relation to the failure of publishing the said financial results and reports had been disclosed in the Company's announcement dated 22 November 2012. By the end of 2012, the Company was still unable to inform the shareholders of the Company (the "Shareholders") the dates of the 2011 annual results announcement, the 2012 interim results announcement and the despatch of the 2011 annual report and the 2012 interim report. The Company admitted that such delays had constituted breaches of the Rules 13.49(1), 13.46(2), 13.49(6) and 13.48(1) of the Listing Rules.

At the request of the Company, the trading in the shares of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended with effect from 9:00 a.m. on 9 January 2012 pending the release of an announcement by the Company in relation to the placing of new Shares which was of price-sensitive in nature. As at the date of this report, the Shares continue to be suspended for trading on the Stock Exchange until further notice.

In light of the suspension of the trading in the Shares on the Stock Exchange, the Company had engaged an independent professional adviser to conduct a review of the adequacy of the financial reporting procedures and the internal control systems of the Group. However, the new management of the Company (formed as a result of the Company's two extraordinary general meetings held on 9 October 2014) wonders if there is any relevant review report ever issued by such independent professional adviser.

On 6 January 2012, the Company entered into a conditional placing agreement (as supplemented by a supplemental agreement dated 31 January 2012) with a placing agent on a best endeavour basis for the placing of up to 185,000,000 new Shares to not less than six placees (including the placing agent itself) at the placing price of HK$0.11 per placing share. However, the Company and the placing agent reached mutual agreement to terminate the placing agreement on 21 March 2012.

On 23 February 2011, Guangzhou Mayer Corporation Limited ("Guangzhou Mayer") entered into a sale and purchase agreement with Chongqing Hengyang Property Development Co., Limited (the "Vendor"), pursuant to which Guangzhou Mayer conditionally agreed to acquire and the Vendor agreed to sell a commercial complex for a cash consideration of RMB60,660,000 (the "Sale and Purchase Agreement"). On 20 April 2012, Guangzhou Mayer and the Vendor entered into another agreement to terminate the Sale and Purchase Agreement (the "Termination Agreement"), pursuant to which the Vendor would return to Guangzhou Mayer the sum of the cash consideration paid, plus 5% of the consideration as compensation, being RMB63,693,000 in total. On 24 August 2012, Guangzhou Mayer received the full and final settlement of the Termination Agreement from the Vendor. The details of both the Sale and Purchase Agreement and the Termination Agreement had been provided by the Company's announcements during the financial year under review.

On 21 November 2011, the Company entered into a disposal agreement relating to the disposal of the entire issued shares of Bamian Investments Pte Limited (the "Disposal Agreement"). Since no approval had been obtained from the Stock Exchange and the Shareholders within one year after signing of the Disposal Agreement (that is, before 22 November 2012), the Disposal Agreement had been considered as terminated on 22 November 2012.

On 9 May 2011, the Company had acquired the entire issued share capital of Yield Rise Limited ("Yield Rise") at the total consideration of HK$620 million from Make Success Limited ("Make Success"), the vendor. Yield Rise controls the right to develop a designed port and certain real estate projects in the Dan Tien Port of Vietnam. However, the Company subsequently discovered that it was induced into the acquisition transaction by the misrepresentations made by Make Success and its accomplices; therefore, the Company commenced legal proceedings, pursuant to the Misrepresentation Ordinance, in the High Court of Hong Kong under action number of HCA64 of 2012 against Make Success and other allegedly related parties on 12 January 2012 ("HCA64/2012"). Resulted from a court hearing held on 5 April 2012, the Company obtained an interim injunction order from the court (the "Injunction Order") to restrain any movement of the 236,363,636 consideration Shares, being one part of the above-mentioned total consideration of HK$620 million paid to Make Success for the acquisition of Yield Rise. At the date of this report, the Injunction Order is still in force.

Other than the HCA64/2012 case, the Company is also currently involved into various court proceedings which are still pending at the date of this report. The progress of the HCA64/2012 case and the latest updates of those legal proceedings, together with all other material information of the Company, had been disclosed in details by the Company's prompt announcements during the financial year under review.

PRODUCTION AND SALES

The revenue from indirect export sales of steel products in the People's Republic of China (the "PRC") during the Period was approximately RMB147,110,000, representing a decrease of approximately 10.6% compared with approximately RMB164,584,000 (restated) for the same period of 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 RMB70,912,000, representing a decrease of approximately 5.8% compared with the same period of last year's approximately RMB75,247,000 (restated).

The revenue from direct export sales of steel products outside the PRC during the Period was approximately RMB1,119,000 representing a decrease of approximately 49.9% while it was approximately RMB2,232,000 (restated) for the same period of last year.

GROSS PROFIT

The Group recorded a gross profit of approximately RMB7,565,000 for the period, with a gross profit margin of approximately 3.5%, compared with the gross profit of approximately RMB20,345,000 and a gross profit margin of approximately 8.4% for the same period of last year. This was mainly attributable to the increase in the material cost for the Period.

OPERATING EXPENSES

The total operating expenses of the Group for the Period were approximately RMB30,134,000, of which approximately RMB5,359,000 in distribution costs, RMB24,775,000 in administrative expenses and RMB Nil in other operating expenses, accounting for approximately 2.4%, 11.3%, and 0% of revenue respectively while the amounts for the same period of last year were approximately RMB4,903,000, RMB17,569,000, and RMB6,000 respectively, accounting for approximately 2.0%, 7.3%, and 0.1% respectively. The increase in operating expenses was mainly attributable to the increase in legal and professional fees for the Period.

FINANCE COSTS

During the Period, the Group incurred approximately RMB3,059,000 in finance costs, compared with approximately RMB1,650,000 for the same period of last year. The Group relied on bank borrowings to finance its trading activities, the increase in finance costs paid during the Period was mainly due to the increase in borrowings.

FINANCIAL RESOURCES AND TREASURY POLICIES

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

As at 30 June 2012, the Group had bank deposits and cash balances of approximately RMB46,028,000.

The Group had net current assets of approximately RMB142,719,000 as at 30 June 2012 as compared with approximately RMB163,687,000 as at 31 December 2011. The current ratio (current assets divided by current liabilities) changed to approximately 1.93 as at 30 June 2012 from approximately 2.18 as at 31 December 2011.

The Group had a total of approximately RMB55,578,000 financing facilities from banks were available as at 30 June 2012, approximately RMB102 million had been drawn down to finance the Group's working capital purposes and capital expenditures.

The debt-to-equity ratio (total liabilities divided by total capital) as at 30 June 2012 was approximately 70.7% while it was approximately 55.9% as at 31 December 2011. Current portion of borrowings accounted for approximately 27.4% and 30.9% of the total assets of the Group as at 30 June 2012 and 31 December 2011, respectively.

CASH FLOW

For the period, the Group generated net cash inflow of approximately RMB25,261,000 from its operating activities, as compared to net cash outflow of approximately RMB14,232,000 for the same period of last year. The increase in net cash inflow from operating activities was primarily due to the increase in profit generated and increase in trade payables and other payables. Net cash inflow of approximately RMB24,193,000 was from investing activities for the Period, mainly resulted from decrease in pledge bank deposit. Net cash outflow of approximately RMB22,978,000 was from financing activities, mainly resulted from net repayment of bank borrowings. Banks deposits and cash balances as at 30 June 2012 amounted to approximately RMB46,028,000, mainly denominated in Renminbi ("RMB"), US dollars and HK dollars.

FOREIGN EXCHANGE EXPOSURES

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

CHARGE ON GROUP ASSETS

As at 30 June 2012, no assets were pledged to banks for securing banking or other financing facilities granted to the Group.

CONTINGENT LIABILITIES

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

1. In January 2012, the Group commenced litigation against Make Success and certain parties (the "Defendants") involved in the acquisition of Yield Rise to claim for the damages and rescission of the agreement for breach of the agreement and misrepresentation made by them and repayment of consideration. The Group is negotiating with the Defendants for the settlement of the claims and proposes to enter a settlement deed with Make Success to resolve the matter of Yield Rise. Pursuant to the draft settlement deed, the Agreement shall be rescinded. Make Success shall (i) return the consideration shares to the Company and (ii) surrender the promissory notes and convertible bonds. The Company shall return the shares in Yield Rise to Make Success. Therefore, the directors consider that the investment in Yield Rise and its subsidiaries ("Yield Rise Group"), the promissory notes and convertible bonds were not recognised in the consolidated financial statements.

2. On 4 August 2014, Mr. Lai Yueh-Hsing, a former director of the Company, filed a Winding Up Petition dated 29 July 2014 against the Company under the Grant Court of Cayman Islands ("Grant Court") to demand for the repayment of loan of HK$11,030,000 due to him. The Group acknowledged the loan was owing to him. On 7 November 2014 and judgment was handed down by Grant Court to dismiss the petition. Subsequently an appeal against the decision of the Grant Court was filed by Mr. Lai Yueh-Hsing. On 19 October 2017, the Company filed an application to strike out the appeal to the Cayman Islands Court of Appeal. The hearing of the Cayman Islands Court of Appeal was held on 15 November 2017 and order that both the appeal filed by Mr. Lai Yueh-Hsing and the Company be dismissed. Therefore, it is the opinion of the directors that the outcome will not have a material impact on the Group's financial position.

3. Guangzhou Mayer, a subsidiary of the Company, had received a notice dated 6 December 2017 from the Intermediate Court of Guangzhou Municipality, Guangdong Province (the "Intermediate Court") that the Intermediate Court had received the application of the winding up petition against Guangzhou Mayer filed by Wealth & Health Investments Limited and Taishun Industrial (Inner Mongolia) Food Co., Limited. The Intermediate Court has not decided the date for hearing of the said winding up petition. According to legal advice, the winding up petition against Guangzhou Mayer do not meet the conditions required by the relevant laws. The directors believe that the application of the winding up petition will be strike out by Intermediate Court.

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

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 30 June 2012, the Group had total of about 300 employees. Total staff costs of for the Period were approximately RMB9,714,000, including retirement benefits cost of approximately RMB1,387,000. Remuneration packages of the Group are maintained at a competitive level to attract, retain and motive employees and are reviewed on a periodic basis.

The Group always maintains good relation with its employees and is committed to employee training and development on a regular basis to maintain the quality of our products. In addition, the Company has a share option scheme for the purpose of providing incentives and rewards to eligible participants. No option has been granted under the scheme since its adoption.

OUTLOOK

After the replacement of former management of Guangzhou Mayer in 2017, the new management of Guangzhou Mayer started to implement comprehensive management, and undertake market restructuring and repositioning. The development of carbon steel cutting, steel pipe and stainless steel pipe businesses have moved onto a steady development track.

Focusing on the businesses in relation to the steel sheets used in motor vehicles and the steel pipes used in motor vehicles as well as stainless steel drinking water pipes, Guangzhou Mayer adjusted its marketing strategies based on the actual situation in response to the market. Striving for creation, improvement and perfection, we aim to expand our market share and enhance the value of our products.

Looking ahead to 2018, we will continue to proceed with our steel processing and distribution business (including carbon steel cutting) and to better serve the existing customers. Meanwhile, we will explore new customers by leveraging on our existing advantages and boost sales through developing new domestic resources for steel plants. We strive to enhance our carbon steel pipe production ability, expand the business of pipes used in motor vehicles and gradually phase out from our low-end pipe business, enhancing the profitability of pipe business. We will actively promote the stainless steel drinking water pipe business by expanding its sales volume through integrating distribution channels, and foster regional direct sales channel at the same time. First, we will strenuously explore the direct sales market for stainless steel pipe materials and pipe fittings in Southern China so as to increase profit. In addition, we will actively seek for new projects that suit the need for corporate development in order to create new growth engines for the Group.

Nowadays, there is worldwide optimism about the PRC's future economic development. The pace of China's economic growth has remained in a reasonable range for years, demonstrating a development trend of growth amidst stability. The successful convention of the "19th National Congress of the CPC" has directed the future economic development of China and is going to pose significant impact on the global economy. Locating in the region of Pearl River Delta, one of the most prosperous regions of China, Guangzhou Mayer has unique advantages and we are confident of Guangzhou Mayer's future development. Stemming from 2017, we will strive to realize our business objectives in 2018, including a 16% growth in carbon steel cutting business, a 20% growth in stainless steel pipe business and a 10% growth in carbon steel pipe business, with more than 1,000 tonnes sales of motor vehicle steel pipes.

With its ability, wisdom and determination and with an unwavering focus on economic benefits, the management of Guangzhou Mayer is committed to optimizing the product structure and developing new products of competitiveness, enhancing product value and increasing customer satisfaction, seizing every opportunity that is beneficial to the Company's development and generating the best return to society, shareholders and investors.

Interests and Short Positions of the Directors and Chief Executives of the Company

As at 30 June 2012, none of the directors or chief executives of the Company nor their respective associates, had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have 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 taken under such provisions), or which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange, and none of the directors or chief executives, or their respective spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights at any time during the year.

Substantial Shareholders

So far as the directors of the Company are aware, the person/entity (not being a director or a chief executive of the Company) who has interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part IV of the SFO, were as follows:

Long positions in the share capital of the Company

Name	*Note*	**Capacity and nature of interest**	**No. of ordinary shares held**	**Percentage of Company's issued share capitals**
Mayer Corporation Development International Limited	*(1)*	Beneficial owner	200,000,000	21.56%
Make Success Limited	*(2)*	Beneficial owner	236,363,636	25.48%

Note 1: Mayer Corporation Development International Limited ("Mayer Corporation") is a wholly-owned subsidiary of Taiwan Mayer. By virtue of the SFO, Taiwan Mayer is deemed to be interested in the 200,000,000 Shares held by Mayer Corporation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, both Taiwan Mayer and Mayer Corporation are independent third parties to the Group as defined under the Listing Rules and are also not a party acting in concert with any of the Shareholders.

Note 2: Make Success is wholly owned by Mr. Zhang Xinyu ("Mr. Zhang"). By virtue of the SFO, Mr. Zhang is deemed to be interested in the 236,363,636 Shares held by Make Success. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, both Make Success and Mr. Zhang are independent third parties to the Group as defined under the Listing Rules and are also not a party acting in concert with any of the Shareholders.

Save as disclosed above, as at 30 June 2012, the directors of the Company are not aware of any other person/entity (not being a director or a chief executive of the Company) who has interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part IV of the SFO, or who is directly or indirectly interested in 10% or more of the shares of the Company or equity interest in any member of the Group representing 10% or more of the equity interest in such company.

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 for Securities Transactions by Directors of Listed Issuers ("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 adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules as its Corporate Governance Practices. During the six months end, the deviations to the CG Code are as follows:

The then code provision	Reason for the non-compliance and improvement actions took or to be taken
A.1.1 to A.1.5, C.3.1	Due to loss of records, the Company was unable to ensure there were regular Board meetings and committee meeting were held for the Period.
A.1.8	No insurance cover was arranged for the Period. The Company will arrange insurance cover immediately upon the resumption of trading of the Company's shares.
A.2.1	Mr Hsiao Ming-chih has been both the Chairman and chief executive officer of the Company. Given the Company's current stage of development, the Board considers that vesting the roles of Chairman and chief executive officer in the same person facilitates the execution of the Company's business strategies and maximizes effectiveness of its operations. The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

A.2.5	The Company was not in compliance with certain code provisions as set out in the CG Code for the Period. The existing Chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.
C.1.5	Due to change of auditor, there were no annual and interim results of the Group for the Period presented to regular Board meetings for approval.

Interim Dividends

No dividend was paid during the period of six months ended 30 June 2012. The directors do not recommend the payment of an interim dividend for the Period.

Share Option Scheme

The share option scheme was adopted on 24 May 2004 (the "Share Option Scheme") for the primary purpose of providing incentive and to recognize 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 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 30 June 2012, no options have been granted since the adoption of the Share Option Scheme. 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, 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.

Directors' Right to Acquire Shares

At no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors, supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

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.

Audit Committee

The audit committee of the Company (the "Audit Committee") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee comprises independent non-executive directors of the Company; namely, Mr. Lau Kwok Hung (who is also the chairman of the Audit Committee), Mr. Ng Cheuk Lun and Mr. Deng Shimin. The interim results of the Company for the Period have been reviewed by the Audit Committee.