美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1116)

Annual Report 2011

* *For identification purpose only*

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DIRECTORS

Executive Directors

Mr. Lee Kwok Leung *(Chairman)*
Mr. Xu Lidi
Mr. Lin Jinhe

Non-executive Directors

Mr. Wang Dongqi

Independent Non-executive Directors

Mr. Ng Cheuk Lun
Mr. Lau Kwok Hung
Mr. Deng Shimin

AUDIT COMMITTEE

Mr. Lau Kwok Hung *(Chairman)*
Mr. Ng Cheuk Lun
Mr. Deng Shimin

REMUNERATION COMMITTEE

Mr. Lee Kwok Leung *(Chairman)*
Mr. Deng Shimin
Mr. Lau Kwok Hung
Mr. Ng Cheuk Lun

NOMINATION COMMITTEE

Mr. Ng Cheuk Lun *(Chairman)*
Mr. Deng Shimin
Mr. Lau Kwok Hung

COMPANY SECRETARY

Mr. Leung Kwok Fai Ben Rich

AUDITOR

ZHONGHUI ANDA CPA Limited
Unit 701-3 & 8, Citicorp Centre,
18 Whitfield Road,
Causeway Bay,
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

PRINCIPAL REGISTRAR

Tricor Services (Cayman Islands) Limited
P.O. Box 10008, Willow House,
Cricket Square,
Grand Cayman KY1-1001,
Cayman Islands

BRANCH REGISTRAR

Computershare Hong Kong Investor Services Limited
46/F Hopewell Centre,
183 Queen's Road East,
Wan Chai,
Hong Kong

REGISTERED OFFICE

PO Box 309GT, Ugland House,
South Church Street, George Town,
Grand Cayman, Cayman Islands,
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

21st Floor,
No. 88 Lockhart Road,
Wan Chai,
Hong Kong

STOCK CODE

1116

EXECUTIVE DIRECTORS:

Mr. Lee Kwok Leung ("Mr. Lee")

Mr. Lee, aged 57, was nominated and appointed as an executive Director and the chairman of the Board by the Shareholders on 9 October 2014. Mr. Lee has also been a member of the nomination committee of the Board, an authorized representative and a director of various subsidiaries of the Company. Mr. Lee has approximately 23 years of experience in asset management for professional and institutional investors. Mr. Lee has extensive experience in portfolio construction, portfolio management, risk assessment and investment due-diligence. Mr. Lee was a Managing Director of BOCI Direct Management Limited from 1992 to 1999, when he was responsible for the overall management of the private equity fund. Mr. Lee is a responsible officer of Success Talent Investments Limited, a Type 9 regulated entity registered with the Securities and Futures Commission of Hong Kong. Mr. Lee is currently an executive director of Opes Asia Development Limited (stock code: 00810), an independent non-executive director of Imperial Pacific International Holdings Limited (formerly known as First Natural Foods Holdings Limited, stock code: 01076), and was a non-executive director of Jimei International Entertainment Group Limited (stock code: 01159) until 31 August 2013, the shares of which are listed on the Main Board of the Stock Exchange. Mr. Lee is also the sole and ultimate beneficial owner of Capital Wealth Finance Company Limited, a licensed money lender under the Money Lenders Ordinance of Hong Kong.

Mr. Xu Lidi ("Mr. Xu")

Mr. Xu, aged 46, was nominated and appointed as an executive Director by the Shareholders on 9 October 2014. Mr. Xu is also a director in a number of subsidiaries of the Company, including Guangzhou Mayer. Mr. Xu obtained a Doctoral Degree in Business Administration from Beijing Normal University and a Doctor of Philosophy Degree (PhD) in Economics from Nueva Ecija University of Science and Technology. Mr. Xu has been a visiting-professor of the Economic and Business and Administration (MBA) at Beijing Normal University. Prior to that, Mr. Xu worked at China Construction Bank and Bank of China for many years. Mr. Xu had also been a senior management of China Rural Development Trust & Investment Corporation, and other financial and business corporations in the PRC. Mr. Xu has more than 25 years of experience in the sectors of banking, financial, industry and commerce. Mr. Xu was an executive director of Rosan Resources Holdings Limited (Hong Kong main board listing stock code: 00578, formerly known as China CBM Group Limited and Dynamic Energy Holdings Limited) and a non-executive director of Australian Natural Proteins Limited (ASX stock code: AYB), the shares of which is listed on the Australian Stock Exchange Limited ("ASX").

Mr. Lin Jinhe ("Mr. Lin")

Mr. Lin, aged 33, was nominated and appointed as an executive Director by the Shareholders on 9 October 2014. Mr. Lin had once been an authorized representative of the Company and a director of one wholly-owned subsidiary of the Company. Mr. Lin has over 14 years of management experience in papermaking industry. Mr. Lin graduated from Beijing Forestry University majoring in pulp and paper manufacturing in 2001.

Mr. Hsiao Ming-chih ("Mr. Hsiao")

Mr. Hsiao, aged 52, was re-designated as an executive Director and the chairman of the Board on 19 December 2008. Mr. Hsiao holds a Bachelor degree in commerce from the accounting faculty of the Tung Hai University. Mr. Hsiao was the general manager of Taiwan Mayer and a director of Fullchamp Technologies Co., Ltd. Mr. Hsiao retired from his position as the chairman of the Board and the chief executive officer of the Company with effect from 12 March 2014. Mr. Hsiao was removed from the Board on 9 October 2014.

Mr. Lai Yueh-hsing ("Mr. Lai")

Mr. Lai, aged 54, an executive Director who was responsible for the overall corporate strategy and planning of the Group. Mr. Lai holds a bachelor degree in corporate management from Tamkang University. Mr. Lai was the general manager of Durban Development Co., Limited. With effect from 12 March 2014, Mr. Lai was appointed as the chairman of the Board and the chief executive officer of the Company. Mr. Lai was removed from the Board on 9 October 2014.

Mr. Lu Wen-yi ("Mr. Lu")

Mr. Lu, aged 61, graduated and received from the National Chung Hsing University a bachelor degree in laws in 1973. Prior to his appointment as Director, Mr. Lu had over 25 years of experience in real estate development and over 8 years of experience in biotechnology industry. Mr. Lu was the chief executive officer of High Sierra Biotech LLC. and the general manager of 蘇州安佑科技有限公司. Mr. Lu was removed from the Board on 9 October 2014.

Mr. Chiang Jen-chin ("Mr. Chiang")

Mr. Chiang, aged 45, an executive Director who was responsible for the financial activities of the Group. Mr. Chiang had over 20 years of experience in the steel pipe and sheet industry. Mr. Chiang had been the manager to the general manager office and the manager of the finance department of Mayer Steel Pipe Corporation. Mr. Chiang was removed from the Board on 9 October 2014.

Mr. Xue Wenge ("Mr. Xue")

Mr. Xue, aged 41, had been appointed as an executive Director with effective from 30 June 2011. Mr. Xue holds a master degree in criminal justice in the East China University of Political Science and Law and has over 14 years of experience in the field of jurisdiction and law. Mr. Xue has been a tribunal director of People's Court in Lishu District, Jixi City, Heilongjiang, qualified lawyer of Heilongjiang Tianfu Law Firm Shanghai Branch and the chief lawyer of Zhejiang Xintaizhou Law Firm Shanghai Branch. Mr. Xue worked as a chief lawyer of Shanghai Junjin Law Firm since 2009. Mr. Xue was removed from the Board on 9 October 2014.

Mr. Lo Haw ("Mr. Lo")

Mr. Lo, aged 49, is an executive Director responsible for the product development of the Group. Mr. Lo holds a master of business administration degree in 1992 from the Bloomsbury University of Pennsylvania, USA. Mr. Lo has over 20 years of experience in the steel pipe and sheet industry. Prior to his appointment as a director of Guangzhou Mayer on 23 November 1995, Mr. Lo had worked as the vice-chairman of Yungfa Steel Corp., Limited. During the Year, Mr. Lo was also a director of a number of companies, namely, Taiwan Mayer and Fukang Investments Holdings Company Limited. Mr. Lo was awarded by the Government of Guangzhou Municipal as "Honorary Citizen".

Mr. Cheng Koon Cheung ("Mr. Cheng")

Mr. Cheng, aged 46, has years of experience and possesses extensive knowledge in area of corporate planning and market development. Mr. Cheng is also familiar with sales and marketing networks of coal industry. Mr. Cheng was an executive director of Dynamic Energy Holdings Limited, a company listed on the main board of the Stock Exchange, from May 2006 to April 2010. Mr. Cheng was also an independent non-executive director of M Dream Inworld Limited, a company listed on the Growth Enterprise Market in 2001-2003 and an executive director of China Golden Development Holdings Limited, a company listed on the main board of the Stock Exchange in 2005-2006. Mr. Cheng resigned as an executive Director with effect on 12 January 2012.

NON-EXECUTIVE DIRECTORS:

Mr. Li Deqiang ("Mr. Li")

Mr. Li, aged 48, graduated from Chang Chun School of Geology in 1983 with a diploma in geology and is the qualified geological engineer. Mr. Li has 27 years extensive experiences in geological and minerals resources exploration industry. Mr. Li had been the technician in the Bureau of Geology and Minerals Resources Exploration, Liaoning Province.

Mr. Wang Dongqi ("Mr. Wang")

Mr. Wang, aged 39, had been appointed as non-executive Director with effect from 9 August 2017. Since 14 February 2017, Mr. Wang has been a director of Guangzhou Mayer. Mr. Wang had served in the navy of the PRC; thereafter, Mr. Wang has worked in various corporations in the sectors of logistics, trading and investment in China, accumulating more than twenty years extensive working experience in corporate administration and finance management with a powerful friend-sourcing network.

Mr. Lam Chun Yin ("Mr. Lam")

Mr. Lam, aged 27, was appointed as a non-executive Director with effective from 30 June 2011. Mr. Lam graduated from London School of Economics and Political Science, University of London, England with a bachelor of science degree in accounting and finance. Mr. Lam has around 6 years' experience in investment banking. Mr. Lam was also a responsible officer in advising of corporate finance regulated activity of United Simsen Securities Limited pursuant to the SFO. Mr. Lam had undertaken assignments including advising on corporate finance activities, mergers and acquisitions, corporate resumption, IPO projects and equity fund raising activities. Mr. Lam resigned as a non-executive Director with effect on 9 May 2012.

Mr. Chan Kin Sang ("Mr. Chan")

Mr. Chan, aged 60, had been appointed as a non-executive Director with effective from 14 June 2010. Mr. Chan has been a practicing solicitor in Hong Kong since 1982 and is currently the sole proprietor of Messrs. Peter K.S. Chan & Co., Solicitors and Notaries. Mr. Chan was admitted as a notary public in 1997 and a China-appointed attesting officer in 2000. He currently acts as independent non-executive director of two Singaporean listed companies; namely, People's Food Holdings Limited and Luxking Group Holdings Limited and also acts as non-executive director of one Singaporean listed company, Pan Hong Property Group Limited. Mr. Chan also acts as independent non-executive director of five other Hong Kong listed companies; namely, Combest Holdings Limited, China Precious Metal Resources Holdings Co., Limited, International Taifeng Holdings Limited, Pacific Plywood Holdings Limited and United Pacific Industries Limited. Mr. Chan was formerly an independent non-executive director of New Smart Energy Group Limited, Plus Holdings Limited and Dynamic Energy Holdings Limited, a Hong Kong listed company and that of Sunray Holdings Limited, a Singaporean listed company. Mr. Chan resigned as a non-executive Director with effect on 21 December 2011.

Mr. Chen Guoxiang ("Mr. Chen")

Mr. Chen, aged 56, had been appointed as a non-executive Director with effective from 28 September 2010. Mr. Chen graduated from Liaoning Technical University in 1978 with a bachelor's degree in mining technology. Mr. Chen has 30 years extensive experiences in the field of mineral resources exploration especially in coal industry. Mr. Chen has been working in the Bureau of Liaoning Fu Xin Mining Affairs (遼寧阜新礦務局) for more than 20 years and he was also the secretary of the Bureau of Liaoning Coal Mine Safety Supervision from 2002 to 2007. Mr. Chen has been the General Manager of 遼寧鉄岭宏運煤化工有限公司. Mr. Chen resigned as a non-executive Director with effect on 30 June 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Lau Kwok Hung ("Mr. Lau")

Mr. Lau, aged 64, was appointed as an independent non-executive Director by the Board on 9 October 2014. Mr. Lau is also the chairman and a member of the audit committee and remuneration committee of the Board respectively. Mr. Lau is a certified public accountant in Hong Kong and has extensive experience in financial accounting, auditing, taxation, company secretarial matter and corporate finance, especially in mergers, acquisitions and corporate restructuring. Mr. Lau is a fellow of the Hong Kong Institute of Certified Public Accountants, and formerly, was a fellow of the Association of Chartered Certified Accountants and an associate member of the Chartered Institute of Management Accountants. Mr. Lau holds a Senior Executive Master Degree in Business Administration from Charles Darwin University. He also obtained a Specialist Qualification (SQ) in Insolvency issued by the Hong Kong Institute of Certified Public Accountants and a Diploma in International Business Valuation. Mr. Lau is currently an independent non-executive director of Huaxi Holdings Company Limited (stock code: 01689) and was an Executive Director and company secretary of Neptune Group Limited (stock code: 00070, formerly known as Mandarin Resources Corporation Limited and subsequently Massive Resources International Corporation Limited), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Ng Cheuk Lun ("Mr. Ng")

Mr. Ng, aged 34, was nominated and appointed as an independent non-executive Director by the Shareholders on 9 October 2014. Mr. Ng is also the chairman of the remuneration committee, a member of the audit committee and nomination committee of the Board. Mr. Ng is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Ng has extensive experience in financial reporting for listed companies and public securities offering and mergers and acquisitions in Hong Kong and abroad. Mr. Ng is currently a practicing accountant at MN CPA Limited. Prior to joining MN CPA Limited, Mr. Ng worked at notable international accounting firms as well as multinational corporations in Hong Kong and Australia for over 13 years.

Mr. Peter V.T. Nguyen ("Mr. Nguyen")

Mr. Nguyen, aged 68, had been appointed as an independent non-executive Director with effective from 14 June 2010. Mr. Nguyen is a senior counsel and was called to the Bar in England by the Honorable Society of the Middle Temple in 1970. Mr. Nguyen was the assistant crown counsel and crown counsel in the Legal Department of Hong Kong Government during the period from August 1970 to November 1974 and was in private practice as a barrister in Hong Kong for approximately twenty years. Mr. Nguyen was appointed as the Director of Public Prosecutions in the Legal Department of Hong Kong Government during the period from July 1994 to October 1997 where he was the first and the only Chinese to hold such position. Mr. Nguyen was appointed as a Queen's Counsel in 1995 and was the Judge of the Court of First Instance of the High Court, Hong Kong from February 1998 to April 2009. Mr. Nguyen obtained the approval from the relevant department of the Government of Hong Kong Special Administrative Region of the People's Republic of China for his appointment as an independent non-executive Director. Mr. Nguyen resigned as an independent non-executive Director with effect on 23 December 2011.

Mr. Deng Shimin ("Mr. Deng")

Mr. Deng, aged 53, was appointed as an independent non-executive Director by the Board on 19 April 2016. Mr. Lau is also a member of the audit committee and remuneration committee of the Board. Mr. Deng graduated from the Zhengzhou University with a Bachelor Degree in Economics in 1983. Mr. Deng holds a Master's Degree in LLM awarded by the China University of Political Science and Law in 1997 and a PhD in Economics awarded by the Renmin University of China in 2003. Mr. Deng has extensive working experience and supervision in the financial industry. Mr. Deng was appointed as the President of the respective branches of the Bank of Communications in Zhengzhou and Tianjin during the years from 1991 to 2000. He was appointed as the Vice Chairman of China Everbright Bank Co., Ltd. in 2001. He was also the Chairman of the Board of Supervisors of China Everbright Securities Co., Ltd. (SHA: 601788) during the years from 2002 to 2003. Mr. Deng was the Vice President of the 5th and 6th Henan Institute of Finance, the 7th CPPCC member and executive director of China Youth Entrepreneurs Association and the committee member of the 7th People's Political Consultation Committee of Henan Province. Currently in Australia, Mr. Deng is the beneficial owner of J & K Exports Pty Limited and JSMD Investments Pty Limited, and the chairman of The Federation of Henan Chamber of Commerce Australia Incorporated.

Mr. Huang Jian Wei ("Mr. Huang")

Mr. Huang, aged 65, had been appointed as an independent non-executive Director and a member of the Audit Committee of the Board on 12 March 2015. Mr. Huang graduated from Tai Yuan Engineer College in China in 1970. He has extensive experience in business operations of the commercial bank and investment bank, in particular in the international finance and capital market. Mr. Huang has worked for national banks, private banks and private investment companies for many years in China. Mr. Huang had ceased to be a Director on 19 April 2016.

Mr. Lin Sheng-bin ("Mr. Lin")

Mr. Lin, aged 47, holds a Master degree in Finance from National Chung-Cheng University. Mr. Lin has worked as the section staff member, commissioner, auditor and the supervisor of the Team 1 (Governance of Public Companies) of Regulatory Commission for Securities and Futures, under the Finance Ministry of Taiwan and the supervisor of Team 7 (Futures) under First Taiwan Securities Inc. Mr. Lin has been the executive vice president of Sinopac Securities Corp. and a director in Giga Trend International Venture Investment Corp. and Gigawin International Venture Investment Corp. Mr. Lin was removed from the Board on 9 October 2014.

Mr. Huang Jui-hsiang ("Mr. Huang")

Mr. Huang, aged 51, obtained a master degree in accountancy from the National Chengchi University. Mr. Huang has over 17 years of experience in the accounting field. Mr. Huang had worked as the assistant manager in the audit services department of KPMG in Taiwan. Mr. Huang was removed from the Board on 9 October 2014.

Mr. Alvin Chiu ("Mr. Chiu")

Mr. Chiu, aged 51, graduated from the University of Southern California, USA in 1983 majoring in economics. Mr. Chiu has extensive commercial and retail banking experience in the USA. Mr. Chiu had worked as the vice president and branch manager of First Central Bank in Los Angeles, California, USA for eight years. Mr. Chiu has been the managing director of Pacific Links Group Limited and Pacific Connections Group Limited. Mr. Chiu has experience in China trades, importation and wholesale industries. Mr. Chiu is also involved in the contract manufacturing, electronics and original equipment manufacturing (so-called "OEM") assembly business in Greater China. Mr. Chiu was removed from the Board on 9 October 2014.

COMPANY SECRETARY:

Ms. Li Shan Mui, Janice ("Ms. Li")

Ms. Li was nominated and appointed as an independent non-executive Director by the Shareholders on 9 October 2014. Ms. Li resigned as an independent non-executive Director and was appointed by the Board as the company secretary of the Company, both with effect from 16 December 2014. Ms. Li graduated from University of Hertfordshire, United Kingdom with a degree of Bachelor of Arts in accounting. Ms. Li is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, a member of The Taxation Institute of Hong Kong and Certified Tax Adviser, Hong Kong. Ms. Li has over 11 years of experience in auditing, accounting, budgeting, financial analysis in local and international companies, and has over 6 years of experience in company secretarial, corporate governance and finance in listed company. Ms. Li. was the company secretary of Global Energy Resources International Group Limited (Stock Code: 08192), the shares of which is listed on the Growth Enterprise Market of the Stock Exchange. Ms. Li tendered her resignation as the company secretary, the authorised representative and the chief financial officer of the Company with effect from 9 August 2017 to pursue other career opportunities.

Mr. Leung Kwok Fai Ben Rich ("Mr. Leung")

Mr. Leung had been appointed as the company secretary and the authorised representative of the Company with effect from 9 August 2017. Mr. Leung is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators, United Kingdom. Mr. Leung has over 25 years of working experience in audit, accounting, corporate finance as well as listing compliance issues with public companies listed in Hong Kong. Since 2009, Mr. Leung has been the company secretary and the authorised representative of China Health Group Inc. (formerly known as Venturepharm Laboratories Limited, HK stock code: 08225), a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Mr. Chan Lai Yin Tommy (Mr. Chan)

Mr. Chan was also the financial controller and qualified accountant of the Group and a member of the senior management of the Company in the Year. Mr. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Mr. Chan has over 20 years of experience in audit and accounting field. Prior to joining the Company, Mr. Chan held the posts of financial controller and company secretary of another listed company in Hong Kong. Mr. Chan's employment with the Company and his office of company secretary in the Company ended on 9 October 2014.

The Company does not have a separate chairman and chief executive officer and Mr Hsiao Ming-chih had 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.

On behalf of the board of directors of Mayer Holdings Limited (the "Board"), I hereby present the audited results of Mayer Holdings Limited and its subsidiaries (the "Company" and collectively, the "Group") for the year ended 31 December 2011 (the "Year").

IMPORTANT MISSION – COMPLETION OF A VERY SUBSTANTIAL ACQUISITION

During the Year, the Company had completed an important acquisition of the right to develop a designed port and certain real estate projects in the Dan Tien Port of Vietnam (the "Dan Tien Port Project"). The Group is principally engaged in the manufacturing and trading of steel pipes, steel sheets and other products made of steel, property investment and the leasing of aircrafts for rental purposes. Given the challenging business environment in the existing business, the Board is eager to expand the business of the Group into other business sectors which are expected to provide a favourable and sustainable development opportunity for the Group. At first and as disclosed in the Company's circular dated 13 April 2011, the directors of the Company (the "Directors") were of the opinion that the Dan Tien Port Project would facilitate the Group expand its business into other profitable sectors in a fast-growing country and generate additional profits to the Group in the future. Eventually, the Dan Tien Port Project did not work out as planned.

IMPORTANT MISSION – A VERY SUBSTANTIAL DISPOSAL

At the fourth quarter of the Year, the Board had finally concluded the strategic decision to dispose of Bamian Investments Pte. Limited ("Bamian"), a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company, to two purchasers (the "Disposal"). The Disposal constitutes a very substantial disposal under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and is therefore subject to the requirements of reporting, announcement and the approval of the shareholders of the Company (the "Shareholders"). The completion of the Disposal was conditional upon fulfillment of a number of conditions precedent which had been fully disclosed in the Company's announcement dated 5 January 2012.

As before and throughout the Year, the Company indirectly holds 81.4% equity interest in Guangzhou Mayer Corporation Limited ("Guangzhou Mayer") through Bamian. Likewise, Guangzhou Mayer held 50% equity interest in Vietnam Mayer Company Limited ("Vietnam Mayer"), which is a company incorporated in Vietnam with limited liability and principally engages in the manufacturing and trading of steel pipes, steel sheets and other steel products. Should the Disposal proceed as intended, both Bamian and Guangzhou Mayer would cease to be a subsidiary of the Company. However, the Disposal was stuck by a number of conditions precedent (which had been fully disclosed in the Company's announcement dated 5 January 2012) agreed by the Company and the purchasers.

IMPORTANT MISSION – CAPITAL INCREASE IN VIETNAM MAYER

Upon completion of the increase in the capital of Vietnam Mayer on 11 February 2011, the equity interests in Vietnam Mayer held by Guangzhou Mayer decreased from 50% to 29.85% hence the Group's effective interest in Vietnam Mayer was decreased from 40.7% to 24.3%. Consequently, the Group lost control in Vietnam Mayer which is then ceased to be a subsidiary of the Company.

IMPORTANT MISSION – CAPITAL INCREASE IN JOINT VENTURE COMPANY

Originally, Glory World Development Limited ("Glory World") was equally owned by the Company and Mayer Steel Pipe Corporation ("Taiwan Mayer"), which is the ultimate beneficial substantial Shareholder in the Year and a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange Corporation. Through its wholly-owned subsidiary, Mayer Corporation Development International Limited, Taiwan Mayer holds 200,000,000 shares in the Company representing approximately 28.94% of the issued share capital of the Company throughout the Year. The joint venture partners aimed at carrying out the trading of nonferrous metals and other minerals resource worldwide through Glory World. On 31 March 2011, the independent Shareholders allowed the Company to inject additional capital into Glory World.

LOOKING FORWARD

Due to a number of reasons, the Group had experienced its first operating loss since 1999; nonetheless, the economy of The People's Republic of China (the "PRC") keeps growing at a steady rate over the past 30 years ever since the country opened up its trading door to the world, we certainly believe that there will be a strong domestic market for the steel products in the years to come.

There has been imbalance of demand and supply and a prolonged rise of commodity prices in, particularly, the emerging markets such as China and India as a result of their flourishing development, the demand for non-ferrous metals and other minerals commodity is increasing worldwide, the Company's joint venture business would firmly grasp this global trend and bring in considerable returns to the Group in the future.

ACKNOWLEDGEMENT

On behalf of the Group, I would like to express my sincere gratitude to all our shareholders, management team, dedicated staff, creditors and professional advisors for their support and valuable assistance throughout the Year.

By order of the Board

Lee Kwok Leung
Chairman appointed on 9 October 2014

REVIEW OF RESULTS

For the year ended 31 December 2011, the Group reported consolidated revenue of approximately RMB489,450,000 from continuing operations representing decrease of 2.4% over last year. Gross profit margin from continuing operations was 3.6% compared to last year's 5.7%. Loss attributable to owners of the Company was approximately RMB247,456,000, compared with last year's profit of approximately RMB13,739,000. Loss per share for the year from continuing operations and discontinued operation was RMB28.17 cents and RMB1.13 cents versus last year's loss and earnings per share of RMB0.88 cents and RMB3.18 cents respectively.

BUSINESS REVIEW

The Company failed to meet the net profit expectation of RMB14 million set by the management in 2011. This was due to the European Debt Crisis and United States Debts-ceiling Crisis that caused inflation in prices, thus affecting the world economic growth. China steel industry has been badly affected by the slow-down in the world economy, demand for steel in for China and overseas markets have been low, profits have also been depleted. Therefore, due to these reasons the Company has incurred its first loss since 1999.

MAJOR BUSINESS ACTIVITIES

Attempt to disposal of Bamian

On 21 November 2011, the Company entered into a disposal agreement relating to the disposal of the entire issued shares of Bamian (the "Disposal Agreement"). Bamian is incorporated in Singapore and is a direct wholly-owned subsidiary of the Company, which indirectly holds 81.4% equity interest in Guangzhou Mayer through Bamian. Since no approval had been obtained from The Stock Exchange of Hong Kong Limited (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.

Deemed disposal of Vietnam Mayer

On 5 November 2010, Guangzhou Mayer, a subsidiary of the Company, 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 was contributed in form of cash by Taiwan Mayer only. In the meanwhile, Winner Industrial disposed of its 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. These events constituted, under the Listing Rules, a discloseable and connected transaction of the Company and was approved in the extraordinary general meeting of the independent shareholders held on 3 December 2010.

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 by Guangzhou Mayer decreased from 50% to 29.85% and the Group's effective interest in Vietnam Mayer was decreased from 40.7% to 24.3% and Taiwan Mayer held 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 Company. The assets, liabilities and the non-controlling interests in Vietnam Mayer was derecognised whereas the 24.3% equity interests retained in Vietnam Mayer was recognised as available-for-sale financial assets as the Directors consider the Group is unable to exercise significant influence over Vietnam Mayer.

Formation of Joint Venture

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

On 28 January 2011, the Company entered into a capital increase agreement (the "Capital Increase Agreement") with Taiwan Mayer pursuant to which the share capital of Glory World is increased from USD2,000,000 (equivalent to approximately RMB13,242,000) to USD50,000,000 (equivalent to approximately RMB331,072,000). Pursuant to the Capital Increase Agreement, the Company and Taiwan Mayer agreed to make further capital contribution on a non pro-rata basis of USD19,000,000 (equivalent to approximately RMB125,808,000) and of USD29,000,000 (equivalent to approximately RMB192,022,000) respectively. The details of the Capital Increase Agreement are set out in the Company's Circular dated 16 March 2011.

The capital injection constituted, under the Listing Rules, a major and connected transaction of the Company and was approved in the extraordinary general meeting of the independent Shareholders held on 31 March 2011.

Acquisition of Yield Rise Limited

On 15 October 2010, the Company entered into a memorandum of understanding ("MOU") with Make Success Limited ("Make Success") in relation to a proposed acquisition of the entire issued share capital of Yield Rise Limited ("Yield Rise") at a consideration of HK$620,000,000 which is satisfied by (i) cash consideration 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 held 87.5% equity interests in Best Wonder Holdings Limited ("Best Wonder"), which in turn held 100% equity interests in Good Wishes Investment Limited ("Good Wishes"). Good Wishes in turn held 80% equity interests in Dan Tien Port Development Joint Venture Company Limited ("Dan Tien"). Dan Tien is a foreign invested limited liability company established in Vietnam and is principally engaged in the development of property, port and logistic business in Vietnam. On 8 November 2010, the Company and Make Success entered into a sale and purchase agreement. Details of the acquisition are set out in the Company's announcement dated 12 November 2010. The acquisition was completed on 9 May 2011.

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 investment in Yield Rise Group, the promissory notes and convertible bonds were derecognised in the consolidated financial statements. A loss on derecognition of approximately RMB172,343,000 was recognised in consolidated profit or loss.

Disposal of Vietnam Mayer

On 21 January 2010, Guangzhou Mayer entered into a sale and purchase agreement with purchaser which is Taiwan Mayer. Pursuant to the agreement, Guangzhou Mayer has agreed to sell and the purchaser has agreed to purchase 2,000,000 shares of Vietnam Mayer, representing the Group's all effective interest in Vietnam Mayer, at an aggregate consideration of USD2,100,000 (equivalent to approximately RMB13,864,000), which will be satisfied in cash. The disposal constituted, under the Listing Rules, a discloseable and connected transaction of the Company. The disposal had been approved in the extraordinary general meeting of the independent shareholders held on 25 March 2010. As at 31 December 2011, the directors of the Company consider Vietnam Mayer is not immediately available for sale until obtain approval from the relevant government authorities and the disposal has not completed up to date of this report.

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.

PRODUCTION AND SALES

The revenue from indirect export sales of steel products in the PRC and Socialist Republic of Vietnam ("Vietnam") during the year was approximately RMB317,659,000, representing an decrease of approximately 14.2% compared with approximately RMB370,261,000 for the last year. The market for indirect export sales in the PRC continued to be the core market for the Group's steel segment.

The revenue from domestic sales of steel products in the PRC and Vietnam during the year was approximately RMB163,054,000, representing a decrease of approximately 0.9% compared with approximately RMB164,508,000 for the last year.

The revenue from direct export sales of steel products outside the PRC and Vietnam during the year was approximately RMB8,736,000, representing an increase of approximately 106.6% while it was approximately RMB4,228,000 for the last year.

The sales of steel products in Vietnam was discontinued from February 2011 and cause overall decrease in sales of steel products as only two months' sales of Vietnam Mayer was included in the Group's consolidated statement of profit or loss.

Rental income and consultancy fee income from aircrafts leasing during the Year was approximately RMB6,993,000 and RMB354,000 respectively compared with approximately RMB7,916,000 and RMB339,000 respectively for the last year and which represented a stable stream of income for the Group. The aircrafts leasing segment was discontinued from December 2011.

GROSS PROFIT

The Group recorded a gross profit for continuing operations of approximately RMB17,513,000 for the year, with a gross profit margin of approximately 3.6%, compared with the gross profit of approximately RMB28,631,000 (restated) and a gross profit margin of approximately 5.7% for the last year.

This was mainly attributable to the average growth rate of the purchasing costs of raw materials, which was higher than that of the selling prices of our products for the year of 2011.

OPERATING EXPENSES

The total operating expenses of continuing operations of the Group for the year were approximately RMB46,050,000, of which approximately RMB10,156,000 in distribution costs, RMB35,407,000 in administrative expenses and RMB487,000 in other operating expenses, accounting for approximately 2.1%, 7.2%, and 0.1% of turnover respectively while the amounts for the last year were approximately RMB9,431,000, RMB32,857,000, and RMB79,000 respectively, accounting for approximately 1.9%, 6.6%, and 0.02% respectively.

FINANCE COSTS

During the year, the Group's continuing operations incurred approximately RMB5,142,000 in finance costs, compared with approximately RMB2,474,000 for the last year. The Group relied on bank borrowings to finance its trading activities, the increase in finance costs paid during the year was mainly due to the increase in interest rates.

FINANCIAL RESOURCES AND TREASURY POLICIES

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

As at 31 December 2011, the Group had bank deposits and cash balances (including pledged bank deposits) of approximately RMB44,794,000, of which bank deposits of approximately RMB17,074,000 were pledged to secure financing facilities granted to the Group.

The Group had net current assets of approximately RMB163,687,000 as at 31 December 2011 as compared with RMB178,658,000 as at 31 December 2010. The current ratio (current assets divided by current liabilities) changed to approximately 2.18 as at 31 December 2011 from 2.12 as at 31 December 2010.

The Group had a total of approximately RMB112,320,000 financing facilities from banks were available as at 31 December 2011, approximately RMB119 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 31 December 2011 was approximately 55.9% while it was 37.6% as at 31 December 2010. Current portion of borrowings accounted for approximately 30.9% and 20.3% of the total assets of the Group as at 31 December 2011 and 31 December 2010, respectively. The increase in gearing ratio was mainly attributable to the decrease in equity which caused by the loss on derecognition of investment and impairment loss on joint ventures.

CASH FLOW

For the year, the Group generated net cash outflow of RMB82,252,000 from its operating activities, as compared to net cash inflow of approximately RMB7,075,000 for the last year. The decrease in net cash inflow from operating activities was primarily due to the operating loss and increase in the trade and other receivables during the year. Net cash outflow of approximately RMB6,737,000 was from investing activities for the year, mainly resulted from the payment for acquisition of Yield Rise and increase in pledged bank deposit. Net cash inflow of approximately RMB14,444,000 was from financing activities, mainly resulted from capital contributed by non-controlling interests. Banks deposits and cash balances (including pledged bank deposits of approximately RMB17,074,000) as at 31 December 2011 amounted to approximately RMB44,794,000, 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 year, the Group was not exposed to any significant foreign exchange risk. In general, it is the Group's policy for each operating entity to borrow in local currencies, where necessary, to minimize currency risk.

CHARGE ON GROUP ASSETS

As at 31 December 2011, bank deposits of approximately RMB17,071,000 were pledged to banks for securing banking and other financing facilities granted to the Group.

CONTINGENT LIABILITIES

During the current and prior years, the Company has given corporate guarantees to certain banks in connection with banking facilities of RMB112,320,000 (2010: RMB43,048,000) granted by the banks to the subsidiaries. At 31 December 2011, the facilities drawn down by the subsidiaries were RMB36,786,000 (2010: RMB33,113,000).

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 RMB36,786,000 (2010: RMB33,113,000). 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.

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, 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 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 31 December 2011, the Group had total of 277 employees. Total staff costs of continuing operations for the year ended 31 December 2011 were approximately RMB22,325,000, including retirement benefits cost of approximately RMB2,425,000. 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.

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identify and formalize the best corporate governance practices appropriate to the needs of its business. The Company's corporate governance practices are based on the principles ("Principles") and the code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules.

The existing Board has reviewed the Company's corporate governance practices for the financial year ended 31 December 2011 (the "Year"), and has formed the opinion that the Company was unable to ensure compliance of certain of the then provisions of the CG Code for the Year. Such non-compliance is set out in the table below:

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 Year.
A.1.8	No insurance cover was arranged for the Year. The existing management 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 Year. 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 Year presented to regular Board meetings for approval.

BOARD OF DIRECTORS

As at 31 December 2011, the Board consisted of five executive directors and four non-executive directors (of whom three are independent). The independent non-executive Directors are all experienced individuals from a range of industries and geographies. Their mix of professional skills and experience is an important element in the proper functioning of the Board and in ensuring a high standard of objective debate and overall input to the decision-making process.

The biographical details of the Directors and senior management are provided on pages 2 to 9 of this report.

THE BOARD AT WORK

The Board is accountable to Shareholders for the activities and performance of the Group. The Board has reserved for its decision or consideration matters covering corporate strategy, annual and interim results, directors' appointment, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters.

During the Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director processing appropriate professional qualifications, or accounting or related financial management expertise.

Due to loss of records and contacts with Directors, the Company is unable to ensure all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules for the Year.

The Company is unable to ensure the non-executive Directors are appointed for a specific term although in practice they are subject to retirement on rotation and re-election at the Company's annual general meetings pursuant to the Company's Articles of Association.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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.

COMMITTEES

The monitoring and assessment of certain governance matters are allocated to three committees which operate under defined terms of reference. The composition of the committees during the Financial Year is set out in the table below.

Directors	Audit Committee	Remuneration Committee	Nomination Committee
Executive directors			
Mr. Hsiao Ming-chih (removed on 9 October 2014)		M	M
Mr. Lai Yueh-hsing (removed on 9 October 2014)		C	C
Mr. Chiang Jen-chin (removed on 9 October 2014)			
Mr. Lu Wen-yi (removed on 9 October 2014)			
Mr. Xue Wenge (removed on 9 October 2014)			
Mr. Cheng Koon Cheung (resigned on 12 January 2012)			
Non-executive directors			
Mr. Li Deqiang (resigned on 7 April 2017)			
Mr. Lam Chun Yin (resigned on 9 May 2012)			
Independent non-executive directors			
Mr. Lin Sheng-bin (removed on 9 October 2014)	M	M	M
Mr. Huang Jui-hsiang (removed on 9 October 2014)	C	M	M
Mr. Alvin Chiu (removed on 9 October 2014)	M	M	M
Mr. Peter V.T. Nguyen (resigned on 23 December 2011)	M	M	M

Note:

C Chairman of the relevant Board
M Member of the relevant Board

Audit Committee

The Audit Committee is comprised of three independent non-executive directors who together have substantial experience in the fields of accounting, business, corporate governance and regulatory affairs.

The committee is responsible for monitoring the reporting, accounting, financial and control aspects of the executive management's activities. It has full access to the Group's chief financial officer to hear directly any concerns of the internal audit department that may have arisen during the course of the department's work.

The committee also monitors the appointment and function of the Group's external auditor.

Remuneration Committee

The Remuneration Committee was established on 22 August 2005 and is comprised of 3 independent non-executive directors and 2 executive directors (including 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 now comprised of 3 independent non-executive directors and 2 executive directors (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.

BOARD AND COMMITTEE ATTENDANCE

Due to loss of records, the Company was unable ensure the number of meetings held in the Year.

During the Year, no annual general meeting was held.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for ensuring that an adequate system of internal controls is maintained within the Group, and for reviewing its effectiveness through the Audit Committee.

The internal control system, which includes a defined management structure with specified limits of authority, is designed to (a) help the achievement of business objectives, and safeguard the Group's assets; (b) ensure proper maintenance of accounting records; and (c) ensure compliance with relevant legislation and regulations.

The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage, but not to eliminate, risks of failure in achieving the Group's objectives. The processes to identify and manage key risks to the achievement of the Group's strategic objectives are an integral part of the internal control environment. Such processes include strategic planning, the appointment of senior management, the regular monitoring of performance, control over capital expenditure and investments and the setting of high standards and targets for safety, health and environmental performance.

The management maintains and monitors the system of controls on an ongoing basis.

The Company did not conduct an annual review on the effectiveness of the internal control systems of the Group during the Financial Year. However, the Company has appointed Pan-China (H.K.) CPA Limited as an independent professional adviser on 18 September 2017 to assist the Board to carry out an internal control review of the Group.

EXTERNAL AUDITOR

The Company's independent external auditor is ZHONGHUI ANDA CPA Limited. The Audit Committee is responsible for considering the appointment of the external auditor and also reviews any non-audit functions performed by the external auditor for the Group. In particular, the Committee will consider, in advance of them being contracted for and performed, whether such non-audit functions could lead to any potential material conflict of interest. During the Year, the total remuneration in respect of services provided by ZHONGHUI ANDA CPA Limited amounted to RMB498,234, of which RMB373,234 was incurred for statutory audit and RMB125,000 was incurred for non-audit services which mainly included other professional services.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company uses a number of formal communications channels to account to shareholders for the performance of the Company. These include the annual report and accounts, the interim report, periodic company announcements made through the Stock Exchange, as well as through the annual general meeting. The Company aims to provide its shareholders and potential investors with high standards of disclosure and financial transparency. In order to provide effective disclosure to investors and potential investors and to ensure they all receive equal access to the same information at the same time, information considered to be of a price sensitive nature is released by way of formal public announcements as required by the Listing Rules. The Company also welcomes comments and questions from shareholders at its annual general meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company was unable to ensure the Directors were compliance with the Model Code as set out in Appendix 10 of the Listing Rules.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The existing Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Financial Year.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 37 to 42.

SHAREHOLDER RIGHTS

In accordance with the Article 68 of the Articles of Association of the Company, one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Board at 21/F, No. 88 Lockhart Road, Wanchai, Hong Kong. Shareholders may also make enquiries to the Board at the general meetings of the Company. In addition, Shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 39 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 10 to the consolidated financial statements.

RESULTS

The Group's result for the year ended 31 December 2011 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 43 to 108.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 109.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 32 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2011 are set out in note 39 to the consolidated financial statements.

RESERVES

Details of movements of the reserves of the Company and the Group during the year are set out in note 33 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVE

Distributable reserves of the Company at 31 December 2011 amounted to RMB93,798,000 (2010: RMB256,201,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The largest and the five largest customers accounted for 9.7% and 25.5% of the Group's total revenue for the year, respectively. The largest and the five largest suppliers accounted for 66.0% and 79.2% of the Group's purchases for the year, respectively. None of the directors, their associates or any shareholders of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

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 31 December 2011, 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.

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

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

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executive directors

Mr. Xu Lidi	(appointed on 9/10/2014)
Mr. Lee Kwok Leung	(appointed on 9/10/2014)
Mr. Lin Jinhe	(appointed on 9/10/2014)
Mr. Hsiao Ming-chih	(removed on 9/10/2014)
Mr. Lai Yueh-hsing	(removed on 9/10/2014)
Mr. Lo Haw	(removed on 11/3/2011)
Mr. Chiang Jen-chin	(removed on 9/10/2014)
Mr. Lu Wen-yi	(removed on 9/10/2014)
Mr. Cheng Koon Cheung	(resigned on 12/1/2012)
Mr. Xue Wenge	(appointed on 30/6/2011 and removed on 9/10/2014)

Non-executive directors

Mr. Lam Chun Yin	(appointed on 30/6/2011 and resigned on 9/5/2012)
Mr. Li Deqiang	(resigned on 7/4/2017)
Mr. Chan Kin Sang	(resigned on 21/12/2011)
Mr. Chen Guoxiang	(resigned on 30/6/2011)
Mr. Wang Dongqi	(appointed on 9/8/2017)

Independent non-executive directors

Mr. Ng Cheuk Lun	(appointed on 9/10/2014)
Mr. Lau Kwok Hung	(appointed on 9/10/2014)
Mr. Deng Shimin	(appointed on 19/4/2016)
Mr. Huang Jian Wei	(appointed on 12/3/2015 and resigned on 19/4/2016)
Ms. Li Shan Mui	(appointed on 9/10/2014 and resigned on 16/12/2014)
Mr. Lin Sheng-bin	(removed on 9/10/2014)
Mr. Huang Jui-hsiang	(removed on 9/10/2014)
Mr. Alvin Chiu	(removed on 9/10/2014)
Mr. Peter V.T. Nguyen	(resigned on 23/12/2011)

In accordance with article 112 of the Company's Articles of Association, each of Mr. Lee Kwok Leung, Mr. Xu Lidi, Mr. Lin Jinhe, Mr. Lau Kwok Hung, Mr. Ng Cheuk Lun and Mr. Deng Shimin will retire by rotation at the forthcoming annual general meeting and being eligible, will offer himself for re-election. In accordance with article 95 of the Company Articles of Association, Mr. Wang Dongqi will retire by rotation at the forthcoming annual general meeting and being eligible, will offer himself for re-election.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIC

Biographical details of the directors and senior management of the Group are set out on pages 2 to 9.

EMOLUMENTS OF DIRECTORS

Details of the emoluments of the Directors of the Group are set out in note 15 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit schemes of the Group and the staff costs charged to the consolidated statement of profit or loss for the year are set out in notes 14 and 31 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of one year commencing from their respective dates of appointment and shall continue thereafter from year to year until and unless terminated by either party by giving to the other party not less than three months' prior written notice. Each of the non-executive Directors and independent non-executive Directors has entered into a service agreement with the Company for an initial term of one year commencing from their respective dates of appointment and shall continue thereafter from year to year until and unless terminated by either party by giving to the other party not less than three months' prior written notice. Save as disclosed above, no Directors proposed for re-election at the forthcoming annual general meeting has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation. The Company has received from each of its independent non-executive directors an annual confirmation of his independence in 2011 pursuant to Rule 3.13 of the Listing Rules and as at the date of this report, the Company still considers the independent non-executive Directors to be independent.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company and the Group was entered into or existed during the year.

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in note 38 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

As at 31 December 2011, 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 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, 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 Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Zhang and Make Success 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 31 December 2011, the Directors 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 or equity interest in any member of the Group representing 10% or more of the equity interest in such company.

DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the year 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.

CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 38 to the consolidated financial statements also constituted connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected parties (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules.

(1) 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 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, the lease agreement was extended to 7 July 2011 with rental income and consultancy fee income remain unchanged.

(2) On 13 April 2007, 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 amount of raw material purchase for the six months ended 31 December 2009 was of USD1,560,000 (equivalent to approximately RMB10,723,000), and the two years ending 31 December 2010 and 2011 will be in the amounts of approximately USD2,340,000 (equivalent to approximately RMB16,080,000) per annum. 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 amount of finished goods sales for the six months ended 31 December 2009 was of USD1,837,000 (equivalent to approximately RMB12,626,000) and the two years ending 31 December 2010 and 2011 will be in the amounts of approximately USD3,675,000 (equivalent to approximately RMB25,261,000) and USD5,512,000 (equivalent to approximately RMB37,878,000), respectively.

During the year, Guangzhou Mayer has sold finished goods to Taiwan Mayer of approximately RMB5,276,000 (2010: RMB1,010,000) at terms similar to those charged to independent third parties customers.

No raw materials were purchased from Taiwan Mayer during the year (2010: Nil).

(3) 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 year.

(4) 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 RMB3,962,000 was recorded by the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at 31 December 2011.

CORPORATE GOVERNANCE

Details of the corporate governance are set out in the section headed "Corporate Governance Report" in this report.

AUDITOR

CCIF CPA Limited was the auditors of the Company for two years ended 31 December 2008 and 2009, and Crowe Horwath (HK) CPA Limited ("Crowe Horwath"), was auditors of the Company for the year 2010. Crowe Horwath resigned as the auditor of the Company with effect from 16 February 2012.

On 17 August 2017, ZHONGHUI ANDA CPA Limited was appointed as auditor of the Company to fill the casual vacancy to hold office until the conclusion of the forthcoming Annual General Meeting. The consolidated financial statements of the Company for the year ended 31 December 2011 were audited by ZHONGHUI ANDA CPA Limited. A resolution to re-appoint the retiring auditor, ZHONGHUI ANDA CPA Limited will be put at the forthcoming Annual General Meeting.

By order of the Board
Lee Kwok Leung
Chairman appointed on 9 October 2014

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF MAYER HOLDINGS LIMITED
美亞控股有限公司
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Mayer Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 108, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1 Opening balances and corresponding figures

The consolidated financial statements of the Group for the year ended 31 December 2010 which form the basis for the corresponding figures presented in the current year's consolidated financial statements were not audited by us. There were no satisfactory audit procedures for us to ascertain the existence, accuracy, presentation and completeness of certain opening balances, corresponding figures and other related disclosures (as further detail explained in the following paragraphs) shown in the current year's consolidated financial statements.

2 Unconsolidation of Yield Rise Limited

As stated in note 36(a) to the consolidated financial statements, due to the dispute between Make Success Limited ("Make Success") and the Company in connection with the acquisition of Yield Rise Limited ("Yield Rise") and its subsidiaries ("Yield Rise Group"), the financial statements of Yield Rise Group have not been consolidated in the Group's consolidated financial statements for the year ended 31 December 2011. In addition, the promissory notes and convertible bonds issued for the acquisition were not recognsied in the consolidated financial statements. An impairment loss on the acquisition of approximately RMB172,343,000 was recognised in the profit or loss for the year ended 31 December 2011.

Under Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" ("HKFRS 10"), the Company should consolidate Yield Rise Group if the Company has power to control Yield Rise Group to affect the return from them. We have not been able to obtain sufficient appropriate audit evidence to assess (i) whether the Company has control over Yield Rise Group; and (ii) the validity of the promissory notes and convertible notes. We are unable to determine whether there is an departure from HKFRS 10 and the promissory notes and convertible notes as mentioned in note 36(a) should be recognised in the Group's consolidated financial statements. In addition, we are unable to satisfy ourselves as to the accuracy of the impairment loss recognised for the year.

3 Available-for-sale financial assets

As stated in notes 22 and 35(b) to the consolidated financial statements, the investment in 29.85% equity interest in Vietnam Mayer Limited ("Vietnam Mayer") of approximately RMB11,766,000 is recognised as available-for-sale financial assets and stated at cost as at 31 December 2011. We have not been able to obtain sufficient appropriate audit evidence to assess whether the Group has significant influence in Vietnam Mayer. Therefore, we are unable to determine whether Vietnam Mayer should be recognised as an associate and accounted for using equity method of accounting. In additions, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy of the carrying amount.

4 Disposal of subsidiaries

As stated in note 35 to the consolidated financial statements, the Group disposed of Advance Century Development Limited ("Advance Century") and ROC Advance Limited ("ROC"), and deemed disposed of Vietnam Mayer. Corresponding gain on disposals of a subsidiary of approximately RMB12,786,000 and loss on disposal of discontinued operations of approximately RMB7,823,000 were recognised in the consolidated profit or loss for the year ended 31 December 2011. Due to the lack of books and records of Advance Century, ROC and Vietnam Mayer, we are unable to carry out audit procedures to satisfy ourselves as to the income and expenses of Advance Century, ROC and Vietnam Mayer for the period from 1 January 2011 to the date of disposal as included in the consolidated financial statements and the gain on disposal of subsidiaries and loss on disposal of discontinued operations have been accurately recorded and properly accounted for in the consolidated financial statements.

5 Limited accounting books and records of the Group

Due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of a subsidiary of the Company, Guangzhou Mayer Corporation Limited ("Guangzhou Mayer"), and joint ventures for the years ended 31 December 2011 and 2010, we were unable to carry out audit procedures to satisfy ourselves as to whether the following income and expenses for the years ended 31 December 2011 and 2010 and the assets and liabilities as at those dates, and the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements:

Income and expenses for the years ended 31 December:

	2011	**2010**
	RMB'000	*RMB'000*
Revenue	489,450	501,583
Cost of sales	(471,937)	(464,519)
Gross profit	17,513	37,064
Other income	12,977	9,022
Other net (loss)/profit	(3,544)	175
Distribution costs	(10,156)	(9,431)
Administrative expenses	(20,197)	(18,233)
Other operating expenses	(487)	(12)
(Loss)/profit from operation	(3,894)	18,585
Finance cost	(5,115)	(2,356)
Impairment loss on joint ventures	(50,971)	–
Share of results of joint ventures	(4,805)	–
(Loss)/profit for the year	(64,785)	16,229

Assets and liabilities as at 31 December:

	2011	**2010**
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	945	27,993
Prepaid land lease payments	–	3,822
Interest in joint ventures	11,045	6,634
	11,990	38,449
Current assets		
Inventories	52,390	47,746
Trade and other receivables	196,210	142,451
Pledged bank deposits	12,090	–
Cash and cash equivalents	18,800	92,938
	279,490	283,135
Current liabilities		
Trade and other payables	13,002	21,326
Borrowings	114,208	117,807
	127,210	139,133
NET ASSETS	164,270	182,451

6 Commitments and contingent liabilities

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 31 December 2011 and 2010.

7 Related party transactions and disclosures

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of the related party transactions for the years ended 31 December 2011 and 2010 and the related party balances as at 31 December 2011 and 2010 as required by Hong Kong Accounting Standard 24 (revised) "Related Party Disclosures".

Any adjustments to the figures as described from points 1 to 7 above might have significant consequential effects on the Group's results and cash flows for the years ended 31 December 2011 and 2010 and the financial position of the Group as at 31 December 2011 and 2010, and the related disclosures thereof in the consolidated financial statements.

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

We draw attention to note 2 to the financial statements which mentions that the Group incurred a loss of approximately RMB249,636,000 for the year ended 31 December 2011. Furthermore, there are pending litigations and winding up petitions against the Group. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issue by Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the Hong Kong Institute of Certified Public Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Audit Engagement Director
Practising Certificate Number P03614

Hong Kong, 9 April 2018

Consolidated Statement of Profit or Loss

For the year ended 31 December 2011

	Notes	**2011** *RMB'000*	**2010** *RMB'000* (Restated)
Continuing Operations			
Revenue	*7*	489,450	501,583
Cost of sales		(471,937)	(472,952)
Gross profit		17,513	28,631
Other income	*8*	18,805	10,484
Other net income	*9*	9,141	1,688
Distribution costs		(10,156)	(9,431)
Administrative expenses		(35,407)	(32,857)
Other operating expenses		(487)	(79)
Loss from operations		(591)	(1,564)
Finance costs	*11*	(5,142)	(2,474)
Impairment loss on amount due from an investee company		(6,477)	–
Impairment loss on joint ventures		(50,971)	–
Loss on derecognition of investment		(172,343)	–
Share of results of joint ventures		(4,805)	33
Loss before tax		(240,329)	(4,005)
Income tax expense	*12*	–	–
Loss from continuing operations		(240,329)	(4,005)
Discontinued operations			
(Loss)/profit from discontinued operations	*13*	(9,307)	20,965
(Loss)/profit for the year	*14*	(249,636)	16,960
(Loss)/profit for the year attributable to:			
Owners of the Company			
Loss from continuing operations		(237,916)	(5,233)
(Loss)/profit from discontinued operations		(9,540)	18,972
		(247,456)	13,739
Non-controlling interests			
(Loss)/profit from continuing operations		(2,413)	1,228
Profit from discontinued operations		233	1,993
		(2,180)	3,221
		(249,636)	16,960
(Loss)/earnings per share	*17*		
From continuing and discounted operations			
Basic and diluted (RMB cents)		(29.30)	2.30
From continuing operations			
Basic and diluted (RMB cents)		(28.17)	(0.88)
From discontinued operations			
Basic and diluted (RMB cents)		(1.13)	3.18

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2011

	2011	2010
	RMB'000	*RMB'000*
		(Restated)
(Loss)/profit for the year	(249,636)	16,960
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	2,958	2,127
Reclassification adjustment relating to foreign operations disposed of during the year	4,904	239
Share of other comprehensive income of joint ventures	92	(20)
	7,954	2,346
Items that may not be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(9,096)	(8,365)
Other comprehensive income for the year, net of tax	(1,142)	(6,019)
Total comprehensive income for the year	(250,778)	10,941
Total comprehensive income for the year attributable to:		
Owners of the Company	(248,349)	9,026
Non-controlling interests	(2,429)	1,915
	(250,778)	10,941

Consolidated Statement of Financial Position

At 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment	18	54,007	90,048
Prepaid land lease payments	19	7,306	11,251
Deposit for acquisition of equity interests in a company		–	63,880
Interests in joint ventures	20	11,045	6,634
Loan to a joint venture	21	–	72,836
Available-for-sale financial assets	22	11,766	–
		84,124	244,649
Current assets			
Inventories	23	52,390	52,761
Trade and other receivables	24	202,368	163,417
Prepaid land lease payments	19	222	321
Tax recoverable		–	81
Amounts due from joint ventures	25	2,548	–
Financial assets at fair value through profit or loss	26	–	9,448
Pledged bank deposits	27	17,074	5,216
Cash and cash equivalents	27	27,720	106,595
		302,322	337,839
Current liabilities			
Trade and other payables	28	17,679	39,881
Amount due to a director	29	1,481	1,058
Borrowings	30	119,475	118,242
		138,635	159,181
Net current assets		163,687	178,658
Total assets less current liabilities		247,811	423,307
NET ASSETS		247,811	423,307
Capital and reserves			
Share capital	32	88,872	69,306
Reserves		110,495	289,384
Equity attributable to owners of the Company		199,367	358,690
Non-controlling interests		48,444	64,617
TOTAL EQUITY		247,811	423,307

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Attributable to owners of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Warrant reserve *RMB'000*	Special reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Statutory public welfare fund *RMB'000*	Foreign currency translation reserve *RMB'000*	Retained profits/ (accumulated losses) *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2010	59,460	82,345	–	67,570	20,678	4,950	(15,984)	76,491	295,510	62,702	358,212
Total comprehensive income for the year	–	–	–	–	–	–	(4,713)	13,739	9,026	1,915	10,941
Issue of warrants	–	–	985	–	–	–	–	–	985	–	985
Issue of new shares on exercise of warrants	9,846	44,308	(985)	–	–	–	–	–	53,169	–	53,169
Appropriations	–	–	–	–	1,544	–	–	(1,544)	–	–	–
Released on disposal of a subsidiary	–	–	–	–	(146)	–	–	146	–	–	–
At 31 December 2010	69,306	126,653	–	67,570	22,076	4,950	(20,697)	88,832	358,690	64,617	423,307
At 1 January 2011	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	–	–	–	–	–	–	(893)	(247,456)	(248,349)	(2,429)	(250,778)
Realised on disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(31,666)	(31,666)
Capital contributed by non-controlling interest	–	–	–	–	–	–	–	–	–	17,922	17,922
Issue of shares on acquisition of assets *(notes 32 and 36)*	19,566	69,460	–	–	–	–	–	–	89,026	–	89,026
At 31 December 2011	88,872	196,113	–	67,570	22,076	4,950	(21,590)	(158,624)	199,367	48,444	247,811

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
(Loss)/profit before taxation			
– Continuing operations		(240,329)	(4,005)
– Discontinued operations		(1,450)	27,662
– Loss on disposal of discontinued operations		(7,823)	(12,006)
		(249,602)	11,651
Adjustment for:			
Interest income		(766)	(1,371)
Dividend income from unlisted securities		–	(711)
Finance costs		5,144	4,480
Depreciation		13,022	15,066
Amortisation of prepaid land lease payments		233	278
Impairment loss on trade and other receivables		1,638	428
Impairment loss on joint ventures		50,971	–
Impairment loss on amount due from an investee company		6,477	–
Loss on derecognition of investment		172,343	–
Reversal of impairment loss on trade receivable		–	(800)
Write down of inventories		–	5,002
Reversal of write down of inventories		(5,273)	(4,859)
Gain on sale of available-for-sale financial assets		–	(1,370)
Net loss on disposal of property, plant and equipment		33	345
Fair value gain on investment property		–	(10,543)
Gain on disposal of investment property		–	(11,630)
Share of loss/(profit) of joint ventures		4,805	(33)
Net (gain)/loss on disposal of subsidiaries		(12,786)	67
Loss on disposal of discontinued operations		7,823	12,006
Net exchange loss		–	1,017
Operating (loss)/profit before working capital changes		(5,938)	19,023
Change in inventories		(733)	9,966
Change in trade receivables and other receivables		(58,368)	12,588
Change in amount due to a director		423	–
Change in financial assets at fair value through profit or loss		9,448	(9,448)
Change in trade payables and other payables		(26,836)	(24,708)
Cash (used in)/generated from operations		(82,004)	7,421
Income tax paid		(248)	(346)
Net cash (used in)/generated from operating activities		(82,252)	7,075

Consolidated Statement of Cash Flows
For the year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Cash flows from investing activities			
Proceed from disposal of property, plant and equipment		749	555
Payment for purchase of property, plant and equipment		(2,299)	(6,810)
Capital returned from joint ventures		12,440	–
Payment for acquisition of assets	*36(a)*	(20,498)	–
Proceed from disposal of investment property		–	243,040
Proceed from sale of available-for-sale financial assets		–	20,308
Payment of deposit for acquisition of equity interests in a company		–	(63,880)
Loan to a joint venture		(2,548)	(25,563)
Disposal of subsidiaries	*35*	16,511	(54,593)
Decrease in deposit with bank (maturity over 3 months)		–	1,707
(Increase)/decrease in pledged bank deposits		(11,858)	183
Interest received		766	1,093
Dividend received from unlisted securities		–	711
Net cash (used in)/generated from investing activities		(6,737)	116,751
Cash flows from financing activities			
Proceed from new bank borrowings		388,119	344,669
Repayment of bank borrowings		(386,453)	(503,727)
Interest paid		(5,144)	(4,480)
Capital contributed by non-controlling interest		17,922	–
Proceed from the issue of shares		–	53,169
Proceed from the issue of warrants		–	985
Net cash generated from/(used in) financing activities		14,444	(109,384)
Net (decrease)/increase in cash and cash equivalents		(74,545)	14,442
Cash and cash equivalents at beginning of year		106,595	98,736
Effect of changes in foreign exchange rate		(4,330)	(6,583)
Cash and cash equivalents at end of year		27,720	106,595
Analysis of cash and cash equivalents			
Bank and cash balances		27,720	106,595

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 39 to the consolidated financial statements.

2. GOING CONCERN BASIS

The Group incurred a loss for the year of approximately RMB249,636,000 for the year ended 31 December 2011. Furthermore, there are pending litigations and winding up petitions against the Group, details of which are stated in note 36 to the consolidated financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis. The validity of which are based on the ability of the Group to attain profitable and positive cash flow from operation in foreseeable future. In additions, the Directors consider based on the latest progress of the negotiation of settlement agreements in connection with the acquisition of Yield Rise Limited and the legal advices on winding up petitions, these litigations ultimately will not have significant impact to the financial position of the Group. Accordingly, the Directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

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

In the current year, the Group has early adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The early 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 year and prior years excepts as stated below.

a. Amendments to HKAS 1"Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group's subsidiary in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

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 these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

a. Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

b. Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

c. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's presentation currency. The functional currency of the Company is Hong Kong dollar.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

d. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs/revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings and factory premises	5% or over the remaining term of the lease, if shorter
Leasehold improvements	10%–$33^1/_3$% or over the remaining term of the lease, if shorter
Plant and machinery	7%–25%
Furniture, fixtures and office equipment	5%–$33^1/_3$%
Motor vehicles	10%–25%
Aircrafts	20%–50%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

e. Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

f. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

g. Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

h. Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

i. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade, loans and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

j. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

k. Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

l. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

m. Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

n. Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

o. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(i) Revenues from the sales of manufactured goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

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

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

(iv) Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Consultancy fee income is recognised when the services are rendered.

p. Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the at the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged in profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

r. Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and its joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

s. Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

t. Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

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

u. Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than inventories and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

v. Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

– The post-tax profit or loss of the discontinued operation; and

– The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

w. Provisions and contingent liabilities

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

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

x. Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the ability of the Group to attain profitable and positive cash flow position in foreseeable future. In additions, the directors consider the pending litigations ultimately will not have significant impact to the financial position of the Group. Details are explained in note 2 to consolidated financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(b) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

(c) Income taxes

The Group is mainly subject to income taxes in the People's Republic of China (the "PRC"). Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the cash and bank balances, trade and other receivables, available-for-sale financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has significant concentration of credit risk to its trade receivables as the Group's largest customer and the five largest customers shared over approximately 7.1% (2010: 12%) and 27.5% (2010:31%) of the trade receivables respectively at the end of the reporting period. The Group has policies and procedures to monitor the collection of the trade receivables to limit the exposure to non-recoverable of the receivables and there is no recent history of default for the customer.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year
	RMB'000
At 31 December 2011	
Borrowings	**121,360**
Trade and other payables	**15,251**
Amount due to a director	**1,481**
	138,092
At 31 December 2010	
Borrowings	118,676
Trade and other payables	39,881
Amount due to a director	1,058
	159,615

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits and borrowings.

Bank borrowings are arranged at fixed interest rates and expose the Group to fair value interest rate risks. Other bank deposits are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 December 2011, as the Group has minimal exposure to interest rate risk, the Group's operating cash flows are substantially independent of changes in market interest rates.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(f) Categories of financial instruments at 31 December 2011

	2011	**2010**
	RMB'000	*RMB'000*
Financial assets		
Available-for-sale financial assets	11,766	–
Financial assets at fair value through profit or loss	–	9,448
Loans and receivables (including cash and cash equivalents)	185,000	275,228
Financial liabilities		
Financial liabilities at amortised cost	136,207	158,123

7. 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:

	2011	2010
	RMB'000	*RMB'000*
Sales of steel pipes, steel sheet and other products made of steel	494,097	538,997
Gross rentals from leasing of aircrafts	6,993	7,961
Gross rentals from investment property	–	4,261
	501,090	551,219
Representing:		
Continuing operations	489,450	501,583
Discontinued operations	11,640	49,636
	501,090	551,219

8. OTHER INCOME

	2011	2010
	RMB'000	*RMB'000*
Bank interest income	490	1,093
Consultancy service income	354	339
Dividend income	–	711
Government subsidy#	725	914
Interest income from loan to a joint venture	276	278
Scrap sales	11,675	7,909
Sundry income	5,666	617
	19,186	11,861
Representing:		
Continuing operations	18,805	10,484
Discontinued operations	381	1,377
	19,186	11,861

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

9. OTHER NET INCOME

	2011	2010
	RMB'000	*RMB'000*
Gain on disposal of a subsidiary	12,786	–
Gain on disposal of investment property	–	11,630
Fair value (loss)/gain on financial assets at fair value through profit or loss	(1,842)	574
Gain on sale of available-for-sale financial assets	–	1,370
Loss on disposal of property, plant and equipment	(33)	–
Reversal of impairment loss on trade receivables	–	800
Net exchange loss	(39)	(1,017)
Impairment loss on trade receivables	(1,478)	(428)
Impairment loss on other receivables	(160)	–
	9,234	12,929
Representing:		
Continuing operations	9,141	1,688
Discontinued operations	93	11,241
	9,234	12,929

10. 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. However, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. The measure used for reporting segment profit is "EBIT" i.e. "earnings before interest and taxes".

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

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2011 and 2010 is set out below:

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

	Steel – PRC	Investment	(Discontinued operation) Steel – Vietnam	(Discontinued operation) Aircraft	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2011					
Revenue from external customers	489,450	–	4,647	6,993	501,090
Segment loss	(2,055)	(52,809)	(1,872)	(1,517)	(58,253)
Interest income	457	–	27	–	484
Interest expenses	4,454	–	2	–	4,456
Dividend income	–	–	–	–	–
Depreciation and amortisation	9,388	–	174	3,338	12,900
Fair value loss on financial assets at fair value through profit or loss	–	1,842	–	–	1,842
Net (gain)/loss on disposal of property, plant and equipment	–	–	–	–	–
Impairment loss on trade and other receivables	1,638	–	–	–	1,638
Reversal of impairment loss on trade and other receivables	–	–	–	–	–
Write down of inventories	–	–	–	–	–
Reversal of write down of inventories	5,273	–	–	–	5,273
Share of loss of joint ventures	–	4,805	–	–	4,805
Impairment loss on joint ventures	–	50,971	–	–	50,971
Income tax expense	–	–	34	–	34
Segment assets	340,275	11,351	–	–	351,626
Segment liabilities	127,210	–	–	–	127,210
Interests in joint ventures	–	11,045	–	–	11,045
Additions to non-current assets	2,299	–	–	–	2,299

	Steel – PRC *RMB'000*	Investment *RMB'000*	(Discontinued operation) Steel – Vietnam *RMB'000*	(Discontinued operation) Aircraft *RMB'000*	Total *RMB'000*
Year ended 31 December 2010					
Revenue from external customers	501,583	–	37,414	7,961	546,958
Segment profit	8,384	2,754	3,700	535	15,373
Interest income	792	1	211	–	1,004
Interest expenses	2,356	–	328	–	2,684
Dividend income	–	711	–	–	711
Depreciation and amortisation	9,857	–	1,421	3,800	15,078
Fair value loss on financial assets at fair value through profit or loss	–	912	–	–	912
Gain on sale of available-for-sale financial assets	–	1,370	–	–	1,370
Net (gain)/loss on disposal of property, plant and equipment	(230)	–	575	–	345
Impairment loss on trade receivable	428	–	–	–	428
Reversal of impairment loss on trade receivable	800	–	–	–	800
Write down of inventories	5,002	–	–	–	5,002
Reversal of write down of inventories	4,859	–	–	–	4,859
Share of profit of joint ventures	–	33	–	–	33
Income tax expense	–	–	–	250	250
Segment assets	351,760	16,447	41,160	17,437	426,804
Segment liabilities	139,133	–	14,646	–	153,779
Interests in joint ventures	–	6,634	–	–	6,634
Additions to non-current assets	1,717	6,621	4,615	–	12,953

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

	2011	2010
	RMB'000	*RMB'000*
Profit or loss:		
Total (loss)/profit of reportable segments	(58,253)	15,373
Elimination of discontinued operations	3,389	(4,235)
Finance cost	(5,142)	(2,474)
Loss on de-recognition of investment	(172,343)	–
Gain on disposal of a subsidiary	12,786	–
Depreciation	(354)	(266)
Corporate and unallocated profit or loss	(20,412)	(12,403)
Consolidated loss before taxation and discontinued operations for the year	(240,329)	(4,005)
Assets:		
Total assets of reportable segments	351,626	426,804
Corporate and unallocated assets:		
– Available-for-sale financial assets	11,766	–
– Loan to a joint venture	–	72,836
– Deposit for acquisition of equity interests in a company	–	63,880
– Others	23,054	18,968
Consolidated total assets	386,446	582,488
Liabilities:		
Total liabilities of reportable segments	127,210	153,779
Corporate and unallocated liabilities	11,425	5,402
Consolidated total liabilities	138,635	159,181

Geographical 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 joint ventures.

	Revenue from external customers		**Specified non-current assets**	
	2011	**2010**	**2011**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mainland China	489,450	460,742	53,258	68,403
Hong Kong	–	–	8,055	1,181
Taiwan	6,993	22,263	–	10,040
Vietnam	4,647	36,727	–	21,675
Other countries	–	31,487	11,045	6,634
	501,090	551,219	72,358	107,933

Revenue from major customer:

	2011	**2010**
	RMB'000	*RMB'000*
Customer A – revenue from Steel – PRC segment	47,752	56,613

During the year ended 31 December 2011, no customers individually contributed more than 10% of the total consolidated revenue of the Group.

11. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
Bank interest expenses	4,483	4,442
Interest on amount due to ultimate holding company	–	38
Other finance charges	661	–
	5,144	4,480
Representing:		
Continuing operations	5,142	2,474
Discontinued operations	2	2,006
	5,144	4,480

12. INCOME TAX EXPENSES/(CREDIT)

	2011	2010
	RMB'000	*RMB'000*
Current tax – overseas	34	(5,309)
Representing:		
Continuing operations	–	–
Discontinued operations	34	(5,309)
	34	(5,309)

No provision for Hong Kong Profits Tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong (2010: Nil).

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

No PRC Enterprise Income Tax has been provided for in the financial statements as the PRC subsidiary has no assessable profits for the year.

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

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

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

	2011	**2010**
	RMB'000	*RMB'000*
		(Restated)
(Loss)/profit before tax	(249,602)	11,651
Tax at the rates applicable to profits in the countries concerned	(42,032)	2,406
Tax effect of non-taxable income	(3,447)	(9,356)
Tax effect of non-deductible expenses	41,088	4,355
Tax effect of change in tax rate	–	(1,064)
Tax effect of utilisation of deductible temporary differences not previously recognised	–	(2,360)
Tax effect of tax losses not recognised	3,632	1,533
Tax effect of tax exemption	–	(944)
Tax effect of share of results of joint ventures	793	(5)
Others	–	126
Income tax expense/(credit) for the year	34	(5,309)

13. 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., an independent third party, on 15 July 2010 and disposal of 100% equity interests in Mei Kong to Mayer Steel Pipe Corporation ("Taiwan Mayer"), 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 Co. 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 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.

The result of the steel – Vietnam operation for the period from 1 January 2011 to 11 February 2011 and aircraft leasing operation for the period from 1 January 2011 to 28 December 2011 included in the consolidated statement of profit or loss are set out below. The comparative result of steel – Vietnam operation, aircraft operation and property investment operation have been re-presented to include the operations classified as discontinued in the current year.

	Note	**2011** *RMB'000*	**2010** *RMB'000* (Restated)
Revenue	*7*	11,640	49,636
Cost of sales		(4,071)	(31,738)
Gross profit		7,569	17,898
Other revenue	*8*	381	1,377
Other gains or losses	*9*	93	11,241
Valuation gain on investment property		–	10,543
Distribution costs		(76)	(470)
Administrative expenses		(9,415)	(10,921)
(Loss)/profit from operations		(1,448)	29,668
Finance costs	*11*	(2)	(2,006)
(Loss)/profit before taxation		(1,450)	27,662
Income tax	*12*	(34)	5,309
		(1,484)	32,971
Loss on disposal of discontinued operations		(7,823)	(12,006)
(Loss)/profit from discontinued operations		(9,307)	20,965

The net cash flow attributable to the discounted operations for the year are as follows:

	2011 *RMB'000*	**2010** *RMB'000* (Restated)
Net cash (used in)/generated from operating activities	(2,496)	5,293
Net cash generated from investing activities	–	230,755
Net cash used in financing activities	(3,697)	(171,972)
	(6,193)	64,076

14. (LOSS)/PROFIT FOR THE YEAR

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

	Continuing operations		Discontinued operations		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	RMB'000	*RMB'000* (Restated)	*RMB'000*	*RMB'000* (Restated)	*RMB'000*	*RMB'000*
Auditor's remuneration						
– audit services	1,661	633	–	–	1,661	633
– other services	125	1,220	–	–	125	1,220
Cost of inventories sold[#]	471,937	472,952	4,071	31,738	476,008	504,690
Depreciation	9,521	9,901	3,501	5,165	13,022	15,066
Amortisation of prepaid lease payments	222	222	11	56	233	278
Gross rental income from investment property less direct outgoings	–	–	–	(3,371)	–	(3,371)
Net exchange (gains)/losses	132	628	(93)	389	39	1,017
Operating lease charges in respect of land and buildings	1,784	1,229	–	33	1,784	1,262
Net loss on disposal of property, plant and equipment	33	(230)	–	575	33	345
Loss on disposal of subsidiaries	–	67	7,823	12,006	7,823	12,073
Staff costs including directors' emoluments						
– Salaries, bonus and allowances	19,900	16,922	89	1,357	19,989	18,279
– Retirement benefits scheme contributions	2,425	2,341	4	16	2,429	2,357
	22,325	19,263	93	1,373	22,418	20,636

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

	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000
Depreciation	7,992	8,435	136	1,144	8,128	9,579
Write down of inventories	–	143	–	–	–	5,002
Reversal of write down of inventories	(5,273)	–	–	–	(5,273)	(4,859)
Staff costs	6,939	5,544	24	389	6,963	5,933

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

	Notes	Directors' Fees *RMB'000*	Salaries and allowances *RMB'000*	Discretionary and performance related incentive payment *RMB'000*	Retirement benefits scheme contributions *RMB'000*	Total *RMB'000*
2011						
Executive Directors						
Mr. Hsiao Ming-chih		–	83	–	–	83
Mr. Lai Yueh-hsing		–	498	–	–	498
Mr. Lo Haw	*a*	–	291	–	–	291
Mr. Lu Wen-yi		–	149	–	–	149
Mr. Chiang Jen-chin		–	249	–	–	249
Mr. Cheng Koon Cheung		–	199	–	–	199
Mr. Xue Wenge	*b*	–	–	–	–	–
Mr. Lam Chun Yin	*b*	–	50	–	–	50
Non-executive Directors						
Mr. Chan Kin Sang	*c*	299	–	–	–	299
Mr. Chen Guoxiang	*d*	41	–	–	–	41
Mr. Li Deqiang		83	–	–	–	83
Independent Non-executive Directors						
Mr. Lin Sheng-bin		25	–	–	–	25
Mr. Huang Jui-hsiang		25	–	–	–	25
Mr. Alvin Chiu		189	–	–	–	189
Mr. Nguyen Van Tu Peter	*e*	125	–	–	–	125
Total for the year ended 31 December 2011		787	1,519	–	–	2,306

	Notes	Directors' Fees RMB'000	Salaries and allowances RMB'000	Discretionary and performance related incentive payment RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2010						
Executive Directors						
Mr. Hsiao Ming-chih		–	87	–	–	87
Mr. Lai Yueh-hsing		–	538	–	–	538
Mr. Lo Haw		–	425	–	–	425
Mr. Lu Wen-yi		–	157	–	–	157
Mr. Chiang Jen-chin		–	261	–	–	261
Mr. Cheng Dar-terng	*f*	–	118	–	–	118
Mr. Cheng Koon Cheung		113	–	–	–	113
Non-executive Directors						
Mr. Huang Chun-fa	*f*	–	65	–	–	65
Mr. Chan Kin Sang		170	–	–	–	170
Mr. Chen Guoxiang		22	–	–	–	22
Mr. Li Deqiang		22	–	–	–	22
Independent Non-executive Directors						
Mr. Lin Sheng-bin		26	–	–	–	26
Mr. Huang Jui-hsiang		26	–	–	–	26
Mr. Alvin Chiu		199	–	–	–	199
Mr. Nguyen Van Tu Peter		71	–	–	–	71
Total for the year ended 31 December 2010		649	1,651	–	–	2,300

Notes:

a Resigned on 11 March 2011

b Appointed on 30 June 2011

c Resigned on 21 December 2011

d Resigned on 30 June 2011

e Resigned on 23 December 2011

f Resigned on 28 September 2010

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

The five highest paid individuals in the Group during the year included one (2010: two) directors, whose emoluments are reflected in the analysis above. The emoluments of the remaining four (2010: three) individuals are set out below:

	2011	**2010**
	RMB'000	*RMB'000*
Basic salaries and allowances	1,852	1,269
Retirement benefits scheme contributions	20	–
	1,872	1,269

The emoluments fell within the following bands:

	Number of individuals	
	2011	**2010**
Emolument band:		
Nil – HK$1,000,000	4	3

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. DIVIDENDS

The Directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2011 and 2010.

17. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

(i) From continuing and discontinuing operations

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately RMB247,456,000 (2010: profit of approximately RMB13,739,000 (restated)) and the weighted average number of 844,674,000 ordinary shares (2010: 596,831,000 ordinary shares) in issue during the year.

(ii) From continuing operations

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB237,916,000 (2010: loss of approximately RMB5,233,000 (restated)) and the weighted average number of 844,674,000 ordinary shares (2010: 596,831,000 ordinary shares) in issue during the year.

(iii) From discontinued operations

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately RMB9,540,000 (2010: profit of approximately RMB18,972,000 (restated)) and the weighted average number of 844,674,000 ordinary shares (2010: 596,831,000 ordinary shares) in issue during the year.

Diluted (loss)/earning per share

Diluted (loss)/earnings per share is equal to basic (loss)/earnings per share as there are no potential ordinary shares outstanding for the year ended 31 December 2011 and the potential ordinary shares for the year ended 31 December 2010 are anti-dilutive.

18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *RMB'000*	Leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Furniture, fixtures, fixture and office equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Aircraft *RMB'000*	Total *RMB'000*
At cost								
At 1 January 2010	43,385	3,751	104,542	7,835	3,263	7,624	23,246	193,646
Additions	–	322	764	319	921	4,484	–	6,810
Transfers	7,578	–	1,284	290	–	(11,360)	–	(2,208)
Disposals	–	–	(1,114)	(83)	(424)	–	–	(1,621)
Exchange differences	(313)	(14)	(1,118)	(288)	(64)	(382)	(766)	(2,945)
At 31 December 2010 and 1 January 2011	50,650	4,059	104,358	8,073	3,696	366	22,480	193,682
Additions	–	–	886	102	–	1,311	–	2,299
Disposals of subsidiaries	(7,228)	–	(9,487)	(3,037)	(438)	–	(21,729)	(41,919)
Disposals	–	(140)	(2,241)	(522)	–	–	–	(2,903)
Exchange differences	(37)	(17)	(58)	(24)	(51)	–	(751)	(938)
At 31 December 2011	43,385	3,902	93,458	4,592	3,207	1,677	–	150,221
Accumulated depreciation								
At 1 January 2010	19,923	2,140	53,449	4,235	1,095	–	9,031	89,873
Charge for the year	2,097	396	7,363	750	660	–	3,800	15,066
Disposal	–	–	(300)	(71)	(350)	–	–	(721)
Exchange differences	(5)	(6)	(114)	(54)	(13)	–	(392)	(584)
At 31 December 2010 and 1 January 2011	22,015	2,530	60,398	4,860	1,392	–	12,439	103,634
Charge for the year	1,991	424	6,428	192	649	–	3,338	13,022
Disposals of subsidiaries	(147)	–	(1,585)	(697)	(71)	–	(15,308)	(17,808)
Disposals	–	(140)	(1,529)	(452)	–	–	–	(2,121)
Exchange differences	(2)	(7)	(5)	(9)	(21)	–	(469)	(513)
At 31 December 2011	23,857	2,807	63,707	3,894	1,949	–	–	96,214
Carrying amounts								
At 31 December 2011	19,528	1,095	29,751	698	1,258	1,677	–	54,007
At 31 December 2010	28,635	1,529	43,960	3,213	2,304	366	10,041	90,048

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

	2011	2010
	RMB'000	*RMB'000*
In the PRC – medium-term leases	19,528	21,495
In Vietnam – medium-term leases	–	7,140
	19,528	28,635

19. PREPAID LAND LEASE PAYMENTS

	2011	2010
	RMB'000	*RMB'000*
Cost		
At 1 January	15,013	13,076
Transfer	–	2,208
Disposal of a subsidiary	(3,915)	–
Exchange differences	–	(271)
At 31 December	11,098	15,013
Accumulated amortisation		
At 1 January	3,441	3,169
Charge for the year	233	278
Disposal of a subsidiary	(124)	–
Exchange differences	20	(6)
At 31 December	3,570	3,441
Carrying amount		
At 31 December	7,528	11,572
Represented:		
Current assets	222	321
Non-current assets	7,306	11,251
	7,528	11,572

20. INTERESTS IN JOINT VENTURES

	2011	2010
	RMB'000	*RMB'000*
Unlisted investments		
– Share of net assets	62,016	6,634
Less: Impairment	(50,971)	–
	11,045	6,634

Details of the Group's joint ventures at 31 December 2011 are as follows:

Name	Place of incorporation/ registration	Issued/paid-up capital	Group's effective interest	Percentage of the ownership interest held by the Company	Principal activities
Glory World Development Limited ("Glory World")	the British Virgin Islands	21,200,000 ordinary shares of USD1 each	49.80%	49.80%	Investment holdings
Sinowise Development Limited	the British Virgin Islands	9,000,000 ordinary shares of USD1 each	49.80%	–	Trading of coal
Elternal Galaxy Limited	the British Virgin Islands	12,100,000 ordinary shares of USD1 each	49.80%	–	Trading of iron
Grace Capital Group Limited	Samoa	1 ordinary share of USD1	49.80%	–	Inactive

The following table shows, in aggregate, the Group's share of the amounts of individually immaterial joint venture that are accounted for using the equity method.

	2011	2010
	RMB'000	*RMB'000*
At 31 December		
Carrying amounts of interest	11,045	6,634
Year ended 31 December		
(Loss)/profit from continuing operations	(4,805)	33
Other comprehensive income	92	(20)
Total comprehensive income	(4,713)	13

21. LOAN TO A JOINT VENTURE

	2011	**2010**
	RMB'000	*RMB'000*
At 31 December	–	72,836

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

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011	**2010**
	RMB'000	*RMB'000*
Unlisted securities, at cost	11,766	15,229
Less: Impairment	–	(15,229)
	11,766	–

As at 31 December 2011, the unlisted equity securities represented 29.85% equity interest in Vietnam Mayer. Although the Group holds more than 20% of the voting power of Vietnam Mayer, Vietnam Mayer was recognised as available-for-sale financial assets as the Group is unable exercises significant influence over Vietnam Mayer.

The available-for-sale financial assets were carried at cost as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

On 21 January 2010, Guangzhou Mayer entered into a sale and purchase agreement with purchaser which is Taiwan Mayer. Pursuant to the agreement, Guangzhou Mayer Corporation Limited ("Guangzhou Mayer") had agreed to sell and the purchaser had agreed to purchase 2,000,000 shares of Vietnam Mayer, representing the Group's all effective interest in Vietnam Mayer, at an aggregate consideration of USD2,100,000, which will be satisfied in cash. The disposal is still not completed up to date of this report.

23. INVENTORIES

	2011	2010
	RMB'000	*RMB'000*
Raw materials	25,809	32,975
Finished goods	20,370	19,786
Goods-in-transit	6,211	–
	52,390	52,761

24. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	129,878	148,564
Less: allowance for doubtful debts	(3,566)	(2,088)
	126,312	146,476
Bills receivables	2,637	2,496
Other receivable	8,480	7,206
Amounts due from joint ventures	–	1,140
Amount due from a related company	–	4,393
Prepayment and other deposit	64,939	1,706
	202,368	163,417

The amounts due from joint ventures are unsecured, interest free and repayable on demand.

At 31 December 2010, the amount due from a related company amounted to RMB4,393,000, in which Mr. Huang Chun-fa, being a director of Taiwan Mayer has beneficial interest, is unsecured, interest-free and repayable within the next twelve months from the end of the reporting period.

The maximum amount outstanding during the year amounted to RMB7,280,000 (2010: RMB9,278,000).

Trade receivables

Trade receivables are due within 30 to 180 days from the date of billing and may be extended to selected customers depending on their trade volumes and settlement with the Group. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	2011	**2010**
	RMB'000	*RMB'000*
0 to 30 days	33,264	44,827
31 to 60 days	38,114	44,467
61 to 90 days	28,930	25,426
91 to 180 days	25,783	31,660
Over 180 days	221	96
	126,312	146,476

Reconciliation of allowance for trade receivables:

	2011	**2010**
	RMB'000	*RMB'000*
At 1 January	2,088	2,460
Allowance for the year	1,478	428
Reversal of allowance for the year	–	(800)
At 31 December	3,566	2,088

As of 31 December 2011, trade receivables of approximately RMB4,874,000 (2010: approximately RMB4,498,000) were past due but not impaired. These relate to a number of independent customers who have no recent history of default and have kept good track records with the Group. The Group does not hold any collateral over these balances. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there are no significant change in their respective credit quality and the balances are still considered fully recoverable.

The aging analysis of these trade receivables is as follows:

	2011	2010
	RMB'000	*RMB'000*
Less than 1 month past due	3,029	3,923
1–3 months past due	1,070	448
More than 3 months past due	775	127
	4,874	4,498

25. AMOUNTS DUE FROM JOINT VENTURES

The amounts due are interest free, unsecured and have no fixed terms of repayments.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	2010
	RMB'000	*RMB'000*
Trading securities:		
Listed equity securities at fair value		
– outside Hong Kong	–	3,705
Financial assets designated as at fair value		
through profit or loss:		
Investment fund at fair value		
– established outside Hong Kong	–	5,743
	–	9,448

The investment fund is operated by licensed financial institution in the PRC. The investment fund comprises a basket of financial assets including local bank deposits and equity securities listed in the PRC stock markets. Fair values are determined with reference to quoted market bid prices.

27. BANK AND CASH BALANCES

As at 31 December 2016, the bank and cash balances of the Group denominated in RMB amounted to approximately RMB19,626,000 (2010: approximately RMB92,938,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

28. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	5,011	10,609
Other payable	10,576	14,687
Dividend payable	521	546
Amount due to ultimate holding company	–	10,633
Receipts in advance	1,571	3,406
	17,679	39,881

Trade payables

The aging analysis of the trade payables, based on invoice date, is as follows:

	2011	2010
	RMB'000	*RMB'000*
0 to 30 days	3,854	10,219
31 to 60 days	1,105	139
Over 365 days	52	251
	5,011	10,609

At 31 December 2010, the amount due to ultimate holding company is unsecured and interest free. Out of the total balance, USD1,590,000 (equivalent to approximately RMB10,430,000) was repayable by 28 September 2011 and the remaining balance is repayable on demand.

29. AMOUNT DUE TO A DIRECTOR

The amount due to a director is interest free, unsecured and have no fixed term of repayment.

30. BORROWINGS

	2011	2010
	RMB'000	*RMB'000*
Bank borrowings		
– secured	36,786	33,113
– unsecured	82,689	85,129
	119,475	118,242

The average interest rates at 31 December were as follows:

	2011	2010
Secured bank borrowings	1.96% – 6.1%	1.96% – 1.97%
Unsecured bank borrowings	0.25% – 7.54%	1.74% – 4%

All the bank borrowing are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

The secured bank borrowing were secured by bank deposit of the Group.

31. RETIREMENT BENEFIT OBLIGATIONS

Employee retirement benefits

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer makes contributions to the scheme at 5% and employees are required to make 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Mandatory contributions to the scheme vest immediately.

Subsidiaries incorporated in the PRC participate in various defined contribution retirement plans ("Plans") organised by local authorities for the Group's employees in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic payroll, to the Plans. The Group has no other obligation for the payment of pension benefits associated with these Plans beyond the annual contributions described above.

32. SHARE CAPITAL

	Notes	Number of shares '000	Amount RMB'000
Authorised:			
Ordinary shares of HK$0.1 each at 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011		2,000,000	195,662
Issued and fully paid:			
Ordinary shares of HK$0.1 each at 1 January 2010		576,000	59,460
Issue of shares on exercise of warrants	*(a)*	115,200	9,846
Ordinary shares of HK$0.1 each at 31 December 2010 and 1 January 2011		691,200	69,306
Issue of consideration shares	*(b)*	236,364	19,566
Ordinary shares of HK$0.1 each at 31 December 2011		927,564	88,872

(a) On 27 October 2010, the subscriber of warrant fully exercised the warrants to subscribe for 115,200,000 ordinary shares in the Company at a consideration of HK$62,208,000 (equivalent to approximately RMB53,169,000) of which HK$11,520,000 (equivalent to approximately RMB9,846,000) was credited to share capital and the balance of HK$50,688,000 (equivalent to approximately RMB43,323,000) was credited to the share premium account. In addition, an amount attributable to the related warrants of RMB985,000 has been transferred from the warrant reserve to the share premium account.

(b) 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 to RMB89,026,000) 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.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts in order to maintain sufficiency of working capital.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, non-controlling interests, accumulated losses and other reserves).

The gearing ratios at the end of the reporting periods were as follows:

	2011	**2010**
	RMB'000	*RMB'000*
Total liabilities		
Total debt	119,475	118,242
Less: cash and cash equivalents	(44,794)	(111,811)
Net debt	74,681	6,431
Total equity	247,811	423,307
Net debt-to-capital ratio	30%	2%

Significant increase in the debt-to-adjusted capital ratio for the year was mainly attributed to the decrease in total equity which caused by impairments loss on joint ventures and loss on derecognition of investment.

33. RESERVES

(a) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Reserves of the Company

	Share premium *RMB'000*	Warrant reserve *RMB'000*	Special reserve *RMB'000*	Foreign currencies translation reserve *RMB'000*	Retained profit/ (accumulated losses) *RMB'000*	Total *RMB'000*
At 1 January 2010	82,345	–	125,211	(35,221)	(38,313)	134,022
Profit for the year	–	–	–	–	42,650	42,650
Exchange difference on translation of financial statements to presentation currency	–	–	–	(8,365)	–	(8,365)
Issue of warrants	–	985	–	–	–	985
Issue of new shares on exercise of warrants	44,308	(985)	–	–	–	43,323
At 31 December 2010	126,653	–	125,211	(43,586)	4,337	212,615
At 1 January 2011	126,653	–	125,211	(43,586)	4,337	212,615
Loss for the year	–	–	–	–	(231,863)	(231,863)
Exchange difference on translation of financial statements to presentation currency	–	–	–	(9,096)	–	(9,096)
Issue of consideration shares	69,460	–	–	–	–	69,460
At 31 December 2011	196,113	–	125,211	(52,682)	(227,526)	41,116

(c) Nature and purpose of reserves

(i) Share premium account

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

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

(ii) Special reserve

The special reserve of the Group represents the paid-in capital of the Company of 1 share of HK$0.10 each and the special reserve of RMB83,570,000 arising from exchange of 1 share of the Company of HK$0.10 for the entire share capital of Bamian pursuant to the reorganisation scheme dated 12 December 2003 less distribution of final dividends of RMB12,000,000 and RMB4,000,000 for the years ended 31 December 2004 and 2005 respectively.

The special reserve of the Company represents the difference between the nominal value of the shares of the Company issued in exchange for the issued share capital of the subsidiaries and the value of the underlying assets of the subsidiaries pursuant to the group reorganisation on 12 December 2003.

(iii) Statutory surplus fund

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

(iv) Statutory public welfare fund

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

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4c.

(vi) Warrant reserve

The warrant reserve represents the net proceeds received in respect of the outstanding warrants issued by the Company. The reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2011 *RMB'000*	**2010** *RMB'000*
Non-current assets		
Property, plant and equipment	750	1,181
Investments in subsidiaries	107,753	122,517
Deposit for acquisition of equity interests in a company	–	63,880
Interests in joint ventures	11,045	6,621
Loan to a joint venture	–	72,836
	119,548	267,035
Current assets		
Deposit, prepayments and other receivable	5,854	8,272
Amounts due from joint ventures	2,548	–
Amount due from a subsidiary	–	2,980
Pledged bank deposits	4,984	5,216
Cash and cash equivalents	8,465	3,820
	21,851	20,288
Current liabilities		
Other payables	4,663	–
Due to a director	1,481	–
Borrowings	5,267	5,402
	11,411	5,402
Net current assets	10,440	14,886
Total assets less current liabilities	129,988	281,921
NET ASSETS	129,988	281,921
Capital and reserves		
Share capital	88,872	69,306
Reserves	41,116	212,615
TOTAL EQUITY	129,988	281,921

35. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOW

(a) Disposal of Advance Century Development Limited ("Advance Century")

On 28 June 2011, the Group disposed its entire 100% equity interests in 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 RMB12,871,000). The net assets of Advance Century at the date of disposal were as follows:

	RMB'000
Cash and cash equivalents	46
Amount due from intermediate holding company	(45)
Net assets disposed of	1
Released of exchange reserve	84
Gain on disposal	12,786
Total consideration satisfied by cash	12,871
Net cash inflow on disposal of a subsidiary:	
Consideration received in cash	12,871
Cash and cash equivalent balance disposed of	(46)
	12,825

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

(b) Deemed disposal of Vietnam Mayer

On 11 February 2011, the Group's effective interests in Vietnam Mayer was diluted from 40.7% to 24.3%. Accordingly, Vietnam Mayer ceased to be a subsidiary and the 24.3% effective 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.

	RMB'000
Property, plant and equipment	17,689
Prepaid lease payments	3,791
Inventories	6,377
Trade and other receivable	9,473
Amount due from ultimate holding company	7,243
Tax recoverable	75
Cash and cash equivalents	2,758
Bank borrowings	(433)
Trade and other payables	(2,564)
Net assets disposed of	44,409
Non-controlling interest	(31,666)
Released of exchange reserve	2,985
Loss on disposal	(3,962)
Total consideration satisfied by available-for-sale financial assets	11,766
Net cash outflow on disposal of a subsidiary:	
Cash and cash equivalent balance disposed of	(2,758)

The loss on disposal is included in the (loss)/profit from discontinued operations in the consolidated income statement.

(c) Disposal of ROC Advance Limited ("ROC")

On 28 December 2011, the Group disposed its entire 100% equity interests in ROC, which was principally engaged in aircraft leasing, for a consideration of USD1,000,000 (equivalent to approximately RMB6,477,000). The net assets of ROC at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	6,421
Amount due from a related company	7,280
Tax recoverable	220
Amount due to immediate holding company	(5,451)
Cash and cash equivalents	33
Net assets disposed of	8,503
Released of exchange reserve	1,835
Loss on disposal	(3,861)
Total consideration satisfied by cash	6,477
Net cash inflow on disposal of a subsidiary:	
Consideration received in cash	6,477
Cash and cash equivalent balance disposed of	(33)
	6,444

The loss on disposal is included in the (loss)/profit from discontinued operations in the consolidated income statement.

36. 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, 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 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 the 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 *(note 33(b))*	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, 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.

37. COMMITMENTS

The Group has no significant capital commitments outstanding at 31 December 2011 and 2010.

At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2011	**2010**
	RMB'000	*RMB'000*
Within 1 year	1,436	1,604
In second to fifth years	838	2,382
	2,274	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.

38. RELATED PARTY TRANSACTIONS

a. In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2011	**2010**
	RMB'000	*RMB'000*
Rent paid to a related company	60	120
Rental income from a related company	6,992	7,961
Consultancy fee income from a related company	354	339
Rental paid to former ultimate holding company	–	18
Sales of goods to former ultimate holding company	5,276	1,010
Interest paid to former ultimate holding company	–	38
Interest income from a joint venture	276	278

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees as disclosed in note 15, is as follows:

	2011	**2010**
	RMB'000	*RMB'000*
Salaries and other short-term employee benefit	3,833	4,014
Retirement scheme contribution	10	16
	3,843	4,030

39. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at the end of reporting period are as follows:

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Percentage of ownership Directly	Indirectly	Principal activities
Bamian Investments Pte. Limited	Singapore	16,829,670 ordinary shares of SGD1 each	100%	–	Investment holdings
Guangzhou Mayer#	PRC	Registered capital of RMB200,000,000	–	81.4%	Manufacturing of steel pipes and other products
Sunbeam Group Limited	the British Virgin Island	1 ordinary share of USD1 each	100%	–	Inactive
Top Force International Limited	the British Virgin Island	2,000 ordinary shares of USD1 each	100%	–	Inactive

Registered under the law of the PRC as a Sino foreign equity joint venture enterprise

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	**Guangzhou Mayer**	
	2011	**2010**
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	18.6%	18.6%
	RMB'000	*RMB'000*
At 31 December:		
Non-current assets	72,330	83,406
Current assets	279,713	292,618
Current liabilities	(127,210)	(139,169)
Net assets	224,833	236,855
Accumulated NCI	48,444	50,858
Year ended 31 December:		
Revenue	489,449	501,583
(Loss)/profit	(12,026)	6,603
Total comprehensive income	(12,026)	6,603
(Loss)/profit allocated to NCI	(2,413)	1,228
Dividends paid to NCI	–	–
Net cash generated from operating activities	715	38,096
Net cash used in investing activities	(55,270)	(10,038)
Net cash used in financing activities	(6,876)	(27,586)
Net (decrease)/increase in cash and cash equivalents	(61,431)	472

As at 31 December 2011, the bank and cash balances of the Group' subsidiaries in the PRC denominated in RMB amounted to RMB19,626,000 (2010: RMB59,978,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

40. EVENTS AFTER THE REPORTING PERIOD

At the request of the Company, the trading in the Shares on 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.

By the end of 2012, the Company was still unable to inform 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.

41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 9 April 2018.

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below:

	For the twelve months ended 31 December				
	2007	**2008**	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Continuing Operations:					
Revenue	1,253,230	663,216	427,255	546,958	489,450
Profit/(loss) before taxation	8,309	(8,260)	(1,174)	(102)	(240,329)
Income tax expense	(3,106)	(7,312)	(3,139)	(260)	–
Profit/(loss) from continuing operations	5,203	(15,572)	(4,313)	(362)	(240,329)
Discontinued operations:					
Profit/(loss) from discontinued operations	11,708	26,120	5,584	17,322	(9,307)
Profit/(loss) for the year	16,911	10,548	1,271	16,960	(249,636)
Attributable to:					
Owners of the Company	13,802	7,222	(510)	13,739	(247,456)
Non-controlling interests	3,109	3,326	1,781	3,221	(2,180)
	16,911	10,548	1,271	16,960	(249,636)

	As at 31 December				
	2007	**2008**	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets	317,668	358,691	353,381	244,649	84,124
Current assets	695,539	305,252	344,346	337,839	302,322
Current liabilities	(640,248)	(192,675)	(208,684)	(159,181)	(138,635)
Non-current liabilities	–	(112,647)	(130,831)	–	–
	372,959	358,621	358,212	423,307	247,811
Share capital	59,460	59,460	59,460	69,306	88,872
Share premium and reserves	245,143	237,376	236,050	289,384	110,495
Proposed final dividend	11,520	–	–	–	–
Non-controlling interests	56,836	61,785	62,702	64,617	48,444
	372,959	358,621	358,212	423,307	247,811