美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1116)

Annual Report 2012

* *For identification purpose only*

Contents

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 58, 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 47, 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 34, 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 53, 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 55, 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 62, 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 46, 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 42, 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. Cheng Koon Cheung ("Mr. Cheng")

Mr. Cheng, aged 47, 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 49, 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 40, 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 28, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS:

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

Mr. Lau, aged 65, 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 35, 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. Deng Shimin ("Mr. Deng")

Mr. Deng, aged 54, 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 66, 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 48, 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 52, 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 52, 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 is 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 2012 (the"Year").

SUSPENSION OF TRADING

The shareholders of the Company (the"Shareholders") have been duly informed that the trading of the shares of the Company (the"Shares") on The Stock Exchange of Hong Kong Limited (the"Stock Exchange") had been suspended on 9 January 2012 pending the publication of announcements by the Company which was of price-sensitive in nature. Moreover, since the Company fails to release its audited consolidated financial results for the year ended 31 December 2011 and the interim results of the Group for the six months ended 30 June 2012 (the"Outstanding Financial Results"), the suspension of the trading of the Shares will continue until such day when all the Outstanding Financial Results and significant matters have been satisfactorily solved. To keep the Shareholders and other concerned parties informed of the progress of the Company's resumption process, the Company had released prompt and relevant announcements throughout the Year.

DELAY IN THE PUBLICATION OF THE OUTSTANDING FINANCIAL RESULTS

Up till the end of the Year, the Company failed to publish the audited annual results of the Group for the year ended 31 December 2011 (the"2011 Annual Results"), which was required to be released before 31 March 2012, and the interim results of the Group for the six months ended 30 June 2012 (the"2012 Interim Results"), which was required to be released before 31 August 2012. Such failures constitute breach of the Rules 13.49(1) and 13.49(6) of the Rules Governing the Listing of Securities on the Stock Exchange (the"Listing Rules"). Simultaneously, the Company also failed to dispatch the corresponding annual report and the interim report to its shareholders within the time required by the Listing Rules. Such failures constitute breach of the Rules 13.46(2) and 13.48(1) of the Listing Rules. By virtue of the Company's announcement dated 22 November 2012, the directors of the Company (the"Directors") anticipated that the 2011 Annual Results would be completed and published respectively within three months from 22 November 2012. The Directors had also committed that, upon completion and publication of the 2011 Annual Results and the 2011 annual report, the Company would immediately commence the preparation of the 2012 Interim Results.

VERY SUBSTANTIAL DISPOSAL

The Company entered into a sale and purchase agreement dated 21 November 2011 with two purchasers (the"Disposal Agreement"), pursuant to which the Company conditionally agreed to sell and the two purchasers conditionally agreed to acquire all the issued share capital of Bamian Investments Pte. Limited ("Bamian"), a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company, at a consideration of approximately RMB184.8 million. The completion of the Disposal Agreement 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 at the date of the Disposal Agreement, the Company indirectly holds 81.4% equity interest in Guangzhou Mayer Corporation Limited ("Guangzhou Mayer") through Bamian. Should the Disposal Agreement proceed as intended, both Bamian and Guangzhou Mayer would cease to be a subsidiary of the Company. Eventually, the conditions precedent had never been fulfilled and therefore, the Disposal Agreement ceased to be effective. When the new Board was developed on 9 October 2014, the new Board had no intention to activate or carry on the required procedures for completing the Disposal Agreement.

MATTERS IN RELATION TO DIRECTORS

On 24 April 2012, the Company published an announcement to inform the general public that Mr. Lai Yueh-hsing, an Executive Director ("Mr. Lai"), was adjudged by the Taipei District Court of Taiwan on 25 February 2011 as having violated Article 171(1)(3) of the Taiwan Securities and Exchange Act and hence sentenced to an imprisonment of 3 years and 2 months. Mr. Lai's appeal had been lodged with the High Court of Taiwan within the stipulated time. Later in the Year, the High Court of Taiwan reversed the decision made on 25 February 2011 by the Taipei District Court of Taiwan and gave Mr. Lai an appeal verdict of not guilty. Mr. Lai was removed from the Board on 9 October 2014.

Mr. Li Deqiang, a non-executive Director ("Mr. Li"), issued two originating summons against the Company and the other members of the Board on 23 May 2012, claiming his rights of directorship in full and uninterrupted access to (a) the books of account of the Company as from 1 January 2010; (b) the documents and/or classes of documents in relation to the Company's important transactions and contracts entered into since 1 January 2010, including the acquisitions and disposals of assets; private investments; and/or proposed investment projects; (c) the Board minutes, notes and records and resolutions of Board meetings since 1 January 2010; (d) the bank statements; and (e) the correspondence between the Company/Board and (I) the Stock Exchange; (II) the Company's legal adviser; and (III) the Company's auditors together with all related auditing documents. Eventually, Mr. Li gave up his legal proceedings due to shortage of fund. Mr. Li tendered his resignation of directorship in the Company on 7 April 2017.

Mr. Lam Chun Yin ("Mr. Lam") resigned as the non-executive director and the authorized representative of the Company with effect from 9 May 2012 due to personal reasons. Mr. Lam's resignation was seemingly triggered by his disagreements with the Board; therefore, a summary of the disagreements between Mr. Lam and the Board had been disclosed in the Company's announcement dated 7 June 2012.

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 continuous support and understanding throughout this difficult Year.

By order of the Board

Lee Kwok Leung
Chairman appointed on 9 October 2014

REVIEW OF RESULTS

For the year ended 31 December 2012, the Group reported consolidated revenue of approximately RMB498,478,000 representing increase of 1.8% over last year. Gross profit margin from continuing operations was 4.2% compared to last year's 3.6%. Loss attributable to owners of the Company was approximately RMB36,103,000, compared with last year's profit of approximately from continuing operations RMB237,916,000. Loss per share for the year from continuing operations and discontinued operation was RMB3.89 cents versus last year of RMB29.30 cents.

BUSINESS REVIEW

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

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

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

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

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

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

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

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

PRODUCTION AND SALES

The revenue from indirect export sales of steel products in the People's Republic of China (the "PRC") during the year was approximately RMB321,444,000, representing a slightly increase of approximately 1.2% compared with approximately RMB317,659,000 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 during the year was approximately RMB173,845,000, representing an increase of approximately 6.6% compared with approximately RMB163,054,000 for the last year.

The revenue from direct export sales of steel products outside the PRC and Vietnam during the year was approximately RMB3,189,000, representing an decrease of approximately 63.4% while it was approximately RMB8,736,000 for the last year.

GROSS PROFIT

The Group recorded a gross profit for continuing operations of approximately RMB21,031,000 for the year, with a gross profit margin of approximately 4.2%, compared with the gross profit of approximately RMB17,513,000 and a gross profit margin of approximately 3.6% for the last year.

This was mainly attributable to the decrease in the material cost for the year of 2012.

OPERATING EXPENSES

The total operating expenses of continuing operations of the Group for the year were approximately RMB66,599,000, of which approximately RMB13,413,000 in distribution costs, RMB53,044,000 in administrative expenses and RMB142,000 in other operating expenses, accounting for approximately 2.7%, 10.6%, and 0.03% of revenue respectively while the amounts for the last year were approximately RMB10,156,000, RMB35,407,000, and RMB487,000 respectively, accounting for approximately 2.1%, 7.2%, and 0.1% respectively. The increase in operating expenses was mainly attributable to the increase in legal and professional fees for the year 2012.

FINANCE COSTS

During the year, the Group's continuing operations incurred approximately RMB5,597,000 in finance costs, compared with approximately RMB5,142,000 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 2012, the Group had bank deposits and cash balances of approximately RMB47,142,000.

The Group had net current assets of approximately RMB135,835,000 as at 31 December 2012 as compared with RMB163,687,000 as at 31 December 2011. The current ratio (current assets divided by current liabilities) changed to approximately 1.91 as at 31 December 2012 from 2.18 as at 31 December 2011.

The Group had a total of approximately RMB139,297,000 financing facilities from banks were available as at 31 December 2012, approximately RMB114 million had been drawn down to finance the Group's working capital purposes and capital expenditures.

The debt-to-equity (total liabilities divided by total capital) as at 31 December 2012 was approximately 71.4% while it was 55.9% as at 31 December 2011. Current portion of borrowings accounted for approximately 31.9% and 30.9% of the total assets of the Group as at 31 December 2012 and 31 December 2011, respectively.

CASH FLOW

For the year, the Group generated net cash inflow of RMB11,949,000 from its operating activities, as compared to net cash outflow of approximately RMB82,252,000 for the last year. The increase in net cash inflow from operating activities was primarily due to the decrease in the trade and other receivables and increase in trade and other payables during the year. Net cash inflow of approximately RMB20,426,000 was from investing activities for the year, mainly resulted from the decrease in pledged bank deposit. Net cash outflow of approximately RMB13,091,000 was from financing activities, mainly resulted from net repayment of bank borrowings. Banks deposits and cash balances as at 31 December 2012 amounted to approximately RMB47,142,000, 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 2012, no assets were pledged to banks for securing banking or other financing facilities granted to the Group.

CONTINGENT LIABILITIES

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

1. In January 2012, the Group commenced litigation against Make Success Limited ("Make Success") and certain parties (the "Defendants") involved in the acquisition of Yield Rise Limited ("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 of the Company ("Directors") consider that the investment in Yield Rise and its subsidiaries ("Yield Rise Group"), the promissory notes and convertible bonds were not recognised in the consolidated financial statements.

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

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

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

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 December 2012, the Group had total of 292 employees. Total staff costs of continuing operations for the year ended 31 December 2012 were approximately RMB26,975,000, including retirement benefits cost of approximately RMB2,809,000. 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 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 2012 (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 Company will arrange insurance cover immediately upon the resumption of trading of the Company's shares.
A.2.1	Mr Hsiao Ming-chih has been both the Chairman and chief executive officer of the Company. Given the Company's current stage of development, the Board considers that vesting the roles of Chairman and chief executive officer in the same person facilitates the execution of the Company's business strategies and maximizes effectiveness of its operations. The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.
A.2.5	The Company was not in compliance with certain code provisions as set out in the CG Code for the Year. The existing Chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.
A.4.2	No general meeting was held during the Year. Therefore, no Directors have been subject to retirement and re-election by the Shareholders at the general meeting. General meeting will be held in due course for the retirement and re-election of Directors.

The then code provision	Reason for the non-compliance and improvement actions took or to be taken
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.
E.1.1, E.1.2, E.1.3, E.2.1	No general meeting was held during the Year. General meeting of the Company will be arranged in due course.

BOARD OF DIRECTORS

As at 31 December 2012, 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 8 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 ended 31 December 2012, 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.

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 director			
Mr. Hsiao Ming-chih (removed on 9 October 2014)		M	M
Mr. Lai Yueh-hsing (removed on 9 October 2014)		M	M
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)			
Mr. Lam Chun Yin (resigned on 9 May 2012)			
Non-executive directors			
Mr. Li Deqiang (resigned on 7 April 2017)			
Independent non-executive directors			
Mr. Lin Sheng-bin (removed on 9 October 2014)	M	C	M
Mr. Huang Jui-hsiang (removed on 9 October 2014)	C	M	C
Mr. Alvin Chiu (removed on 9 October 2014)	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 (as the Committee Chairman). The committee determines the compensation structure and rewards for the chief executive officer and other executive directors and monitors the policies being applied in remunerating other senior executives in the Group. In addition, it has responsibility for reviewing and making appropriate recommendations to the Board on management development and succession plans for executive directors and senior management levels.

The fundamental policy underlying the Company's remuneration and incentive schemes is to link total compensation for senior management with the achievement of annual and long-term performance goals.

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

Nomination Committee

The Nomination Committee was established on 22 August 2005 and is 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 year ended 31 December 2012. 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 RMB488,100, of which RMB363,100 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 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 32 to 36.

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 2012.

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 34 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 2012 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 37 to 94.

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 95.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 28 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2012 are set out in note 34 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 29 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 2012 amounted to RMB71,078,000 (2011: RMB93,798,000).

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 8.3% and 30.5% of the Group's total revenue for the year, respectively. The largest and the five largest suppliers accounted for 81.0% and 89.7% 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 2012, no options have been granted since the adoption of the Share Option Scheme.

The total number of shares in respect of which options may be granted under the Share Option Scheme and any other option schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any year is not permitted to exceed 1% of the issued share capital of the Company, without prior approval from the Company's shareholders. Options may be exercised at any time from the date of grant to the 10 years of the date of grant. No minimum period for which an option must be held is required. The exercise price, which is determined by the Board, is the highest of: (i) the closing price per share on the date of grant; (ii) the average closing price per share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

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 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. 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	(removed on 9/10/2014)
Mr. Lam Chun Yin	(resigned on 9/5/2012)

Non-executive directors

Mr. Li Deqiang	(resigned on 7/4/2017)
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)

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 8.

EMOLUMENTS OF DIRECTORS

Details of the emoluments of the Directors of the Group are set out in note 14 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 13 and 27 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 2012 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 33 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 2012, none of the directors or chief executives of the Company nor their respective associates, had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or deemed to have taken under such provisions), or which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange, and none of the Directors or chief executives, or their respective spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights at any time during the Year.

SUBSTANTIAL SHAREHOLDERS

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

Long positions in the share capital of the Company

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

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

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

Save as disclosed above, as at 31 December 2012, 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.

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 2012.

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 the years ended 31 December 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 for the years ended 31 December 2011 and 2012 have been audited by ZHONGHUI ANDA CPA Limited. A resolution 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

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 37 to 94, which comprise the consolidated statement of financial position as at 31 December 2012, 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

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2011, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit, details of which are set out in our auditor's report dated 9 April 2018.

There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of certain opening balances and corresponding figures (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 31(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 2012 and 2011. In addition, the promissory notes and convertible bonds issued for the acquisition were not recognised 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 31(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 ended 31 December 2011.

3 Available-for-sale financial assets

As stated in note 20 to the consolidated financial statements, the investment in 29.85% equity interest in Vietnam Mayer Company Limited ("Vietnam Mayer") of approximately RMB11,766,000 is recognised as available-for-sale financial assets and stated at cost as at 31 December 2012 and 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 addition, we have not been able to obtain sufficient appropriate audit evidence as to the accuracy of its carrying amount.

4 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 2012 and 2011, 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 2012 and 2011 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:

	2012 *RMB'000*	2011 *RMB'000*
Revenue	498,478	489,450
Cost of sales	(477,447)	(471,937)
Gross profit	21,031	17,513
Other income	16,775	12,977
Other net loss	(1,523)	(3,544)
Distribution costs	(13,413)	(10,156)
Administrative expenses	(22,165)	(20,197)
Other operating expenses	(142)	(487)
Profit/(loss) from operation	563	(3,894)
Finance cost	(5,577)	(5,115)
Impairment loss on joint ventures	(12)	(50,971)
Share of results of joint ventures	–	(4,805)
Loss for the year	(5,026)	(64,785)

Assets and liabilities as at 31 December:

	2012 *RMB'000*	2011 *RMB'000*
Non-current assets		
Property, plant and equipment	2,353	945
Interest in joint ventures	1,592	11,045
	3,945	11,990
Current assets		
Inventories	54,650	52,390
Trade and other receivables	181,569	196,210
Pledged bank deposits	–	12,090
Cash and cash equivalents	40,798	18,800
	277,017	279,490
Current liabilities		
Trade and other payables	25,356	13,002
Borrowings	114,081	114,208
	139,437	127,210
NET ASSETS	141,525	164,270

5 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 2012 and 2011.

6 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 2012 and 2011 and the related party balances as at 31 December 2012 and 2011 as required by Hong Kong Accounting Standard 24 (revised) "Related Party Disclosures".

Any adjustments to the figures as described from points 1 to 6 above might have significant consequential effects on the Group's results and cash flows for the years ended 31 December 2012 and 2011 and the financial position of the Group as at 31 December 2012 and 2011, 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 RMB37,035,000 for the year ended 31 December 2012. 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") issued by the 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 2012

	Notes	2012 RMB'000	2011 RMB'000
Continuing Operations			
Revenue	7	498,478	489,450
Cost of sales		(477,447)	(471,937)
Gross profit		21,031	17,513
Other income	8	17,103	18,805
Other net (loss)/income	9	(1,851)	9,141
Distribution costs		(13,413)	(10,156)
Administrative expenses		(53,044)	(35,407)
Other operating expenses		(142)	(487)
Loss from operations		(30,316)	(591)
Finance costs	11	(5,597)	(5,142)
Impairment loss on amount due from an investee company		(190)	(6,477)
Impairment loss on joint ventures		(12)	(50,971)
Loss on derecognition of investment		–	(172,343)
Share of results of joint ventures		–	(4,805)
Loss before tax		(36,115)	(240,329)
Income tax expense	12	(920)	–
Loss from continuing operations		(37,035)	(240,329)
Discontinued operations			
Loss from discontinued operations		–	(9,307)
Loss for the year	13	(37,035)	(249,636)
Loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations		(36,103)	(237,916)
Loss from discontinued operations		–	(9,540)
		(36,103)	(247,456)
Non-controlling interests			
Loss from continuing operations		(932)	(2,413)
Profit from discontinued operations		–	233
		(932)	(2,180)
		(37,035)	(249,636)
Loss per share	16		
From continuing and discontinued operations			
Basic and diluted (RMB cents)		(3.89)	(29.30)
From continuing operations			
Basic and diluted (RMB cents)		(3.89)	(28.17)
From discontinued operations			
Basic and diluted (RMB cents)		–	(1.13)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2012

	2012 *RMB'000*	2011 *RMB'000*
Loss for the year	(37,035)	(249,636)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	894	2,958
Reclassification adjustment relating to foreign operations disposed of during the year	–	4,904
Share of other comprehensive income of joint ventures	–	92
	894	7,954
Items that may not be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(747)	9,096
Other comprehensive income for the year, net of tax	147	(1,142)
Total comprehensive income for the year	(36,888)	(250,778)
Total comprehensive income for the year attributable to:		
Owners of the Company	(35,956)	(248,349)
Non-controlling interests	(932)	(2,429)
	(36,888)	(250,778)

Consolidated Statement of Financial Position

At 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	17	52,546	54,007
Prepaid land lease payments	18	7,084	7,306
Interests in joint ventures	19	1,592	11,045
Available-for-sale financial assets	20	11,766	11,766
		72,988	84,124
Current assets			
Inventories	21	54,650	52,390
Trade and other receivables	22	182,846	202,368
Prepaid land lease payments	18	222	222
Amounts due from joint ventures		–	2,548
Pledged bank deposit		–	17,074
Cash and cash equivalents	23	47,142	27,720
		284,860	302,322
Current liabilities			
Trade and other payables	24	33,474	17,679
Amount due to a director	25	1,470	1,481
Borrowings	26	114,081	119,475
		149,025	138,635
Net current assets		135,835	163,687
Total assets less current liabilities		208,823	247,811
NET ASSETS		208,823	247,811
Capital and reserves			
Share capital	28	88,872	88,872
Reserves		74,539	110,495
Equity attributable to owners of the Company		163,411	199,367
Non-controlling interests		45,412	48,444
TOTAL EQUITY		208,823	247,811

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to owners of the Company									
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Statutory public welfare fund	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	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	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
At 1 January 2012	88,872	196,113	67,570	22,076	4,950	(21,590)	(158,624)	199,367	48,444	247,811
Total comprehensive income for the year	–	–	–	–	–	147	(36,103)	(35,956)	(932)	(36,888)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	(2,100)	(2,100)
At 31 December 2012	88,872	196,113	67,570	22,076	4,950	(21,443)	(194,727)	163,411	45,412	208,823

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012	2011
	RMB'000	*RMB'000*
Loss before taxation		
– Continuing operations	(36,115)	(240,329)
– Discontinued operations	–	(1,450)
– Loss on disposal of discontinued operations	–	(7,823)
	(36,115)	(249,602)
Adjustment for:		
Interest income	(747)	(766)
Finance costs	5,597	5,144
Depreciation	10,564	13,022
Amortisation of prepaid land lease payments	222	233
Impairment loss on trade and other receivables	1,289	1,638
Impairment loss on amount due from an investee company	190	6,477
Impairment loss on joint ventures	12	50,971
Impairment loss on derecognition of investment	–	172,343
Write down of inventories	204	–
Reversal of write down of inventories	–	(5,273)
Net loss on disposal of property, plant and equipment	279	33
Share of loss of joint ventures	–	4,805
Loss on disposal of discontinued operations	–	7,823
Net gain on disposal of subsidiaries	–	(12,786)
Operating loss before working capital changes	(18,505)	(5,938)
Change in inventories	(2,464)	(733)
Change in trade and other receivables	18,043	(58,368)
Change in amount due to a director	–	423
Change in financial assets at fair value through profit or loss	–	9,448
Change in trade and other payables	15,795	(26,836)
Cash generated from/(used in) operations	12,869	(82,004)
Income tax paid	(920)	(248)
Net cash generated from/(used in) operating activities	11,949	(82,252)

Consolidated Statement of Cash Flows
For the year ended 31 December 2012

	2012	2011
	RMB'000	*RMB'000*
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	66	749
Payment for purchase of property, plant and equipment	(9,450)	(2,299)
Capital returned from joint ventures	9,441	12,440
Payment for acquisition of assets	–	(20,498)
Repayment from/(loan to) a joint venture	2,548	(2,548)
Disposal of subsidiaries	–	16,511
Decrease/(increase) in pledged bank deposits	17,074	(11,858)
Interest received	747	766
Net cash generated from/(used in) investing activities	20,426	(6,737)
Cash flows from financing activities		
Proceed from new bank borrowings	361,530	388,119
Repayment of bank borrowings	(366,924)	(386,453)
Interest paid	(5,597)	(5,144)
Capital contributed by non-controlling interest	–	17,922
Dividend paid to non-controlling interests	(2,100)	–
Net cash (used in)/generated from financing activities	(13,091)	14,444
Net increase/(decrease) in cash and cash equivalents	19,284	(74,545)
Cash and cash equivalents at beginning of year	27,720	106,595
Effect of changes in foreign exchange rate	138	(4,330)
Cash and cash equivalents at end of year	47,142	27,720
Analysis of cash and cash equivalents		
Bank and cash balances	47,142	27,720

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 34 to the consolidated financial statements.

2. GOING CONCERN BASIS

The Group incurred a loss for the year of approximately RMB37,035,000 for the year ended 31 December 2012. Furthermore, there are pending litigations and winding up petition against the Group, details of which are stated in note 31 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 ("Yield Rise") and the legal advices on winding up petition, 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 adopted all the new and revised HKFRSs issued by the 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 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.

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 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.

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.

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

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 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.

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 from operation 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 10.6% (2011: 7.1%) and 42.9% (2011: 27.5%) 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 2012	
Borrowings	114,620
Trade and other payables	26,310
Amount due to a director	1,470
	142,400
At 31 December 2011	
Borrowings	121,360
Trade and other payables	15,251
Amount due to a director	1,481
	138,092

(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 2012, 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:

	2012	**2011**
	RMB'000	*RMB'000*
Financial assets		
Available-for-sale financial assets	11,766	11,766
Loans and receivables (including cash and cash equivalents)	227,069	185,000
Financial liabilities		
Financial liabilities at amortised cost	140,391	136,207

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:

	2012	2011
	RMB'000	*RMB'000*
Sales of steel pipes, steel sheet and other products made of steel	498,478	494,097
Gross rentals from leasing of aircrafts	–	6,993
	498,478	501,090
Representing:		
Continuing operations	498,478	489,450
Discontinued operations	–	11,640
	498,478	501,090

8. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
Bank interest income	747	490
Consultancy service income	–	354
Government subsidy#	1,028	725
Interest income from loan to a joint venture	–	276
Scrap sales	11,289	11,675
Sundry income	4,039	5,666
	17,103	19,186
Representing:		
Continuing operations	17,103	18,805
Discontinued operations	–	381
	17,103	19,186

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 (LOSS)/INCOME

	2012	2011
	RMB'000	*RMB'000*
Gain on disposal of a subsidiary	–	12,786
Fair value loss on financial assets at fair value through profit or loss	–	(1,842)
Net loss on disposal of property, plant and equipment	(279)	(33)
Net exchange loss	(283)	(39)
Impairment loss on trade receivables	(1,412)	(1,478)
Reversal of impairment/(impairment loss) on other receivables	123	(160)
	(1,851)	9,234
Representing:		
Continuing operations	(1,851)	9,141
Discontinued operations	–	93
	(1,851)	9,234

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 4. 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, net realised and unrealised loss on trading securities, net realised and unrealised gain on financial assets designated as 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, impairment loss on available-for-sale financial assets, 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 2012 and 2011 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 2012					
Revenue from external customers	498,478	–	–	–	498,478
Segment loss	(10,589)	(13)	–	–	(10,602)
Interest income	744	–	–	–	744
Interest expenses	4,885	–	–	–	4,885
Dividend income	–	–	–	–	–
Fair value loss on financial assets at fair value through profit or loss	–	–	–	–	–
Depreciation and amortisation	10,247	–	–	–	10,247
Net gain on disposal of property, plant and equipment	279	–	–	–	279
Impairment loss on trade and other receivables	1,289	–	–	–	1,289
Reversal of impairment loss on trade and other receivables	204	–	–	–	204
Write down of inventories	–	–	–	–	–
Reversal of writ down of inventories	–	–	–	–	–
Share of loss of joint ventures	–	–	–	–	–
Impairment loss on joint ventures	–	12	–	–	12
Income tax expense	–	–	–	–	–
Segment assets	336,200	1,893	–	–	338,093
Segment liabilities	139,436	–	–	–	139,436
Interests in joint ventures	–	1,592	–	–	1,592
Additions to non-current assets	9,144	–	–	–	9,144

	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 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

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

	2012	2011
	RMB'000	*RMB'000*
Profit or loss:		
Total loss of reportable segments	(10,602)	(58,253)
Elimination of discontinued operations	–	3,389
Finance cost	(5,597)	(5,142)
Impairment loss on derecognition of investment	–	(172,343)
Gain on disposal of a subsidiary	–	12,786
Depreciation	(387)	(354)
Corporate and unallocated profit or loss	(19,529)	20,412
Consolidated loss before taxation and discontinued operations for the year	(36,115)	240,329
Assets:		
Total assets of reportable segments	338,093	351,626
Corporate and unallocated assets:		
– Available-for-sale financial assets	11,766	11,766
– Others	7,989	23,054
Consolidated total assets	357,848	386,446
Liabilities:		
Total liabilities of reportable segments	139,436	127,210
Corporate and unallocated liabilities	9,589	11,425
Consolidated total liabilities	149,025	138,635

Geographical information:

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

Revenue from major customers:

No customers individually contributed more than 10% of the total consolidated revenue of the Group.

11. FINANCE COSTS

	2012	**2011**
	RMB'000	*RMB'000*
Bank interest expenses	4,905	4,483
Other finance charges	692	661
	5,597	5,144
Representing:		
Continuing operations	5,597	5,142
Discontinued operations	–	2
	5,597	5,144

12. INCOME TAX EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Current tax – overseas	–	34
Withholding tax	920	–
	920	34
Representing:		
Continuing operations	920	–
Discontinued operations	–	34
	920	34

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 (2011: 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).

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

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

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

	2012	**2011**
	RMB'000	*RMB'000*
Loss before tax	(36,115)	(249,602)
Tax at the rates applicable to profits in the countries concerned	(6,340)	(42,032)
Tax effect of non-taxable income	–	(3,447)
Tax effect of non-deductible expenses	6,705	41,088
Tax effect of utilisation of tax loss not recognised in prior years	(365)	–
Tax effect of tax losses not recognised	–	3,632
Tax effect of share of results of joint ventures	–	793
Withholding tax	920	–
Income tax expense for the year	920	34

13. LOSS FOR THE YEAR

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

	Continuing operations		Discontinued operations		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Auditor's remuneration						
– audit services	2,590	1,661	–	–	2,590	1,661
– other services	122	125	–	–	122	125
Cost of inventories sold[#]	477,447	471,937	–	4,071	477,447	476,008
Depreciation	10,564	9,521	–	3,501	10,564	13,022
Amortisation of prepaid lease payments	222	222	–	11	222	233
Net exchange losses/(gains)	283	132	–	(93)	283	39
Operating lease charges in respect of land and buildings	1,819	1,784	–	–	1,819	1,784
Net loss on disposal of property, plant and equipment	279	33	–	–	279	33
Loss on disposal of discontinued operations	–	–	–	7,823	–	7,823
Staff costs including directors' emoluments						
– Salaries, bonus and allowances	24,166	19,900	–	89	24,166	19,989
– Retirement benefits scheme contributions	2,809	2,425	–	4	2,809	2,429
	26,975	22,325	–	93	26,975	22,418

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

	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation	6,707	7,992	–	136	6,707	8,128
Write down of inventories	204	–	–	–	204	–
Reversal of write down of inventories	–	(5,273)	–	–	–	(5,273)
Staff costs	8,667	6,939	–	24	8,667	6,963

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

2012	*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*
Executive Directors						
Mr. Hsiao Ming-chih		–	81	–	–	81
Mr. Lai Yueh-hsing		–	488	–	–	488
Mr. Lu Wen-yi		–	380	–	–	380
Mr. Chiang Jen-chin		–	244	–	–	244
Mr. Cheng Koon Cheung	*b*	–	407	–	–	407
Mr. Xue Wenge		–	–	–	–	–
Mr. Lam Chun Yin	*a*	–	35	–	–	35
Non-executive Directors						
Mr. Li Deqiang		81	–	–	–	81
Independent Non-executive Directors						
Mr. Lin Sheng-bin		258	–	–	–	258
Mr. Huang Jui-hsiang		258	–	–	–	258
Mr. Alvin Chiu		186	–	–	–	186
Total for the year ended 31 December 2012		783	1,635	–	–	2,418

2011	*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*
Executive Directors						
Mr. Hsiao Ming-chih		–	83	–	–	83
Mr. Lai Yueh-hsing		–	498	–	–	498
Mr. Lo Haw	*c*	–	291	–	–	291
Mr. Lu Wen-yi		–	149	–	–	149
Mr. Chiang Jen-chin		–	249	–	–	249
Mr. Cheng Koon Cheung	*b*	–	199	–	–	199
Mr. Xue Wenge	*d*	–	–	–	–	–
Mr. Lam Chun Yin	*a,d*	–	50	–	–	50
Non-executive Directors						
Mr. Chan Kin Sang	*e*	299	–	–	–	299
Mr. Chen Guoxiang	*f*	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	*g*	125	–	–	–	125
Total for the year ended 31 December 2011		787	1,519	–	–	2,306

Notes:

a Resigned on 9 May 2012

b Resigned on 12 January 2012

c Resigned on 11 March 2011

d Appointed on 30 June 2011

e Resigned on 21 December 2011

f Resigned on 30 June 2011

g Resigned on 23 December 2011

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 two (2011: one) directors, whose emoluments are reflected in the analysis above. The emoluments of the remaining three (2011: four) individuals are set out below:

	2012	**2011**
	RMB'000	*RMB'000*
Basic salaries and allowances	2,004	1,852
Retirement benefits scheme contributions	18	20
	2,022	1,872

The emoluments fell within the following bands:

	Number of individuals	
	2012	**2011**
Emolument band:		
Nil – HK$1,000,000	3	4

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.

15. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2012 and 2011.

16. LOSS PER SHARE

Basic loss per share

(i) From continuing and discontinuing operations

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB36,103,000 (2011: loss of approximately RMB247,456,000) and the weighted average number of 927,564,000 ordinary shares (2011: 844,674,000 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 RMB36,103,000 (2011: loss of approximately RMB237,916,000) and the weighted average number of 927,564,000 ordinary shares (2011: 844,674,000 ordinary shares) in issue during the year.

Diluted loss per share

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

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures, fixture and office equipment	Motor vehicles	Construction in progress	Aircraft	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At cost								
At 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
Disposal 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 and 1 January 2012	43,385	3,902	93,458	4,592	3,207	1,677	–	150,221
Additions	–	–	955	181	818	7,496	–	9,450
Disposals	–	–	(750)	(67)	(387)	–	–	(1,204)
Exchange differences	–	(2)	–	(1)	(10)	–	–	(13)
At 31 December 2012	43,385	3,900	93,663	4,705	3,628	9,173	–	158,454
Accumulated depreciation								
At 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)
Disposal	–	(140)	(1,529)	(452)	–	–	–	(2,121)
Exchange differences	(2)	(7)	(5)	(9)	(21)	–	(469)	(513)
At 31 December 2011 and 1 January 2012	23,857	2,807	63,707	3,894	1,949	–	–	96,214
Charge for the year	1,967	410	7,402	131	654	–	–	10,564
Disposals	–	–	(450)	(60)	(349)	–	–	(859)
Exchange differences	–	(2)	(1)	(1)	(7)	–	–	(11)
At 31 December 2012	25,824	3,215	70,658	3,964	2,247	–	–	105,908
Carrying amounts								
At 31 December 2012	17,561	685	23,005	741	1,381	9,173	–	52,546
At 31 December 2011	19,528	1,095	29,751	698	1,258	1,677	–	54,007

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

	2012 *RMB'000*	2011 *RMB'000*
In the PRC – medium-term leases	17,561	19,528

18. PREPAID LAND LEASE PAYMENTS

	2012 *RMB'000*	2011 *RMB'000*
Cost		
At 1 January	11,098	15,013
Disposal	–	(3,915)
At 31 December	11,098	11,098
Accumulated amortisation		
At 1 January	3,570	3,441
Charge for the year	222	233
Disposal	–	(124)
Exchange differences	–	20
At 31 December	3,792	3,570
Carrying amount		
At 31 December	7,306	7,528
Represented:		
Current assets	222	222
Non-current assets	7,084	7,306
	7,306	7,528

19. INTERESTS IN JOINT VENTURES

	2012 *RMB'000*	2011 *RMB'000*
Unlisted investments		
– Share of net assets	52,575	62,016
Less: Impairment	(50,983)	(50,971)
	1,592	11,045

Details of the Group's joint ventures at 31 December 2012 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	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.

	2012	**2011**
	RMB'000	*RMB'000*
At 31 December		
Carrying amounts of interest	1,592	11,045
Year ended 31 December		
Loss from continuing operations	(606)	(4,805)
Other comprehensive income	194	92
Total comprehensive income	(412)	(4,713)

The Group has not recognised loss for the year amounting to approximately RMB606,000 (2011: RMBNil) for Glory World. The accumulated losses not recognised were approximately RMB606,000 (2011: RMBNil).

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2012	2011
	RMB'000	*RMB'000*
Unlisted securities, at cost	11,766	11,766

The above 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 to exercise 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 Mayer Steel Pipe Corporation. Pursuant to the agreement, 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.

21. INVENTORIES

	2012	2011
	RMB'000	*RMB'000*
Raw materials	33,543	25,809
Finished goods	21,107	20,370
Goods-in-transit	–	6,211
	54,650	52,390

22. TRADE AND OTHER RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	178,162	129,878
Less: allowance for doubtful debts	(4,022)	(3,566)
	174,140	126,312
Bills receivable	819	2,637
Other receivable	5,450	8,480
Prepayment and other deposit	2,437	64,939
	182,846	202,368

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:

	2012	2011
	RMB'000	*RMB'000*
0 to 30 days	45,914	33,264
31 to 60 days	44,828	38,114
61 to 90 days	37,275	28,930
91 to 180 days	46,020	25,783
Over 180 days	103	221
	174,140	126,312

Reconciliation of allowance for trade receivables:

	2012	2011
	RMB'000	*RMB'000*
At 1 January	3,566	2,088
Allowance for the year	1,412	1,478
Bad debts written off	(956)	–
At 31 December	4,022	3,566

As of 31 December 2012, trade receivables of approximately RMB5,829,000 (2011: approximately RMB4,874,000) 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:

	2012	2011
	RMB'000	*RMB'000*
Less than 1 month past due	5,157	3,029
1–3 months past due	672	1,070
More than 3 months past due	–	775
	5,829	4,874

23. BANK AND CASH BALANCES

As at 31 December 2012, the bank and cash balances of the Group denominated in RMB amounted to approximately RMB24,121,000 (2011: approximately RMB19,626,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

24. TRADE AND OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade payables	9,468	5,011
Other payable	17,732	10,576
Dividend payable	517	521
Receipts in advance	5,757	1,571
	33,474	17,679

Trade payables and bills payables

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

	2012	2011
	RMB'000	*RMB'000*
0 to 30 days	7,930	3,854
31 to 60 days	1,059	1,105
61 to 90 days	479	–
Over 365 days	–	52
	9,468	5,011

25. AMOUNT DUE TO A DIRECTOR

Amount due to a director is unsecured, interest-free and repayable on demand.

26. BORROWINGS

	2012	2011
	RMB'000	*RMB'000*
Bank borrowings		
– secured	–	36,786
– unsecured	114,081	82,689
	114,081	119,475

The average interest rates at 31 December were as follows:

	2012	2011
Secured bank borrowings	N/A	1.96%–6.1%
Unsecured bank borrowings	1%–7.54%	0.25%–7.54%

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 guarantee given by the Company.

27. 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$25,000 (before 1 June 2012: 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.

28. SHARE CAPITAL

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

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

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 years were as follows:

	2012	**2011**
	RMB'000	*RMB'000*
Total liabilities		
Total debt	114,081	119,475
Less: cash and cash equivalents	(47,142)	(44,794)
Net debt	66,939	74,681
Total equity	208,823	247,811
Net debt-to-capital ratio	32%	30%

29. 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	Special reserve	Foreign currencies translation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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 on acquisition of assets	69,460	–	–	–	69,460
At 31 December 2011	196,113	125,211	(52,682)	(227,526)	41,116
At 1 January 2012	196,113	125,211	(52,682)	(227,526)	41,116
Loss for the year	–	–	–	(22,720)	(22,720)
Exchange difference on translation of financial statements to presentation currency	–	–	(747)	–	(747)
At 31 December 2012	196,113	125,211	(53,429)	(250,246)	17,649

(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.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2012	2011
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	667	750
Investments in subsidiaries	106,912	107,753
Interest in joint ventures	1,592	11,045
	109,171	119,548
Current assets		
Deposit, prepayments and other receivable	976	5,854
Amounts due from joint ventures	–	2,548
Pledged bank deposit	–	4,984
Cash and cash equivalents	5,948	8,465
	6,924	21,851
Current liabilities		
Other payables	8,104	4,663
Amount due to a director	1,470	1,481
Bank borrowings	–	5,267
	9,574	11,411
Net current (liabilities)/assets	(2,650)	10,440
Total assets less current liabilities	106,521	129,988
NET ASSETS	106,521	129,988
Capital and reserves		
Share capital	88,872	88,872
Reserves	17,649	41,116
TOTAL EQUITY	106,521	129,988

31. 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 as at completion date was as follows:

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

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

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

b. Winding up petition

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

c. Winding up petition against a subsidiary

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

d. Writs of summons against the Company

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

32. COMMITMENTS

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

At 31 December 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2012	**2011**
	RMB'000	*RMB'000*
Within 1 year	831	1,436
In second to fifth years	–	838
	831	2,274

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

33. RELATED PARTY TRANSACTIONS

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 14 is as follows:

	2012	**2011**
	RMB'000	*RMB'000*
Salaries and other short-term employee benefit	4,402	3,833
Retirement scheme contribution	10	10
	4,412	3,843

34. 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	Percentage of ownership Indirectly	Principal activities
Bamian Investments Pte. Limited	Singapore	16,829,670 ordinary shares of SGD1 each	100%	–	Investment holdings
Guangzhou Mayer Corporation Limited#	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**	
	2012	**2011**
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	70,952	72,330
Current assets	277,017	279,713
Current liabilities	(139,437)	(127,210)
Net assets	208,532	224,833
Accumulated NCI	45,412	48,444
Year ended 31 December:		
Revenue	498,478	489,449
Loss	(5,014)	(12,026)
Total comprehensive income	(5,014)	(12,026)
Loss allocated to NCI	(932)	(2,413)
Dividends paid to NCI	2,100	–
Net cash (used in)/generated from operating activities	(29,056)	715
Net cash generated from/(used in) investing activities	51,585	(55,270)
Net cash used in financing activities	(12,468)	(6,876)
Net increase/(decrease) in cash and cash equivalents	10,061	(61,431)

As at 31 December 2012, the bank and cash balances of the Group' subsidiaries in the PRC denominated in RMB amounted to RMB24,121,000 (2011: RMB19,626,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

35. EVENTS AFTER THE REPORTING PERIOD

On 23 January 2013, the Company had released an announcement to provide the reasons of the resignation of Grant Thornton Hong Kong Limited ("Grant Thornton") as the Company's auditor with effect on 27 December 2012. According to Grant Thornton, the Company's former auditor, it claimed that the management of the Company was unable to provide it the information requested and to update it in respect of the developments of a series of significant matters on a timely basis. Grant Thornton's resignation had also included the consideration of many factors including the professional risk associated with the audit and its available internal resources in light of the work flows. Thereafter, Zenith CPA Limited had been appointed as the auditor of the Company with effective from 11 March 2013 to fill the casual vacancy following the resignation of Grant Thornton.

Other than the controversial HCA64/2012 case, the Group is also currently involved into a number of court proceedings in different countries or regions which are still pending after 31 December 2012. The Company is pleased to keep Shareholders informed of the progress of the HCA64/2012 case and the latest updates of all other legal proceedings, together with all other material and current information of the Company, by releasing prompt announcements in the years to come.

36. 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				
	2008	**2009**	**2010**	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Continuing Operations:					
Revenue	663,216	427,255	546,958	489,450	498,478
Loss before taxation	(8,260)	(1,174)	(102)	(240,329)	(36,115)
Income tax expense	(7,312)	(3,139)	(260)	–	(920)
Loss from continuing operations	(15,572)	(4,313)	(362)	(240,329)	(37,035)
Discontinued operations:					
Profit/(loss) from discontinued operations	26,120	5,584	17,322	(9,307)	–
Profit/(loss) for the year	10,548	1,271	16,960	(249,636)	(37,035)
Attributable to:					
Owners of the Company	7,222	(510)	13,739	(247,456)	(36,103)
Non-controlling interests	3,326	1,781	3,221	(2,180)	(932)
	10,548	1,271	16,960	(249,636)	(37,035)

	As at 31 December				
	2008	**2009**	**2010**	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets	358,691	353,381	244,649	84,124	72,988
Current assets	305,252	344,346	337,839	302,322	284,860
Current liabilities	(192,675)	(208,684)	(159,181)	(138,635)	(149,025)
Non-current liabilities	(112,647)	(130,831)	–	–	–
	358,621	358,212	423,307	247,811	208,823
Share capital	59,460	59,460	69,306	88,872	88,872
Share premium and reserves	237,376	236,050	289,384	110,495	74,539
Non-controlling interests	61,785	62,702	64,617	48,444	45,412
	358,621	358,212	423,307	247,811	208,823