



美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1116)

Interim Report
2020

* For identification purpose only

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Corporate Information

DIRECTORS

Executive Directors

Mr. Lee Kwok Leung (*Chairman*)
Mr. Xu Lidi (*Chief Executive Officer*)
Mr. Zhou Shi Hao
Mr. Chen Zhirui

Non-executive Director

Mr. Wang Dongqi

Independent Non-executive Directors

Mr. Lau Kwok Hung
Mr. Cheung, Eddie Ho Kuen
Mr. Cheng Yuk Ping

AUDIT COMMITTEE

Mr. Lau Kwok Hung (*Chairman*)
Mr. Cheung, Eddie Ho Kuen
Mr. Cheng Yuk Ping

NOMINATION COMMITTEE

Mr. Lee Kwok Leung (*Chairman*)
Mr. Lau Kwok Hung
Mr. Cheung, Eddie Ho Kuen
Mr. Cheng Yuk Ping

REMUNERATION COMMITTEE

Mr. Cheng Yuk Ping (*Chairman*)
Mr. Lau Kwok Hung
Mr. Cheung, Eddie Ho Kuen

COMPANY SECRETARY

Mr. Lam Man Kit

AUTHORISED REPRESENTATIVES

Mr. Lee Kwok Leung
Mr. Lam Man Kit

AUDITOR

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

LEGAL ADVISORS

P.C. Woo & Co.
C.L. Chow & Macksion Chan Solicitors

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Tricor Services (Cayman Islands) Limited
2nd Floor, Century Yard, Cricket Square,
P.O. Box 902,
Grand Cayman, KY1-1103,
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wan Chai,
Hong Kong

REGISTERED OFFICE

PO Box 309, Ugland House,
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

STOCK CODE

1116

COMPANY WEBSITE

www.mayer.com.hk
www.mayer.com.cn

Condensed Consolidated Statement of Profit or Loss*For the six months ended 30 June 2020*

		Six months ended 30 June	
	<i>Notes</i>	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	6	238,837	254,262
Cost of sales		<u>(200,686)</u>	<u>(226,221)</u>
Gross profit		38,151	28,041
Interest revenue		178	123
Other income		4,303	4,957
Other net gain/(loss)		226	(542)
Distribution costs		(9,412)	(9,300)
Administrative expenses		(19,962)	(16,028)
Other operating expenses		<u>(38)</u>	<u>–</u>
Profit from operations		13,446	7,251
Share of loss of a joint venture		(400)	–
Share of loss of an associate		(365)	–
Finance costs		<u>(7,323)</u>	<u>(728)</u>
Profit before tax		5,358	6,523
Income tax expense	7	<u>(1,859)</u>	<u>(1,741)</u>
Profit for the period	8	<u><u>3,499</u></u>	<u><u>4,782</u></u>
Profit for the period attributable to:			
Owners of the Company		1,884	2,947
Non-controlling interests		<u>1,615</u>	<u>1,835</u>
		<u><u>3,499</u></u>	<u><u>4,782</u></u>
Earnings per share	10		
Basic and diluted (<i>RMB cents</i>)		<u><u>0.09</u></u>	<u><u>0.17</u></u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income*For the six months ended 30 June 2020*

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>3,499</u>	<u>4,782</u>
Other comprehensive (loss)/income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(7,839)	(1,723)
<i>Items that may not be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>6,502</u>	<u>48</u>
Other comprehensive loss for the period, net of tax	<u>(1,337)</u>	<u>(1,675)</u>
Total comprehensive income for the period	<u><u>2,162</u></u>	<u><u>3,107</u></u>
Total comprehensive income for the period attributable to:		
Owners of the Company	547	1,272
Non-controlling interests	<u>1,615</u>	<u>1,835</u>
	<u><u>2,162</u></u>	<u><u>3,107</u></u>

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	11	34,012	32,642
Right-of-use assets		8,871	9,631
Interest in joint ventures		100	–
Interest in an associate		209,122	209,487
Financial assets at fair value through profit or loss		7,570	7,570
		<u>259,675</u>	<u>259,330</u>
Current assets			
Inventories		83,069	82,640
Trade and other receivables	12	358,254	293,897
Cash and cash equivalents		94,421	146,422
		<u>535,744</u>	<u>522,959</u>
Current liabilities			
Trade and other payables	13	102,657	101,270
Current tax payables		3,697	2,494
Lease liabilities		1,610	1,480
Borrowings		78,139	78,139
		<u>186,103</u>	<u>183,383</u>
Net current assets		<u>349,641</u>	<u>339,576</u>
Total assets less current liabilities		<u>609,316</u>	<u>598,906</u>
Non-current liabilities			
Lease liabilities		1,727	2,444
Promissory notes	14	131,292	122,677
		<u>133,019</u>	<u>125,121</u>
NET ASSETS		<u><u>476,297</u></u>	<u><u>473,785</u></u>
Capital and reserves			
Share capital		391,760	391,760
Reserves		27,141	26,244
		<u>418,901</u>	<u>418,004</u>
Equity attributable to owners of the Company		418,901	418,004
Non-controlling interests		57,396	55,781
		<u>476,297</u>	<u>473,785</u>
TOTAL EQUITY		<u><u>476,297</u></u>	<u><u>473,785</u></u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company										Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Statutory public welfare fund RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	
At 1 January 2019 (Audited)	318,093	211,467	-	67,570	25,892	4,950	(28,999)	(263,718)	335,255	51,028	386,283
Total comprehensive income/(loss) for the period (Unaudited)	-	-	-	-	-	-	(1,675)	2,947	1,272	1,835	3,107
At 30 June 2019 (Unaudited)	318,093	211,467	-	67,570	25,892	4,950	(30,674)	(260,771)	336,527	52,863	389,390
At 1 January 2020 (Audited)	391,760	213,309	-	67,570	25,892	4,950	(25,081)	(260,396)	418,004	55,781	473,785
Total comprehensive income/(loss) for the period (Unaudited)	-	-	-	-	-	-	(1,337)	1,884	547	1,615	2,162
Share-based payments (Unaudited)	-	-	350	-	-	-	-	-	350	-	350
At 30 June 2020 (Unaudited)	391,760	213,309	350	67,570	25,892	4,950	(26,418)	(258,512)	418,901	57,396	476,297

Condensed Consolidated Statement of Cash Flows*For the six months ended 30 June 2020*

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	<u>(47,536)</u>	<u>(85,523)</u>
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	122	102
Payment for purchase of property, plant and equipment	(3,445)	(2,317)
Establishment of a joint venture	(500)	–
Interest received	<u>178</u>	<u>123</u>
Net cash used in from investing activities	<u>(3,645)</u>	<u>(2,092)</u>
Cash flows from financing activities		
Proceed from new borrowings	–	20,000
Repayment of borrowings	–	(668)
Repayment of lease liabilities	(906)	–
Interest paid	<u>(1,001)</u>	<u>(728)</u>
Net cash (used in)/generated from financing activities	<u>(1,907)</u>	<u>18,604</u>
Net decrease in cash and cash equivalents	(53,088)	(69,011)
Cash and cash equivalents at beginning of period	146,422	174,667
Effect of changes in foreign exchange rate	<u>1,087</u>	<u>(1,668)</u>
Cash and cash equivalents at end of period	<u><u>94,421</u></u>	<u><u>103,988</u></u>
Analysis of cash and cash equivalents		
Bank and cash balances	<u><u>94,421</u></u>	<u><u>103,988</u></u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

1. GENERAL INFORMATION

Mayer Holdings Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands and its registered office is PO Box 309, Ugland House, Grand Cayman, KYI-1104 Cayman Islands.

The principal activities of the Company and its subsidiaries (collectively “the Group”) for the period ended 30 June 2020 are investment holdings and manufacturing of steel pipes, steel sheets and other products made of steel and urban renewal projects planning and consulting.

2. BASIS OF PREPARATION

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

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019 (“2019 Annual Report”).

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the 2019 Annual Report.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards; HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Board of Directors of the Company, being the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment. The Group has presented the following two 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.
- Service – PRC: this segment primarily derive its revenue from urban renewal projects planning and consulting in Zhuhai City of Guangdong Province of the PRC.

Segment results, assets and liabilities

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

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The accounting policies of the reportable segments are the same as the Group's accounting policies. The measure used for reporting segment profit is "EBIT" i.e. "earnings before interest and taxes".

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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

	Urban renewal projects planning and consulting <i>RMB'000</i>	Sales of steel pipes, steel sheets and other products made of steel <i>RMB'000</i>	Total <i>RMB'000</i>
Period ended 30 June 2020 (Unaudited)			
Revenue from external customers	11,201	227,636	238,837
Segment profit	<u>5,869</u>	<u>12,264</u>	<u>18,133</u>
At 30 June 2020 (Unaudited)			
Segment assets	336,060	431,941	768,001
Segment liabilities	<u>10,038</u>	<u>158,473</u>	<u>168,511</u>
	Urban renewal projects planning and consulting <i>RMB'000</i>	Sales of steel pipes, steel sheets and other products made of steel <i>RMB'000</i>	Total <i>RMB'000</i>
Period ended 30 June 2019 (Unaudited)			
Revenue from external customers	–	254,262	254,262
Segment profit	<u>–</u>	<u>12,334</u>	<u>12,334</u>
At 31 December 2019 (Audited)			
Segment assets	333,677	439,581	773,258
Segment liabilities	<u>12,528</u>	<u>158,473</u>	<u>171,001</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

Reconciliations of reportable segment profit or loss:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue:		
Total revenue of reportable segments and consolidated revenue	<u>238,837</u>	<u>254,262</u>
Profit or loss:		
Total profit of reportable segments	18,133	12,334
Corporate and unallocated profit or loss	<u>(14,634)</u>	<u>(7,552)</u>
Consolidated profit for the period	<u>3,499</u>	<u>4,782</u>
	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Assets:		
Total assets of reportable segments	768,001	773,258
Corporate and unallocated assets	<u>27,418</u>	<u>9,031</u>
Consolidated total assets	<u>795,419</u>	<u>782,289</u>
Liabilities:		
Total liabilities of reportable segments	168,511	171,001
Corporate and unallocated liabilities	<u>150,611</u>	<u>137,503</u>
Consolidated total liabilities	<u>319,122</u>	<u>308,504</u>

Geographical information:

Since 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 for the period ended 30 June 2020 and 2019.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

5. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Reconciliation of assets measured at fair value based on level 3:

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
At 1 January	7,570	–
Acquisition of subsidiaries	–	7,570
At 30 June/31 December	<u>7,570</u>	<u>7,570</u>

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2020:

The Group's directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Discussions of valuation processes and results are held between the financial controller and the board of directors at least twice a year.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 30 June 2020 RMB'000 (Unaudited)	Fair value 31 December 2019 RMB'000 (Audited)
Put option	Black Scholes Option Pricing Model	Risk free rate	1.95%	Decrease	383	383
		Volatility	38.62%	Increase		
Contingent consideration receivable	Discounted cash flow	Discount rate	17%	Decrease	7,187	7,187

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

6. REVENUE

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of steel pipes, steel sheets and other products made of steel	227,636	254,262
Urban renewal projects planning and consulting	11,201	–
	<u>238,837</u>	<u>254,262</u>

Disaggregation of revenue from contracts with customers:

Segments	Six months ended 30 June			
	2020		2019	
	Steel –	Services –	Steel –	Services –
	PRC	PRC	PRC	PRC
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Nature of revenue				
Domestic sales	181,724	–	210,355	–
Indirect export sales	31,942	–	30,741	–
Direct export sales	13,970	–	13,166	–
Consultancy services	–	11,201	–	–
Total	<u>227,636</u>	<u>11,201</u>	<u>254,262</u>	<u>–</u>

Timing of recognition of revenue from contracts with customers:

At a point in time	227,636	–	254,262	–
Over time	–	11,201	–	–
	<u>227,636</u>	<u>11,201</u>	<u>254,262</u>	<u>–</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC corporation income tax	<u>1,859</u>	<u>1,741</u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for the periods ended 30 June 2020 and 30 June 2019.

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

8. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	200,686	224,823
Depreciation	1,675	1,612
Depreciation of right-of-use assets	921	111
Net exchange (gain)/loss	(531)	361
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	19,308	15,578
– Retirement benefits scheme contributions	1,069	2,454
	<u>20,377</u>	<u>18,032</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

9. INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

10. EARNINGS PER SHARE

Basic Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB1,884,000 (2019: RMB2,947,000) and the weighted average number of 2,158,000,000 ordinary shares (2019: 1,748,000,000 ordinary shares) in issue during the six months ended 30 June 2020.

Diluted earnings per share

Diluted earnings per share is equal to basic earnings per share as there are no potential ordinary shares outstanding for the six months ended 30 June 2020 and 2019.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, property, plant and equipment of approximately RMB3,445,000 was acquired by the Group (six months ended 30 June 2019: approximately RMB2,317,000).

12. TRADE AND OTHER RECEIVABLES

The trade and other receivables included trade receivables of approximately RMB170,071,000 as at 30 June 2020. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
0 to 30 days	46,253	45,194
31 to 60 days	38,682	46,831
61 to 90 days	30,966	41,868
91 to 180 days	23,732	31,902
Over 180 days	30,438	1,336
	<u>170,071</u>	<u>167,131</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables of approximately RMB29,049,000 as at 30 June 2020. The aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

	At 30 June 2020 <i>RMB'000</i> (Unaudited)	At 31 December 2019 <i>RMB'000</i> (Audited)
0 to 30 days	9,560	18,413
31 to 60 days	1,467	9,800
61 to 90 days	880	1,684
91 to 180 days	542	652
181 to 365 days	7,285	2,960
Over 365 days	9,315	1,070
	<u>29,049</u>	<u>34,579</u>

14. PROMISSORY NOTES

Upon the completion date of the acquisition of Happy (Hong Kong) New City Group Limited on 26 November 2019, the Company issued Promissory Notes ("PN") to a company owned by a substantial shareholder of the Company with a principal amount of HK\$158,000,000 as a part of the settlement of the consideration. The PN are interest bearing at 3% p.a. payable semi-annually and the maturity date is in 2 years from the date of issue. The fair value of PN at issuance was assessed as approximately RMB122,260,000 (equivalent to approximately HK\$136,090,000) by an independent valuer. The effective interest rate is 10%.

15. COMMITMENTS

The Group has no significant capital commitments outstanding at 30 June 2020 and 31 December 2019.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

16. CONTINGENT LIABILITIES

Writs of summons against the Company

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

17. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PN interest to a substantial shareholder	6,165	–

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefit	1,860	2,372
Retirement scheme contribution	8	79
	<u>1,868</u>	<u>2,451</u>

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 August 2020.

REVIEW OF RESULTS

For the six months ended 30 June 2020 (the “Period”), the Group reported consolidated revenue of approximately RMB238,837,000 representing a decrease of 6.1% compared to same period of last year’s RMB254,262,000. Gross profit margin was 16.0% compared to the same period of last year’s 11.0%. Profit attributable to owners of the Company for the Period was approximately RMB1,884,000, compared with same period of last year’s profit attributable to owners RMB2,947,000. Earnings per share for the Period was RMB0.09 cents versus same period of last year’s earnings per share RMB0.17 cents.

BUSINESS REVIEW

In the first half of the year 2020, both Chinese and global economies plummeted due to a host of unfavourable factors, such as the global pandemic and the US-China trade war. In the face of the unexpected epidemic, Guangzhou Mayer Corporation Limited (“Guangzhou Mayer”) was inevitably affected. Nevertheless, it attained growth by overcoming all challenges and defying the odds under the leadership of the management. Extra efforts have been made at production, operation, market expansion and technological innovation. Eventually, Guangzhou Mayer recorded outstanding key financial indicators, earned the reputation as a Clean Production Company in Guangzhou* (廣州市清潔生產企業), and upheld its honour as a Contract-abiding and Credit-honouring Enterprise* (守合同重信用企業) in Guangdong Province for 15 consecutive years.

During the first half of the year, Guangzhou Mayer adopted online marketing and developed superior domestic customers in respect of market expansion and tightly controlled its costs in terms of production, operation and management. As a result, Guangzhou Mayer’s profit for the first half of the year maintained at the same level with the corresponding period last year despite lower sales. In terms of product sales, aggregate sales revenue for the first half of 2020 was RMB227 million, representing a decrease of 10.5% as compared with the corresponding period of 2019. In particular, sales revenue from carbon steel products amounted to RMB183 million, representing a decrease of 6.6% as compared with the corresponding period of 2019, while sales revenue from stainless steel products was RMB44 million, representing a drop of 24.3% as compared with the corresponding period of 2019.

In respect of operations management, all sales personnel learned and adopted online marketing to develop new customers while retaining existing ones through the Internet so as to surmount the inconvenience brought by the fight against the epidemic. The management model of knowledge and skills framework (“KSF”) comprehensive performance-based appraisal was fully implemented in order to motivate the staff, improve work efficiency and reduce production costs. As such, profit of the Group was effectively boosted.

Management Discussion and Analysis

As to technological innovation, the applications for 9 patents were accepted, the upgrade and replacement of production equipment were stepped up to enhance production efficiency and capacity, and a number of new intelligent automation equipment were developed in collaboration with the Guangdong University of Technology as well as other automation companies to strengthen the Company's leadership in terms of production technologies. The Group also proactively participated in several construction and water supply associations in China in order to stay abreast of latest market development, actively participate in the formulation and modification of domestic industry standards and regulations, and highlight its leading position in the industry.

FINANCIAL REVIEW

Production and Sales of Steel Products

By disaggregation of revenue from contracts with customers, the revenue from domestic sales of steel products in the PRC during the Period was approximately RMB181,724,000, representing a decrease of approximately 13.6% compared with the same period of last year's approximately RMB210,355,000. The revenue from indirect export sales of steel products in the PRC during the Period was approximately RMB31,942,000 representing an increase of approximately 3.9% compared with approximately RMB30,741,000 for the same period of last year. The revenue from direct export sales of steel products outside the PRC during the Period was approximately RMB13,970,000 representing an increase of approximately 6.1% while it was approximately RMB13,166,000 for the same period of last year.

Urban Renewal Projects

During the Period, the Group had recorded approximately RMB11,201,000 (2019: Nil) consultancy services income in urban renewal projects.

Gross Profit

The Group recorded a gross profit of approximately RMB38,151,000 for the Period, with a gross profit margin of approximately 16.0%, compared with the gross profit of approximately RMB28,041,000 and a gross profit margin of approximately 11.0% for the same period of last year. The increase in gross profit was mainly attributable to the increase in export sales of steel products with higher profit margin.

Operating Expenses

The total operating expenses of the Group for the Period were approximately RMB29,412,000 of which approximately RMB9,412,000 was distribution costs, approximately RMB19,962,000 was administrative expenses and approximately RMB38,000 was other operating expenses, while the amounts for the same period of last year were approximately RMB9,300,000 and RMB16,028,000 and nil respectively.

Management Discussion and Analysis

Finance Costs

During the Period, the Group incurred approximately RMB7,323,000 in finance costs, compared with approximately RMB728,000 for the same period of last year. The increase in finance costs during the Period was mainly due to higher finance costs recorded as interest for a promissory note issued in an acquisition completed in 2019, amounted to RMB6,165,000 (2019: Nil).

CAPITAL STRUCTURE, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 June 2020, the authorised share capital of the Company was approximately RMB724,843,000 (HK\$800,000,000) divided into 4,000,000,000 Shares and the issued share capital of the Company was approximately RMB391,760,000 (HK\$431,600,000) divided into 2,158,000,000 Shares. As at the date of this report, the share capital of the Company comprises ordinary Shares.

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.

The Group had net current assets of approximately RMB349,641,000 as at 30 June 2020 as compared with RMB339,576,000 as at 31 December 2019. The current ratio (current assets divided by current liabilities) changed to approximately 2.88 times as at 30 June 2020 from 2.85 times as at 31 December 2019.

As at 30 June 2020, the Group had a balance of approximately RMB78,139,000 borrowings from bank and third parties to finance the Group's working capital and capital expenditures (31 December 2019: RMB78,139,000).

During the Period, the Group generated net cash outflow of RMB47,536,000 from its operating activities, mainly due to the increase in trade and other receivables. Net cash outflow of approximately RMB3,645,000 was from investing activities for the Period, mainly resulted from purchases of property, plant and equipment. Net cash outflow of approximately RMB1,907,000 was from financing activities, mainly resulted from interest payments. Cash and cash equivalents as at 30 June 2020 amounted to approximately RMB94,421,000, mainly denominated in Renminbi, US dollars and HK dollars.

The debt-to-equity ratio (total liabilities divided by share capital) as at 30 June 2020 was approximately 81.5% while it was 78.7% as at 31 December 2019. Current portion of borrowings accounted for approximately 9.8% and 10.0% of the total assets of the Group as at 30 June 2020 and 31 December 2019, respectively.

Management Discussion and Analysis

FOREIGN EXCHANGE EXPOSURES

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

CHARGE ON GROUP ASSETS

As at 30 June 2020, no assets were pledged to banks for securing banking or other financing facilities granted to the Group.

CONTINGENT LIABILITIES

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.

LEGAL CASES UPDATE

Claim Disputes in Shenzhen

Reference is made to the Company's announcements dated 13 October 2017, 5 October 2018, 20 November 2018, 27 November 2018 and 19 March 2020 and circular dated 23 August 2019, Guangzhou Mayer had provided investments in aggregate amounted to RMB50 million, doubtfully, to three investment companies by former management of Guangzhou Mayer. The current management of Guangzhou Mayer considers these investments as deceitful acts committed by the former management of Guangzhou Mayer and the three investment companies, and so proper legal actions have been conducted by Guangzhou Mayer for recovering these investments, including filing claim petitions to the People's Court of Qianhai Cooperation District, Shenzhen, Guangdong Province* ("Court of Qianhai")* and reporting to the relevant police department in the PRC. In October 2018, the People's Court of Futian District of Shenzhen City* ("Futian District Court") taken up the mentioned petitions from the Court of Qianhai and had heard on 20 November 2018. The Futian District Court made decisions that two defendants shall repay in total RMB30 millions plus interest for the period of possession of the fund to GZ Mayer. At the date of this report, GZ Mayer has neither been informed that whether the defendants has appealed to such court decisions, nor the defendants has paid GZ Mayer according to such court decisions. Auditors of the Company expressed their qualified opinion on the issue in the financial statement for the year ended 31 December 2018 with full impairment made in the same year.

OPEN OFFER

On 20 July 2018, the Company entered into underwriting agreements in relation to the underwriting and certain other arrangements in respect of the open offer on the basis of four offer shares for every one share in issue and held on 26 October 2018, being the record date, at the subscription price of HK\$0.2 each (the “Open Offer”). The Open Offer was completed on 19 November 2018 and totally 1,398,400,000 offer shares were issued. The net proceeds of the Open Offer amounted to approximately RMB243,873,000 (HK\$274,894,000) (equivalent to a net price of approximately HK\$0.2 per offer share). Details of the Open Offer were set out in the Company’s announcements dated 16 January 2018, 20 July 2018, 18 September 2018 and 19 November 2018, the Company’s circular dated 21 September 2018 and the Company’s prospectus dated 29 October 2018.

As at 30 June 2020, approximately RMB44,181,000 (HK\$48,761,000) was used for settling legal, consultancy and professional fees and other costs and expenses arising from trading resumption of the Shares, approximately RMB58,056,000 (HK\$64,074,000) was used for repayment of outstanding loans, approximately RMB4,978,000 (HK\$5,296,000) was used for settling directors’ remuneration, approximately RMB15,890,000 (HK\$17,431,000) was used for capital expenditure, approximately RMB45,023,000 (HK\$49,690,000) was used for the general working capital of the Group and the remaining balance of approximately RMB81,715,000 (HK\$89,642,000) remained unutilized, which is expected to be utilized mainly in the years of 2020 and 2021.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 30 June 2020, the Group had total of around 371 employees. Total staff costs for the Period were approximately RMB20,377,000, including retirement benefits cost of approximately RMB1,069,000. Remuneration packages of the Group are maintained at a competitive level to attract, retain and motivate 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. The Company adopted a new share option scheme on 31 May 2019. No share option has been granted yet as at the date of this report.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2020 and did not have any significant investments held as at 30 June 2020.

OUTLOOK

Looking forward to the second half of 2020, notwithstanding the harsh export market due to the prevalence of the global epidemic and US-China trade war, a number of economic stimuli will be implemented in China. Such policies will include additional support to the real economy, further opening-up, assistance to corporate reform, the development of the Guangdong-Hong Kong-Macau Greater Bay Area and the “Dual Circulation (雙循環)” economic policy. Being one of the hi-tech enterprises in the industry located in the Greater Bay Area, Guangzhou Mayer will actively mitigate the adverse impact of the epidemic and the US-China trade war by grasping development opportunities, keeping abreast of the latest trend, promoting comprehensive business development and pursuing all annual targets.

In respect of carbon steel products, Guangzhou Mayer will take advantage of its close proximity to the largest steel market and automobile production base in southern China to pursue domestic customers with the aim of sustaining sales growth by effectively offsetting the loss of overseas customers due to the US-China trade war as well as mitigating the adverse impact brought by the sluggish demand for the processing of electronic materials.

With respect to stainless steel pipes and components, domestic demand is growing rapidly as the central government has formally implemented the Assessment Standard for Green Building (綠色建築評價標準) while several large cities have been upgrading their municipal water supply systems so as to improve the living standard of the people. To seize this golden opportunity, the Company is stepping up its efforts in the promotion and application of its stainless steel water pipes and components in order to rigorously increase its share in the stainless steel pipes and components market. The Group is facing strong headwinds in a complicated domestic and international economy as well as a fluctuating market. However, the Group, particularly Guangzhou Mayer’s management, will surmount all difficulties, realise sustainable development and achieve all annual targets by expanding its domestic business through multiple channels while developing overseas markets, particularly Australia and Southeast Asia.

CAPITAL COMMITMENTS

The Group has no significant capital commitments outstanding at 30 June 2020 and 31 December 2019.

EVENT AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

Other Information

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

As at 30 June 2020, the Directors' and chief executive's 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 Securities and Futures Ordinance (the "SFO")), which were required (i) 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 were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity/nature of interest	Long position/short position	Number of Shares held	Approximate percentage of the issued share capital of the Company
Zhou Shi Hao ("Mr. Zhou") (Note)	Interest in controlled corporation	Long position	410,000,000	19.00%

Note: As at 30 June 2020, 410,000,000 Shares, representing approximately 19% of the issued Shares, were held by Harbour Prestige International Limited ("Harbour Prestige"), a company wholly owned by Mr. Zhou who is an executive Director. By virtue of the Provisions 7 and 8 of Part XV of the SFO, Mr. Zhou was deemed to be interested in the 410,000,000 Shares held by Harbour Prestige.

Save as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations as defined in the SFO at 30 June 2020.

Other Information

SUBSTANTIAL SHAREHOLDERS'/OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, the interests or short positions of every person, other than a Director or chief executive of the Company, in the Shares and underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Long positions in the Shares

Name of Shareholders	Note	Capacity and nature of interest	Number of Shares/underlying Shares held	Approximate percentage of the issued share capital of the Company
Aspial Investment Limited ("Aspial")	1	Beneficial owner	460,000,000	21.32%
Chen Wei ("Mr. Chen")	1	Interest in controlled corporation	460,000,000	21.32%
Habour Prestige	2	Beneficial owner	410,000,000	19.00%
Mr. Zhou	2	Interest in controlled corporation	410,000,000	19.00%
Valley Park Global Corporation ("Valley Park")	3	Beneficial owner	230,000,000	10.66%
Liu Qiong	3	Interest in controlled corporation	230,000,000	10.66%
Liu Haiyang	3	Interest in controlled corporation	230,000,000	10.66%
Wong Shek Kwan		Beneficial owner	193,320,000	8.96%
Cheng Siu Ang ("Ms. Cheng")	4	Interests held jointly with another person/Beneficial owner	162,000,000	7.51%
So Pak Wing ("Mr. So")	4	Interests held jointly with another person/Beneficial owner	162,000,000	7.51%

Note 1:

Mr. Chen is the legal and beneficial owner of the entire issued share capital of Aspial. By virtue of the SFO, Mr. Chen is deemed to be interested in the 460,000,000 Shares held by Aspial. To the best of the directors' knowledge, information and belief having made all reasonable enquiries, both Aspial and Mr. Chen 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.

Other Information

Note 2:

As at 30 June 2020, 410,000,000 Shares, representing approximately 19% of the issued Shares, were held by Harbour Prestige, a company wholly owned by Mr. Zhou who is an executive Director, By virtue of the Provisions 7 and 8 of Part XV of the SFO, Mr. Zhou was deemed to be interested in the 410,000,000 Shares held by Harbour Prestige.

Note 3:

According to the notice of disclosure of interests of Valley Park, Liu Qiong and Liu Haiyang, who are deemed to be interested in 230,000,000 shares held by Valley Park under Part XV of the SFO, own each of 50% controlling interest of Valley Park. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, both Liu Qiong and Liu Haiyang 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 4:

These 162,000,000 shares are jointly held by Mr. So and Ms. Cheng. Mr. So is the spouse of Ms. Cheng. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, both Mr. So and Ms. Cheng are independent third parties to the Group as defined under the Listing Rules and are also not a party acting in concert with any of the Shareholders.

Save as disclosed above, as at 30 June 2020, no person had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or any of their close associates (as defined in the Listing Rules) had an interest in a business, which competes or may compete with the business of the Group, or has any other conflict of interest with the Group during the Period.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 31 May 2019, a share option scheme of the Company (the "Share Option Scheme") was adopted by the Company. The Share Option Scheme, subject to earlier termination by the Company in general meeting, will remain in force for a period of ten years from its effective date and will expire on 30 May 2029.

Other Information

The purpose of the Share Option Scheme is to provide incentive or reward to eligible participants for their contribution, and continuing efforts to promote the interests of the Company. The Board considers that the Share Option Scheme is in the interests of the Company and the shareholders of the Company as a whole as it provides the Company with more flexibility in providing incentives to those eligible participants by way of granting of options. Pursuant to the Share Option Scheme, the Board may grant options to any eligible participants who has contributed or may contribute to the development and growth of the Group or any entity in which the Group holds an equity interest. The options may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be determined by the Board at its absolute discretion and notified by the Board to each grantee as being the period during which options may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Share Option Scheme.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not exceed 10% of the Shares in issue as at its adoption date or the date of approval by the shareholders in general meeting where the limit is refreshed. As at 30 June 2020, the maximum number of Shares available for issue under the Share Option Scheme was 174,800,000.

There was no outstanding share options granted under the Share Option Scheme as at 30 June 2020. No option was granted, exercised, cancelled or lapsed during the Period.

CORPORATE GOVERNANCE

The Company was not in compliance with the following code provision:

The code provision	Reason for the non-compliance and improvement actions took or to be taken
A.1.8	No directors' and officer's liabilities insurance coverage was arranged for the Period. The Company is sourcing an appropriate insurance coverage and targeted to get it in place as soon as possible.

Save as the aforesaid and in the opinion of the Directors, the Company has met all code provisions as set out in the Corporate Governance Code during the Period.

Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding the Directors' securities transactions. All Directors have confirmed that, following specific enquiries made by the Company, they have complied with the required standards set out in the Model Code for the six months ended 30 June 2020.

INTERIM DIVIDENDS

No dividend was paid during the period of six months ended 30 June 2020. The Directors do not recommend the payment of an interim dividend for the Period.

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

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

AUDIT COMMITTEE

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