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**美亞控股有限公司\***  
**MAYER HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 01116)

(the “Company”)

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

Financial Highlights:

- Revenue of the Group for the six months ended 30 June 2018 amounted to approximately RMB194.4 million (for the six months ended 30 June 2017: approximately RMB170.6 million).
- Loss attributable to the owners of the Company for the six months ended 30 June 2018 amounted to approximately RMB4.7 million (loss for the six months ended 30 June 2017: loss of approximately RMB4.7 million).
- Basic and diluted loss per share for the six months ended 30 June 2018 amounted to approximately RMB0.51 cents (loss per share for the six months ended 30 June 2017: approximately RMB0.50 cents).
- The directors of the Company do not recommend the declaration of any interim dividend for the six months ended 30 June 2018.

The board of directors of the Company (the “Board”) is pleased to present the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2018 (the “Period”) together with the comparative figures for the corresponding period in 2017.

\* For identification only

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2018</b>	<b>2017</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	5	<b>194,387</b>	170,578
Cost of sales		<u><b>(173,395)</b></u>	<u>(148,004)</u>
<b>Gross profit</b>		<b>20,992</b>	22,574
Interest revenue		<b>5,120</b>	255
Other income		<b>3,982</b>	4,606
Other net income/(loss)		<b>793</b>	(575)
Distribution costs		<b>(8,033)</b>	(7,836)
Administrative expenses		<u><b>(22,548)</b></u>	<u>(21,985)</u>
<b>Profit/(loss) from operations</b>		<b>306</b>	(2,961)
Impairment loss on amounts due from investee companies		<b>(9)</b>	(52)
Finance costs		<u><b>(1,622)</b></u>	<u>(1,374)</u>
<b>Loss before tax</b>		<b>(1,325)</b>	(4,387)
Income tax expense	7	<u><b>(1,661)</b></u>	–
<b>Loss for the period</b>	6	<u><b>(2,986)</b></u>	<u>(4,387)</u>
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(4,688)</b>	(4,665)
Non-controlling interests		<u><b>1,702</b></u>	<u>278</u>
		<u><b>(2,986)</b></u>	<u>(4,387)</u>
<b>Loss per share</b>			
Basic and diluted (RMB cents)	9	<u><b>(0.51)</b></u>	<u>(0.50)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2018*

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Loss for the period</b>	<u><b>(2,986)</b></u>	<u>(4,387)</u>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>(1,076)</b>	3,058
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>(223)</b>	(1,785)
Fair value changes of financial assets at fair value through other comprehensive income	<u><b>1,318</b></u>	<u>–</u>
<b>Other comprehensive income for the period, net of tax</b>	<u><b>19</b></u>	<u>1,273</u>
<b>Total comprehensive income for the period</b>	<u><b>(2,967)</b></u>	<u>(3,114)</u>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	<b>(4,914)</b>	(3,392)
Non-controlling interests	<u><b>1,947</b></u>	<u>278</u>
	<u><b>(2,967)</b></u>	<u>(3,114)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2018*

	<i>Notes</i>	<b>30 June 2018</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2017 <i>RMB'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		30,873	32,120
Prepaid land lease payments		5,863	5,974
Interest in a joint venture		–	–
Financial assets at fair value through other comprehensive income		69,869	–
Available-for-sale financial assets		–	68,111
Long term receivables		50,000	50,000
		<b>156,605</b>	156,205
<b>Current assets</b>			
Inventories		71,492	51,520
Trade and other receivables	10	143,682	140,690
Prepaid land lease payments		222	222
Current tax assets		–	276
Cash and cash equivalents		23,680	31,317
		<b>239,076</b>	224,025
<b>Current liabilities</b>			
Trade and other payables	11	95,662	86,941
Current tax payable		762	–
Borrowings		45,417	26,922
		<b>141,841</b>	113,863
<b>Net current liabilities</b>		<b>97,235</b>	110,162
<b>Total assets less current liabilities</b>		<b>253,840</b>	266,367
<b>Non-current liabilities</b>			
Long term borrowings		–	10,000
Deferred tax liabilities		14,526	14,086
		<b>14,526</b>	24,086
<b>NET ASSETS</b>		<b>239,314</b>	242,281
<b>Capital and reserves</b>			
Share capital		88,872	88,872
Reserves		93,000	97,914
Equity attributable to owners of the Company		<b>181,872</b>	186,786
Non-controlling interests		57,442	55,495
<b>TOTAL EQUITY</b>		<b>239,314</b>	242,281

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 1. 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 2018. 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 period and prior years except as stated below.

#### HKFRS 9 (2014) “Financial Instruments”

Available-for-sale investments are now classified as financial assets at fair value through other comprehensive income.

The Group has taken advantage of the exemption in paragraph 7.2.15 of HKFRS 9 from restating prior periods in respect of HKFRS 9’s classification and measurement (including impairment) requirements. Therefore, comparative information has not been restated. The changes in the consolidated amounts reported in the financial statements as at 1 January 2018 are as follows:

	<b>1 January 2018</b> <i>RMB’000</i> (Unaudited)
Decrease in available-for-sale investments	(68,111)
Increase in financial assets at fair value through other comprehensive income	68,111

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

### 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” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2017 (“2017 Annual Report”).

The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017 except as stated below.

**(a) Financial assets**

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

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost; and
- Financial assets at fair value through other comprehensive income.

*(i) Financial assets at amortised cost*

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

*(ii) Financial assets at fair value through other comprehensive income*

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

**(b) Loss allowances for expected credit losses**

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

**(c) Revenue from contracts with customers**

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance;
- the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

### 3. FAIR VALUE MEASUREMENTS

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) Disclosures of level in fair value hierarchy at 30 June 2018:

Description	Fair value measurements as at 30 June 2018 using:			
	Level 1 <i>RMB'000</i> (Unaudited)	Level 2 <i>RMB'000</i> (Unaudited)	Level 3 <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through other comprehensive income	—	—	69,869	69,869
<b>Total recurring fair value measurements</b>	<b>—</b>	<b>—</b>	<b>69,869</b>	<b>69,869</b>
	Fair value measurements as at 31 December 2017 using:			
Description	Level 1 <i>RMB'000</i> (Audited)	Level 2 <i>RMB'000</i> (Audited)	Level 3 <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
<b>Recurring fair value measurements:</b>				
Available-for-sale financial assets	—	—	68,111	68,111
<b>Total recurring fair value measurements</b>	<b>—</b>	<b>—</b>	<b>68,111</b>	<b>68,111</b>

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

<b>Description</b>	<b>Financial assets at fair value through other comprehensive income 2018 RMB'000 (Unaudited)</b>
At 1 January	68,111
Total gains or losses recognised in other comprehensive income	<u>1,758</u>
<b>At 30 June</b>	<b><u>69,869</u></b>

  

<b>Description</b>	<b>Available-for-sale financial assets 2017 RMB'000 (Audited)</b>
At 1 January	11,766
Total gains or losses recognised in other comprehensive income	<u>56,345</u>
<b>At 31 December</b>	<b><u>68,111</u></b>

The total gains or losses recognised in other comprehensive income are presented in fair value change of financial assets at fair value through other comprehensive income in the statement of profit or loss and other comprehensive income.

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2018:

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 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 as at 30 June 2018 RMB'000
Financial assets at fair value through other comprehensive income	Market comparable approach	Average price to earning ratio	9.74	Increase	
		Earnings	RMB37,605,000	Increase	
		Discount for lack of marketability/control	20%	Decrease	
					<b>69,869</b>
Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 December 2017 RMB'000
Available-for-sale financial assets	Market comparable approach	Average price to earning ratio	9.56	Increase	
		Earnings	RMB37,372,000	Increase	
		Discount for lack of marketability/control	20%	Decrease	
					<b>68,111</b>

There were no changes in the valuation techniques used.

#### 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 People's Republic of China (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.

##### (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 and deferred tax liabilities.

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

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

	<b>Steel – PRC</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>Investment</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>Total</b> <i>RMB'000</i> <b>(Unaudited)</b>
<b>Period ended 30 June 2018 (Unaudited)</b>			
Revenue from external customers	<u>194,387</u>	<u>–</u>	<u>194,387</u>
Segment profit/(loss)	<u>11,922</u>	<u>(4)</u>	<u>11,918</u>
<b>At 30 June 2018 (Unaudited)</b>			
Segment assets	324,783	17	324,800
Segment liabilities	<u>64,648</u>	<u>207</u>	<u>64,855</u>

	Steel – PRC <i>RMB'000</i> (Unaudited)	Investment <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Period ended 30 June 2017 (Unaudited)			
Revenue from external customers	170,578	–	170,578
Segment profit/(loss)	2,869	(56)	2,813
At 31 December 2017 (Audited)			
Segment assets	309,951	19	309,970
Segment liabilities	48,968	204	49,172

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

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit or loss:</b>		
Total profit of reportable segments	<b>11,918</b>	2,813
Finance cost	<b>(1,622)</b>	(1,374)
Corporate and unallocated profit or loss	<b>(11,621)</b>	(5,826)
Consolidated (loss)/profit before taxation for the period	<b>(1,325)</b>	(4,387)
	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2018</b>	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>Assets:</b>		
Total assets of reportable segments	<b>324,800</b>	309,970
Corporate and unallocated assets:		
– Financial assets at fair value through other comprehensive income	<b>69,869</b>	–
– Available-for-sale financial assets	–	68,111
– Others	<b>1,012</b>	2,149
Consolidated total assets	<b>395,681</b>	380,230
<b>Liabilities:</b>		
Total liabilities of reportable segments	<b>64,855</b>	49,172
Deferred tax liabilities	<b>14,526</b>	14,086
Corporate and unallocated liabilities	<b>76,986</b>	74,691
Consolidated total liabilities	<b>156,367</b>	137,949

## 5. REVENUE

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

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Sales of steel pipes, steel sheet and other products made of steel	<b>194,387</b>	170,578

Disaggregation of revenue from contracts with customers:

<b>Segments</b>	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Nature of sales</b>		
Indirect export sales	<b>43,190</b>	55,214
Domestic sales	<b>147,659</b>	111,929
Direct export sales	<b>3,538</b>	3,435
<b>Total</b>	<b>194,387</b>	170,578

All revenue is recognised at a point in time.

## 6. LOSS FOR THE PERIOD

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

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Cost of inventories sold	<b>171,999</b>	147,901
Depreciation	<b>1,460</b>	2,451
Amortisation of prepaid lease payments	<b>111</b>	111
Net exchange (gain)/loss	<b>(793)</b>	525
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	<b>15,465</b>	12,831
– Retirement benefits scheme contributions	<b>2,776</b>	4,055
	<b>18,241</b>	16,886

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax		
PRC corporation income tax	<u>1,305</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for the periods ended 30 June 2018 and 30 June 2017.

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. INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

## 9. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB4,688,000 (2017: RMB4,665,000) and the weighted average number of 927,564,000 ordinary shares (2017: 927,564,000 ordinary shares) in issue during the period.

### Diluted loss per share

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

## 10. TRADE AND OTHER RECEIVABLES

The trade and other receivables included trade receivables of approximately RMB109,056,000 as at 30 June 2018. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (Audited)
0 to 30 days	<b>37,079</b>	36,885
31 to 60 days	<b>33,498</b>	34,886
61 to 90 days	<b>21,820</b>	21,129
91 to 180 days	<b>16,133</b>	20,811
Over 180 days	<b>526</b>	–
	<b>109,056</b>	<b>113,711</b>

## 11. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables of approximately RMB14,922,000 as at 30 June 2018. The aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (Audited)
0 to 30 days	<b>10,437</b>	10,815
31 to 60 days	<b>1,539</b>	4,460
61 to 90 days	<b>667</b>	399
91 to 180 days	<b>1,674</b>	643
181 to 365 days	<b>289</b>	423
Over 365 days	<b>316</b>	189
	<b>14,922</b>	<b>16,929</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF RESULTS**

For the six months ended 30 June 2018 (the “Period”), the Group reported consolidated revenue of approximately RMB194,387,000 representing an increase of 14.0% compare to same period last year’s RMB170,578,000. Gross profit margin was 10.8% compared to the same period of last year’s 13.2%. Loss attributable to owners of the Company was approximately RMB4,688,000, compared with same period of last year’s loss attributable to owners RMB4,665,000. Loss per share for the Period was RMB0.51 cents versus same period of last year’s loss per share RMB0.50 cents.

### **BUSINESS REVIEW**

The management of Guangzhou Mayer has perfected the corporate governance system and internal governance manual based on the guidelines of the Company. All members of the board of directors of Guangzhou Mayer have undertaken to the Company that all operations strictly complied with the Listing Rules of Hong Kong, and that they managed Guangzhou Mayer in accordance with laws, and committed themselves to working together with the Company for the thorough audit on Guangzhou Mayer. The management of Guangzhou Mayer has taken legal proceedings and pursued claims against the former management of Guangzhou Mayer for their illegal behaviors, pending recovery of such respective losses.

Meanwhile, the management of Guangzhou Mayer has actively and effortfully commenced its work based on the policies, goals as well as the operation plans established by the Company. Regarding our business, sales and marketing strategies of products, channels, sales promotion and pricing were developed and enhanced to expand markets and marketing channels. Not only did the impact on exports brought by the trade frictions be overcome, there was also a boost in our sales, particularly for stainless steel products, for which direct sales channels were established and a great breakthrough in growth was achieved.

In terms of product research and development as well as innovative technology, we worked with Guangdong University of Technology and other institutions, and developed products such as automotive plates, motor vehicle pipe products and European standard stainless-steel piping materials and components, laying a foundation for providing enterprises with high value-added products and making the Company a national high-tech enterprise. Regarding quality management, under the guidance of experts in the automobile industry, we made holistic and thorough improvements and passed the IATF16949 certification of SGS, endorsing our business expansion in the automobile industry. Regarding production management, we fostered improvements in safety, cost and efficiency in an all-rounded manner, thereby securing personal and corporate safety, enhancing production efficiency and effectively reducing product costs. In terms of human resources management, we strengthened the selection and development of potential members to our management team and overcame the impact of staff turnover. We successfully introduced the knowledge and skills framework, or KSF in short, which is a comprehensive performance-based remuneration model to link performance with remuneration, thereby forming a positive incentive mechanism. In short, the continual endeavor made by the management of Guangzhou Mayer during the first half of 2018 has provided a good foundation of conditions for the corporate sustainability of the Company as well as the contribution to ensure the continuous expansion of our products and marketing in achieving the unanimous recognition from the local government and the industry in the Mainland.

## **PRODUCTION AND SALES**

The revenue from indirect export sales of steel products in the PRC during the Period was approximately RMB43,190,000 representing a decrease of approximately 21.8% compared with approximately RMB55,214,000 for the same period of last year.

The revenue from domestic sales of steel products in the PRC during the Period was approximately RMB147,659,000, representing an increase of approximately 31.9% compared with the same period of last year's approximately RMB111,929,000.

The revenue from direct export sales of steel products outside the PRC during the Period was approximately RMB3,538,000 representing an increase of approximately 3.0% while it was approximately RMB3,435,000 for the same period of last year.

## **GROSS PROFIT**

The Group recorded a gross profit of approximately RMB20,992,000 for the Period, with a gross profit margin of approximately 10.8%, compared with the gross profit of approximately RMB22,574,000 and a gross profit margin of approximately 13.2% for the same period of last year. The decrease in gross profit was mainly attributable to the increase in material cost.

## **OPERATING EXPENSES**

The total operating expenses of the Group for the Period were approximately RMB30,581,000 of which approximately RMB8,033,000 in distribution costs and RMB22,548,000 in administrative expenses, accounting for approximately 4.1% and 11.6% of revenue respectively while the amounts for the same period of last year were approximately RMB7,836,000 and RMB21,985,000 respectively, accounting for approximately 4.6%, 12.9% respectively.

## **FINANCE COSTS**

During the Period, the Group incurred approximately RMB1,622,000 in finance costs, compared with approximately RMB1,374,000 for the same period of last year. The Group relied on borrowings to finance its trading activities, the increase in finance costs paid during the Period was mainly due to the increase in borrowing.

## **FINANCIAL RESOURCES AND TREASURY POLICIES**

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

As at 30 June 2018, the Group had bank deposits and cash balances of approximately RMB23,680,000.

The Group had net current assets of approximately RMB97,235,000 as at 30 June 2018 as compared with RMB110,162,000 as at 31 December 2017. The current ratio (current assets divided by current liabilities) changed to approximately 1.69 as at 30 June 2018 from 1.97 as at 31 December 2017.

The Group had a total of approximately RMB45,417,000 borrowings from third parties to finance the Group's working capital purposes and capital expenditures.

The debt-to-equity ratio (total liabilities divided by total capital) as at 30 June 2018 was approximately 65.3% while it was 56.9% as at 31 December 2017. Current portion of borrowings accounted for approximately 11.5% and 7.1% of the total assets of the Group as at 30 June 2018 and 31 December 2017, respectively.

## **CASH FLOW**

For the Period, the Group generated net cash outflow of RMB13,119,000 from its operating activities, mainly due to the increase in inventories. Net cash inflow of approximately RMB120,000 was from investing activities for the Period, mainly resulted from interest received. Net cash inflow of approximately RMB6,878,000 was from financing activities, mainly resulted from new borrowing. Banks deposits and cash balances as at 30 June 2018 amounted to approximately RMB23,680,000, mainly denominated in Renminbi ("RMB"), US dollars and HK dollars.

## **FOREIGN EXCHANGE EXPOSURES**

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

## **CHARGE ON GROUP ASSETS**

As at 30 June 2018, 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 results announcement:

1. In January 2012, the Group commenced litigation against Make Success to claim for the damages and rescission of the Acquisition Agreement made on or about 8 November 2010 for breach of the Acquisition Agreement and misrepresentation made by them and repayment of consideration. The investment in Yield Rise Group, the promissory notes and convertible bonds were de-recognised in the Group's consolidated financial statements for the year ended 31 December 2011.

Subsequently, the Company entered into the Settlement Deed with Make Success and Yield Rise on 20 July 2018. Pursuant to the Settlement Deed, (i) the Acquisition Agreement shall be rescinded and void from its inception; (ii) all the Consideration Shares shall be repurchased by the Company from Make Success (i.e. the Share Buy-backs); (iii) Make Success shall surrender and the Company shall cancel all the Promissory Notes; (iv) Make Success shall surrender and the Company shall cancel all the Convertible Bonds; (v) the Company shall transfer the shares in Yield Rise to Make Success; (vi) all the claims and/or counterclaims that each party has or may have against the other party under the HCA64/2012 Action shall be released and discharged absolutely; and (vii) the Company and Make Success shall discharge and release each other for any claims or liabilities whatsoever under the Acquisition Agreement. The implementation of Settlement Deed is subject to the approval from the independent shareholders at the extraordinary general meeting.

2. Guangzhou Mayer Corporation Limited (“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.
3. 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.

## **EMPLOYMENT, TRAINING AND DEVELOPMENT**

As at 30 June 2018, the Group had total of about 300 employees. Total staff costs for the Period were approximately RMB18,241,000, including retirement benefits cost of approximately RMB2,776,000. 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’s share option scheme had expired on 24 May 2014 and no option had ever been granted under the scheme since its adoption on 24 May 2004. The Board would consider a new share option scheme to be approved by the Shareholders after the Shares have been resumed trading on the Stock Exchange.

## **OUTLOOK**

To a certain extent, the international trade tensions are currently curbing customer demand for exported steel products. However, the steel market of the PRC will remain in an orderly status with stable prices, under the influence of supply-side reform measures such as the government’s continued crack-down on ground steel strips, stern strengthening of environmental protection, reduction in production capacity and anti-dumping. Meanwhile, with the constructions envisaged under “Belt and Road” and “Greater Bay Area” initiatives, the remarkable development of railway transportation and automobile industries as well as

governmental austerity measures on the real estate sector, the total steel demand will maintain a trend of stable growth. With close proximity to the Southern China steel product market of domestic steel factories and the base of automobile manufacturing, the Group and Guangzhou Mayer operates steel cutting and steel pipe production that have what it takes to expand to the markets of steel materials and automobile industry in the PRC. Therefore, while leveraging on the foundation of our existing business, the Group will step up its efforts in exploring the markets of steel materials and automobile products in the PRC, to offset the impact from export. The stable domestic demand in the PRC will contribute positive development to the Group.

The global complex situation has had a hit on the PRC economy. Nonetheless, with expedited urbanization, enhanced living standard and the prevalence of the awareness of healthy water usage in the PRC, immediately after the promulgation by the Ministry of Housing and Construction of the “Standard of stainless steel pipes for drinking water”, the municipal governments of Shenzhen, Changsha, Haimen, Leshan, Hangzhou and Shanghai and so forth successively issued papers concerning the comprehensive promotion of the application of stainless steel pipes. Therefore, it will be a prevailing trend of adopting stainless steel pipes in main water supply pipelines, resulting in a trend of rapid growth in the domestic demand for stainless steel pipes. The “Mayer” stainless steel piping materials and components operated by the Group is a prestigious brand in the PRC, which will have greater development along with the rapid growth of such market demand in the PRC.

Indeed, under the adverse effects such as trade frictions, instability of global economy, fluctuations in exchange rates, increased labour cost and price rise of other goods, the Group expects that the fluctuation in business volume and exchange rates and the gradual increase in operating costs will continue, and will potentially hamper the Group’s overall profitability.

Moreover, the increasingly complicated economic environment and fierce market competition will expose the operation of the Group to various challenges. The Group, especially the management of Guangzhou Mayer, will remain committed to utilizing resources, seizing business opportunities, working on the existing businesses properly and exploring new businesses. The Group will continue to explore investment opportunities and seek for new profit growth points.

The management of the Group unanimously believes that with utilizing extensive experiences in the project research, market analysis and grasping, product research, development and sales, customer development and services, production operation and cost control, the Group can ensure the stability of its customer base and market share, enhance the competitiveness and additional value of its products, seek the best economic benefits, fully realize any investment opportunities which are beneficial for the long-term development of the Company and generate greater value for our investors.

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

During the Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

## **CAPITAL COMMITMENTS**

The Group had no other significant capital commitments as at 30 June 2018 and 31 December 2017.

## **AUDIT COMMITTEE**

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

## **CORPORATE GOVERNANCE**

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

The then code provision	Reason for the non-compliance and improvement actions took or to be taken
A.1.8	No insurance cover was arranged for the Financial Year. The Company will arrange insurance cover immediately upon the resumption of trading of the Company’s shares.
A.2.5	The Company was not in compliance with certain code provisions as set out in the CG Code for the Financial Year. The existing Chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.

## **INTERIM DIVIDENDS**

No dividend was paid during the period of six months ended 30 June 2018. 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.

## **CONTINUED SUSPENSION OF THE TRADING IN THE SHARES**

The Company requested to suspend the trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 9 January 2012 pending the release of an announcement by the Company which was of price-sensitive in nature. Trading in the Shares will continue to be suspended until further notice.

For and on behalf of the Board  
**Mayer Holdings Limited**  
**Lee Kwok Leung**  
*Chairman and Executive Director*

Hong Kong, 31 August 2018

*As at the date hereof, the Board comprises three executive directors; namely, Mr. Lee Kwok Leung, Mr. Xu Lidi and Mr. Lin Jinhe; one non-executive director, namely, Mr. Wang Dongqi; and three independent non-executive directors, namely, Mr. Lau Kwok Hung, Mr. Ng Cheuk Lun and Mr. Deng Shimin.*