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YUSEI HOLDINGS LIMITED
友成控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 96)

RESULT ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors of Yusei Holdings Limited (the "Company") announces the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012, together with the comparative figures for the corresponding period of last year, as follows:

Consolidated income statement
For the year ended 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
Revenue	3	984,776	831,994
Cost of sales		(881,855)	(715,970)
Gross profit		102,921	116,024
Other income	4	42,342	8,669
Distribution costs		(27,147)	(20,933)
Net foreign exchange gain (loss)		6,512	(5,094)
Administrative expenses		(53,941)	(52,617)
Finance costs	5	(30,203)	(22,975)
Share of results of associates		3,438	948
Profit before taxation		43,922	24,022
Income tax expense	6	(2,477)	(8,682)
Profit for the year	7	41,445	15,340
Earnings per share			
Basic and diluted	9	RMB0.235	RMB0.087

* *For identification purpose only*

Consolidated statement of comprehensive income
For the year ended 31 December 2012

	2012 RMB'000	2011 RMB'000
Profit for the year	41,445	15,340
Exchange differences arising on translating	(79)	4,044
Total comprehensive income for the year	41,366	19,384

Consolidated statement of financial position
As at 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment		373,455	402,609
Intangible assets		417	530
Land use rights		19,420	20,098
Interests in associates		23,469	20,031
Deposits paid to acquire non-current assets		-	57
		416,761	443,325
Current assets			
Inventories		140,390	163,417
Debtors, deposits and prepayments	10	330,515	310,547
Amounts due from associates		3,058	9,530
Pledged bank deposits		31,265	46,972
Bank balances, deposits and cash		63,346	36,575
		568,574	567,041
Current liabilities			
Creditors and accrued charges	11	309,647	357,324
Amount due to ultimate holding company		24,441	129
Amount due to an associate		5,991	-
Income tax liabilities		5,526	5,946
Obligations under finance leases			
- due within one year		13,451	15,131
Bank and other loans - due within one year		330,567	359,657
		689,623	738,187
Net current liabilities		(121,049)	(171,146)
		295,712	272,179
Non-current liabilities			
Obligations under finance leases			
- due after one year		13,516	8,961
Bank and other loans - due after one year		27,422	50,241
Deferred income		1,374	943
		42,312	60,145
		253,400	212,034
Capital and reserves			
Share capital		1,810	1,810
Reserves		251,590	210,224
		253,400	212,034

<u>Consolidated statement of changes in equity</u>
For the year ended 31 December 2012

	Share capital	Share premium	Special reserve	Reserve for shares issued with vesting conditions	Translation reserve	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
1 January 2011	1,810	39,867	49,663	18,065	1,414	71	11,942	82,138	204,970
Profit for the year	-	-	-	-	-	-	-	15,340	15,340
Other comprehensive income for the year	-	-	-	-	4,044	-	-	-	4,044
Total comprehensive income for the year	-	-	-	-	4,044	-	-	15,340	19,384
Dividend paid	-	-	-	-	-	-	-	(12,320)	(12,320)
Transfer	-	-	-	-	-	-	2,332	(2,332)	-
At 31 December 2011 and 1 January 2012	1,810	39,867	49,663	18,065	5,458	71	14,274	82,826	212,034
Profit for the year	-	-	-	-	-	-	-	41,445	41,445
Other comprehensive income for the year	-	-	-	-	(79)	-	-	-	(79)
Total comprehensive income for the year	-	-	-	-	(79)	-	-	41,445	41,366
Transfer	-	-	-	-	-	-	1,191	(1,191)	-
At 31 December 2012	1,810	39,867	49,663	18,065	5,379	71	15,465	123,080	253,400

Notes:

1. CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The Company is a public limited company incorporated in Cayman Islands as an exempted company with limited liability on 4 April 2005. Its ultimate holding company is Yusei Machinery Corporation ("Yusei Japan") (incorporated in Japan).

The consolidated financial statements are presented in Renminbi ("RMB"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is RMB, the functional currency of the Company is Hong Kong dollars ("HK$").

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are moulding fabrication, manufacturing and trading of moulds and plastic components.

Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adpoters
Amendments to Hong Kong Accounting Standards ("HKAS") 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The application of new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 1 Presentation of Financial Statements, the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. The directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the amendments to HKAS 32 is consistent with the Group's existing accounting policy.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 – Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below:

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial information and HK (SIC) – Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The application of HKFRS 12 may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 might not have significant impact on the consolidated financial statements as all the subsidiaries are wholly owned by the Company.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities.

Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended to HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of other new or revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of approximately RMB121,049,000 as at 31 December 2012. In the opinion of the directors, the Group should be able to maintain itself as a going concern in the coming year by taking into consideration the proposed arrangements which include, but are not limited to, the following:

(i) subsequent to the year end date, the Group has successfully negotiated with its major banks to extend the existing bank loans of approximately RMB14,000,000, of which has been included in current liabilities as short-term bank loans as at 31 December 2012; and

(ii) the directors of the Company anticipate that the Group will generate positive cash flows from its businesses.

On the basis that the continuing availability of the banking facilities provided by its banks and the implementation of other measures with a view to improve its working capital position and net financial position, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2012. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold, less discount, and net of value-added tax during the year.

For the two years ended 31 December 2012 and 2011, the sole principal activity of the Group is moulding fabrication, manufacturing and trading of moulds and plastic components. All the operation of the Group are located and carried out in the PRC. In the opinion of the directors of the Company, being the chief operating decision maker, the Group operated in a single operating segment. Accordingly, no segmental analysis has been presented.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2012 RMB'000	2011 RMB'000
Customer A	282,945	265,451
Customer B	184,124	175,816
Customer C	N/A[1]	86,888

[1] The corresponding revenue did not contribute over 10% of the total sales of the Group in the respective year.

All revenue generated from the major customers relate to the sale of moulds and plastic components.

4. OTHER INCOME

	2012 RMB'000	2011 RMB'000
Gain on sales of materials	3,494	4,812
Bank interest income	1,582	738
Rental income received	193	743
Utilities expenses claimed	463	573
Government subsidies (Note)	173	507
Release of government grants for land use rights	85	85
Reversal of impairment loss on trade debtors	-	188
Gain on disposal of property, plant and equipment and land use rights	35,239	-
Release of deferred gain from sale and leaseback of property, plant and equipment	136	-
Others	977	1,023
	42,342	8,669

Note: Government subsidies of approximately RMB173,000 (2011: RMB507,000) have been recognised during the year ended 31 December 2012 which were designated for the encouragement of business development and high technology development incentive. All conditions in respect of these grants had been fulfilled and such government grants were recognised in other income for the year.

5 FINANCE COSTS

	2012 RMB'000	2011 RMB'000
Interest on:		
bank and other loans wholly repayable within five years	26,483	23,859
finance leases	2,424	1,749
amount due to ultimate holding company	1,296	-
Less: Interest expenses capitalised into construction in progress and property, plant and equipment (Note)	-	(2,633)
	30,203	22,975

Note: Borrowing costs capitalised during the year ended 31 December 2011 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.06% per annum to expenditure on qualifying assets. No borrowing costs capitalized for the year ended 31 December 2012.

6. INCOME TAX EXPENSE

	2012 RMB'000	2011 RMB'000
PRC Enterprise Income Tax (the "EIT")		
Current year	2,507	8,287
(Over) under provision in prior years	(30)	395
	2,477	8,682

(i) Overseas income tax

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands.

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax had been made as the Group did not generate any assessable profits in Hong Kong during both years.

(iii) PRC EIT

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The applicable tax rate of the Company’s subsidiaries, 杭州友成机工有限公司 Hangzhou Yusei Machinery Co., Ltd.* (“Hangzhou Yusei”) and 蘇州友成机工有限公司 Suzhou Yusei Machinery Co., Ltd.* (“Suzhou Yusei”) for 2012 was 15%. On 27 December 2012, Hangzhou Yusei was approved by Science and Technology Department of Zhejiang Province as high technology enterprise and therefore is subject to EIT at the rate of 15% for three years, with effective from 1 January 2012. On 8 November 2011, Suzhou Yusei was approved by Science and Technology Department of Suzhou Province as high technology enterprise and therefore is subject to EIT at the rate of 15% for three years, with effective from 1 January 2011.

In addition, as the Company’s another subsidiary, 浙江友成塑料模具有限公司 Zhejiang Yusei Plastics & Mould Co., Ltd.* (“Zhejiang Yusei”), is operating and registered in the State Level New and High Technology Development Zone. Pursuant to the notice dated 20 March 2008 issued by the PRC tax authorities, the applicable tax rate of Zhejiang Yusei for 2008, 2009, 2010 and 2011 is 18%, 20%, 22% and 24% respectively. Zhejiang Yusei is subjected to PRC EIT rate of 25% commencing from 1 January 2012.

Pursuant to the approvals obtained from the relevant PRC tax authorities, 友成(中國)模具有限公司 Yusei (China) Mould Co., Ltd.* (“Yusei China”) is entitled to a tax concession period in which it is fully exempted from PRC EIT for two years commencing from 1 January 2008, followed by a reduced income tax rate of 11%, 12% and 12.5% for the sequential three years commencing from 1 January 2010.

The applicable PRC EIT rate of 廣州友成機工有限公司 Guangzhou Yusei Machinery Co., Ltd.* (“Guangzhou Yusei”) and 杭州友成模具技术研究有限公司 Hangzhou Yusei Mould Technology Research Co., Ltd.* (“Hangzhou Yusei Moulding”) is 25% for the two years ended 31 December 2012 and 2011.

* The English names are for identification purposes only.

At 31 December 2012, the Group has estimated unused tax losses of approximately RMB 29,157,000 (31 December 2011: RMB27,001,000). No deferred tax asset has been recognised in the consolidated financial statements due to the unpredictability of future profit streams.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB157,121,000 (31 December 2011: RMB107,386,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. PROFIT FOR THE YEAR

	2012 RMB'000	2011 RMB'000
Profit for the year has been arrived at after charging:		
Directors' remuneration	2,681	2,693
Salaries, wages and other benefits	126,208	110,070
Retirement benefits scheme contributions	2,823	2,176
Other staff costs	129,031	112,246
Total staff costs	131,712	114,939
Depreciation of property, plant and equipment	50,295	44,617
Amortisation of intangible asset (included in administrative expenses)	128	187
Amortisation of land use rights (included in administrative expenses)	665	695
Total depreciation and amortisation expenses	51,088	45,499
Operating lease charges on leased premises	6,513	1,940
Impairment loss on trade debtors (included in administrative expense)	1,365	-
Impairment loss on inventories (included in cost of sales)	1,807	519
Reversal of impairment loss on inventories (included in cost of sales)	(1,719)	(364)
Loss on disposals of property, plant and equipment	-	443
Auditors' remuneration	900	860

8. DIVIDEND

Pursuant to board resolutions passed on 24 March 2011, the Company declared special dividends of approximately RMB12,320,000 to the then shareholders. Such dividends were fully settled in April 2011. No dividend has been proposed since the end of the reporting period.

No dividend was paid or proposed for the year ended 31 December 2012.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2012 RMB'000	2011 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share	41,445	15,340
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	176,000,000	176,000,000

Diluted earnings per share is same as basic earnings per share for the year ended 31 December 2012 and 2011 as no potential ordinary shares outstanding.

10. DEBTORS, DEPOSITS AND PREPAYMENT

The Group allows a general credit period of 30 to 90 days to its customers. For customers who purchased moulds from the Group and have established good relationships with the Group, the credit period may extend to the range from 90 days to 270 days.

The aging analysis of trade debtors and bills receivables based on the invoice date net of impairment loss recognised is as follows:

	2012	2011
	RMB'000	RMB'000
1 – 30 days	203,969	172,480
31 – 60 days	44,670	56,819
61 – 90 days	25,014	21,661
91 – 180 days	17,093	12,468
Over 180 days	62	914
Trade debtors and bills receivables	290,808	264,342
Advance to suppliers	25,146	21,551
Other debtors, deposits and prepayments	14,561	24,654
	330,515	310,547

11. CREDITORS AND ACCRUED CHARGES

The aging analysis of trade creditors based on the invoice date at the end of the reporting period is as follows:

	2012	2011
	RMB'000	RMB'000
1 – 30 days	87,623	130,865
31 – 60 days	68,930	55,103
61 – 90 days	50,307	42,763
91 – 180 days	39,374	49,819
Over 180 days	1,217	1,387
Trade creditors and bills payables	247,451	279,937
VAT payables	12,128	11,961
Deposits received	4,192	6,962
Other creditors and accrued charges	45,876	58,464
	309,647	357,324

The average credit period on purchase of goods is 30 to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The Group's bank deposits of approximately RMB29,465,000 (2011: RMB35,000,000) were pledged to the banks to secure the bills payables.

12. EVENT AFTER REPORTING PERIOD

On 1 January 2013, a fire broke out in the production plant No. 2 of Hangzhou Yusei, which was located in Lingang Industrial Park, Xiaoshan, Hangzhou City, Zhejiang Province, the PRC. As a result of the fire accident, certain property, plant and equipment and inventories were seriously damaged of which their carrying amounts as at 31 December 2012 are not less than RMB60,000,000. No impairment loss on property, plant and equipment and inventories in respect of fire accident is provided for in these consolidated financial statements for the year ended 31 December 2012.

While the Group is currently liaising with its insurer for settlement of compensation, as at the date of this report it is uncertain the amount of compensation on the relevant losses of the Group that would be recovered from the insurance. The directors consider that the realisation of the compensation is probable but not virtually certain; and the Group had no significant contingent liabilities and capital commitment arising from the fire accident at the end of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year ended 31 December 2012, the Group is principally engaged in the design, development and fabrication of precision plastic injection moulds, and the manufacture of plastic components in the PRC. The Group also provides services for certain assembling and further processing of plastic components for its customers.

The Group's overall turnover for the year ended 31 December 2012 was approximately RMB984,776,000, representing an increase of 18.4% as compared to that of approximately RMB831,994,000 for the year ended 31 December 2011. The Group's customers are mainly the manufacturers of branded home electrical appliances, office equipment and plastic components with production facilities located in the PRC.

Financial review

Turnover

The Group's turnover for the year ended 31 December 2012 increased by 18.4% to approximately RMB984,776,000 as compared to that of approximately RMB831,994,000 for the year ended 31 December 2011.

During the year, the Group put more resources in the production of plastic injection mould products and certain assembling and further processing of plastic components for maintenance and enhancement its position as a one-stop total solution provider in the plastic injection moulding industry.

Gross profit

The Group achieved a gross profit of approximately RMB102,921,000 for the year ended 31 December 2012, representing a decrease of approximately 11.3% as compared to that of approximately RMB116,024,000 for the year ended 31 December 2011. During the year, the overall gross profit margin was decreased as a result of change in sales mix structure. The sales of plastic components for office equipment (which bear comparatively lower gross profit margin) were increased to a greater extent.

Other income

Included in the Group's other income of the year was a gain on disposal of the Group's factory building located at No.8 Youcheng Road, Xiaoshan Economic and Technology Development Zone, Zhejiang Province, the PRC and related land use right of approximately RMB35,000,000 during the year.

Distribution costs

Distribution costs for the year ended 31 December 2012 increased by approximately 29.7% to approximately RMB27,147,000 as compared to that of approximately RMB20,933,000 for the year ended 31 December 2011. Such increase was mainly attributable to increase in unit costs of packing materials and transportation costs.

Net foreign exchange gain (loss)

Net foreign exchange gain (loss) mainly represented the gain or loss arising from exchange rate translation of Japanese Yen ("JPY") denominated obligations under finance leases and bank borrowings at the balance sheet date as a result of the depreciation or appreciation of the Japanese Yen against RMB.

Administrative expenses

Administrative expenses for the year ended 31 December 2012 increased by approximately 2.5% to approximately RMB53,941,000 as compared to that of approximately RMB52,617,000 for the year ended 31 December 2011. Such increase was mainly attributable to the inflationary adjustment on various expenses.

Finance costs

Finance costs for the year ended 31 December 2012 increased by approximately 31.5% to approximately RMB30,203,000 as compared to that of approximately RMB22,975,000 for the year ended 31 December 2011. Such increase was attributable to the increase in borrowing rates and the Group's average bank borrowings as a result of the Group's expansion.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company increased by approximately 1.7 times from approximately RMB15,340,000 for the year ended 31 December 2011 to approximately RMB41,445,000 for the year ended 31 December 2012.

Financial resources and liquidity

As at 31 December 2012, the equity amounted to approximately RMB253,400,000. Current assets amounted to approximately RMB568,574,000, of which bank balance, deposits and cash and pledged bank deposits totaling approximately RMB94,611,000. The Group had non-current assets of approximately RMB416,761,000 and its current liabilities amounted to approximately RMB689,623,000, comprising mainly its creditors and accrued charges and bank borrowings. The net asset value per share was RMB1.44. The Group expresses its gearing ratio as a percentage of finance leases and borrowings over total assets. As at 31 December 2012, the Group had a gearing ratio of 39.1%.

Segment information

The sole principal activity of the Group is moulding fabrication, manufacturing and trading of moulds and plastic components. All the Group's operations are located and carried out in the PRC. As the Group operated in a single operating segment, no segmental analysis has been presented accordingly.

Employment and remuneration policy

As at 31 December 2012, the total number of the Group's staff was approximately 2,700. The total staff costs (including directors' remuneration) amounted to approximately RMB131,712,000 for the year. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong

Kong in form of mandatory provident fund and provides similar schemes for its employees in the PRC.

Charge on group assets

As at 31 December 2012, the Group's bank borrowings are secured by land use rights and property, plant and equipment, pledged bank deposits and bills receivables of the Group with an aggregate net carrying values of approximately RMB19,593,000, RMB60,782,000, RMB5,000,000 and RMB5,100,000 respectively.

Foreign currency risk

The Group carries on business in Renminbi ("RMB"), United States dollars ("US$") and JPY and therefore the Group is exposed to foreign currency risk as the values of these currencies fluctuate in the international market.

The Group's exposure to foreign currency risk is attributable to the debtors, deposits and prepayments; bank balances, deposits and cash; creditors and accrued charges; obligations under finance leases and bank borrowings of the Group which are denominated in foreign currencies of US$ and JPY. The functional currencies of the relevant group entities are RMB and HK$. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the directors monitor the related foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital commitments

As at 31 December 2012, the Group had a capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment totalling approximately RMB1,209,000.

Fire accident

On 1 January 2013, there was a fire in the production plant No. 2 (the "Plant No.2") of 杭州友成機工有限公司Hangzhou Yusei Machinery Co., Ltd.* ("Hangzhou Yusei"), one of the Company's subsidiaries, located in Lingang Industrial Park, Xiaoshan, Hangzhou City, Zhejiang Province, the People's Republic of China (the "PRC") which was extinguished by afternoon of the same date. Three firemen died in this incident but fortunately it did not cause any casualty to the Group's staff.

In this incident, the Plant No. 2, certain property, plant and equipment and inventories have suffered from being severely damaged by fire of which the Company estimates that their carrying values would be not less than RMB60,000,000 but it is believed that such loss can be recovered from the compensation by the insurance companies to which the Group is insured. The Group is currently liaising with its insurance companies for settlement of compensation.

All other plants of Hangzhou Yusei resume production. Nevertheless, as the production capacity of the damaged production lines and machineries and equipment in the Plant No. 2 accounts for approximately 15% of the Group's total production capacity, the Company preliminarily estimates that the incident might have material adverse effect to the Group's financial performance or financial position for the year ending 31 December 2013 and it expects that the revenue and profit of the Group for the year ending 31 December 2013 are possibly to be significantly decreased compared with the corresponding period of 2012.

Outlook

Management will actively adopted the Group's strategy to leverage on the experience of its management team in the plastic component manufacturing industry and its expertise in mould development to enhance the quality of its products, expand its customer base and strengthen the leading position in the high-end mould industry and its overall core competitiveness in relation to the one-stop services ranging from products development, plastic injection, aluminium-plating and assembling.

As a service provider to the well-known international branded manufacturers, the management believes that the Group possesses the managerial characteristics which our major customers may appreciate, including: (i) high-level demand on the quality of the products, particularly in the automotive parts and components, office automation machines like assembling parts of photocopies and printers must meet a high standard of precision in order to ensure the machine work effectively; (ii) emphasis on production efficiency to shorten the production cycle; and (iii) active participation in production process of the suppliers to ensure the product quality and the mutual communication to improve the suppliers' production efficiency. In addition, to deliver the parts and components of high precision to the customers, the Group put much efforts in acquisition of advanced production machineries which were made by the international well-known branded manufacturers.

For keeping abreast of the current development in the market and the customers' needs, the Group strengthens the communication with customers in USA and Japan. Apart from seconding technicians to Japan for training, the Group employed experienced salesmen and technicians from United Kingdom and Japan to improve the capability of marketing and technical ability.

As regards the quality of the products, the Group had adopted ERP system to facilitate the production flow and monitor the product quality. To response the changing technology in the industry, the Company will continue to acquire and install advanced machinery and equipment and to increase the ability to design and develop precision plastic injection moulds. The Company will rely on the one-stop solution from precision mould, plastic injection, aluminium plating to assembling to improve the sales network to capture opportunities in order to increase market share and to enlarge the customer bases. Nevertheless, the Group is cautious in accepting the new customers and we take into account of all factors in the process, including product pricing and the reputation of the potential customers and so on. For market exploring, the Group will continue to promote its business internationally and during the period, the Group had built up business relationship with several new internationally reputable customers in Europe and America such as Germany, France and Brazil, and serves them with high-quality moulds.

The Group's new factories in Zengcheng, Guangzhou of about 30,000 square was completed in 2011 and equipped with advanced mold production equipment. The new factory intends to meet the growing auto parts market in South China.

DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 December

2012. Therefore, no closure of register of members is necessary.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

The Shares of the Company were listed on GEM of the Stock Exchange on 13 October 2005 and were withdrawn from the GEM on 14 December 2010. On 15 December 2010, the Company's shares were listed on the Main Board of the Stock Exchange. The interests and/or short position of the Directors and chief executives of the Company in the Shares, underlying shares in respect of equity derivatives and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO); or which was required pursuant to section 352 of the SFO to be entered in the register referred to therein; or which was required pursuant to the Listing Rules relating to securities transactions by the directors to be notified to the Company and the Stock Exchange are as follows:

		Capacity			Number of shares		
Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Long Position	Short Position	Approximate Percentage of interests
Company	Katsutoshi Masuda ("Mr. Masuda") (Note 1)	-	-	80,960,000 shares	80,960,000 shares	-	46%
Company	Toshimitsu Masuda (Note 2)	-	-	80,960,000 shares	80,960,000 shares	-	46%
Company	Xu Yong	10,560,000 shares	-	-	10,560,000 shares	-	6%
Company	Manabu Shimabayashi	-	110,200 shares	-	110,200 shares	-	0.1%
Company	Shinichi Koizumi	22,000 shares	-	-	22,000 shares	-	0%
Company	Fan Xiaoping	19,800 shares	-	-	19,800 shares	-	0%
Yusei Machinery Corporation ("Yusei Japan")	Mr. Masuda (Note 3)	21,960 shares	2,100 shares	25,760 shares	49,820 shares	-	49.8%
Yusei Japan	Toshimitsu Masuda (Note 4)	1,700 shares	-	25,760 shares	27,460 shares	-	27.5%

Notes:

1. Mr. Masuda is deemed to be interested in 49.8% of the issued share capital in Yusei Japan pursuant to the SFO. Yusei Japan is interested in 46% in the issued share capital of the Company and that Yusei Japan or its directors are accustomed or obliged to act in accordance with the directions or instructions of Mr.Masuda. By virtue of SFO, Mr. Masuda is deemed to be interested in 80,960,000 Shares held by Yusei Japan.

2. Mr. Toshimitsu Masuda, (son of Mr. Masuda) holds 50% of the issued share capital of Conpri. Conpri is interested in 25.8% in the issued share capital of Yusei Japan which in turn is interested in 46% in the issued share capital of the Company. By virtue of SFO, Mr. Toshimitsu Masuda is deemed to be interested in 80,960,000 Shares through his shareholding in Conpri.

3. Mr. Masuda holds 30% of the issued share capital of Conpri. Conpri or its directors are accustomed or obliged to act in accordance with the directions or instructions of Mr. Masuda. By virtue of SFO, Mr. Masuda is deemed to be interested in 25,760 shares in Yusei Japan held by Conpri.

4. Mr. Toshimitsu Masuda, (son of Mr. Masuda) holds 50% of the issued share capital of Conpri. Conpri is interested in 25.8% of the issued share capital of Yusei Japan. By virtue of SFO, Mr. Toshimitsu Masuda is deemed to be interested in 25,760 shares in Yusei Japan held by Conpri.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Shares of the Company were listed on GEM of the Stock Exchange on 13 October 2005 and were withdrawn from the GEM on 14 December 2010. On 15 December 2010, the Company's shares were listed on the Main Board of the Stock Exchange. So far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had an interest and/or a short position in the shares or underlying shares in respect of equity derivatives of the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or be recorded in the register of the Company or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying right to vote in all circumstances at general meetings of any other member of the Group are as follows:

			Number of shares		
Name of Company	Number of shareholder	Capacity	Long Position	Short Position	Approximate percentage of interests
Company	Yusei Japan	Beneficial Owner	80,960,000 Shares	-	46%
Company	Conpri (Note 1)	Corporate Interest	80,960,000 shares	-	46%
Company	Mrs. Echiko Masuda (Note 2)	Family Interests	80,960,000 shares	-	46%
Company	Superview International Investment Limited (Note 3)	Beneficial Owner	38,722,000 shares	-	22%

Notes:

1. Conpri is interested in 25.8% in the issued share capital of Yusei Japan. By virtue of SFO, Conpri is deemed to be interested in 80,960,000 shares held by Yusei Japan.

2. Mrs. Echiko Masuda is the spouse of Mr. Masuda and is deemed to be interested in 80,960,000 Shares pursuant to the SFO.

3. Superview International Investment Limited is wholly owned by Mr. Xu Yue, an elder brother of Mr. Xu Yong who is an executive director of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or their respective associates was granted by the Company or its subsidiary any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right as at 31 December 2012.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2012, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with he required standard of dealings and its code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE AND SUMMARY OF INDEPENDENT AUDITOR'S REPORT

The Company has established an audit committee comprising of the three independent non-executive directors, namely Mr. Hisaki Takabayashi, Mr. Fan Xiaoping and Mr. Lo Ka Wai, with written terms of reference in compliance with Rules 3.21 to 3.22 of the Listing Rules. The primary duties of the audit committee are (i) to review, in draft form, the Company's annual report and accounts, half-yearly report and quarterly reports (if prepared) and providing advice and comments thereon to the Board; and (ii) to review and supervise the Company's financial reporting and internal control procedures. Mr. Lo Ka Wai is the chairman of the audit committee.

The audit committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2012, which was of an opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

In the independent auditors' report, the auditor has included the following paragraph in the auditor's opinion to draw the shareholders' attention:

"<u>Emphasis of matters</u>

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates that as at 31 December 2012, the Group has net current liabilities of approximately RMB121,049,000. These conditions as set out in note 2 to the consolidated financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern."

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

DIRECTORS' INTEREST IN A COMPLETING BUSINESS

Yusei Japan is beneficially owned as to 46% equity interest of the Company. With its production and business operations based in Japan, Yusei Japan is principally engaged in the design, fabrication and sales of plastic injection moulds, and, to a lesser extent, the manufacture and sales of plastic component products. The plastic injection moulds fabricated by Yusei Japan are mainly applicable for the manufacture of headlight components including glass lens and reflector, automobile gauge board and other interior components for automobiles. Furthermore, Yusei Japan also fabricates plastic injection moulds for the manufacturing of peripheral plastic components for air conditioners and component parts for fishing tools.

Yusei Japan is owned as to approximately 25.8% by Conpri, as to approximately 21.9% by Mr. Masuda, as to approximately 12.1% by Mr. Akio Suzuki, as to approximately 2.1% by Mrs. Echiko Masuda and as to approximately 1.7% by Mr. Toshimitsu Masuda, as to 30% by Tokyo Small and Medium Business Investment & Consultation Co., Ltd., respectively and as to approximately 6.4% held by Yusei Japan itself as a result of share repurchase, which according to the confirmation of a practicing Japanese law firm, need not be extinguished from the issued share capital of Yusei Japan under Japanese laws. Conpri is a company incorporated in Japan with limited liability and is owned as to 50% by Mr. Toshimitsu Masuda, as to 30% by Mr. Masuda, and as to 20% by Mrs. Echiko Masuda. Mrs. Echiko Masuda and Mr. Toshimitsu Masuda are the spouse and son of Mr. Masuda, respectively. Mr. Katsutoshi Masuda and Mr. Toshimitsu Masuda are the Company's non-executive directors. Mr. Akio Suzuki was the Company's non-executive directors.

Notwithstanding that the Group and Yusei Japan are engaged in similar business activities to certain extent, there is a clear delineation and independence of the Group's business from that of Yusei Japan. In particular, the Group's target markets (being the PRC, Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC) are territorially different from that of Yusei Japan. The locations of the production facilities are different and separate between the Group and Yusei Japan. The management responsible for the day-to-day operations of the Group and Yusei Japan is also different. The Directors believe that Yusei Japan does not compete with the Group.

Notwithstanding that the Directors believe that Yusei Japan does not compete with the Group, to clearly delineate the business operations of the Group from that of Yusei Japan and to avoid any possible future competition with the Group, Yusei Japan and its shareholders (collectively ''the Covenantors'') have entered into a deed of non-competition dated 19 September 2005 (the ''Deed of Non-competition''), pursuant to which each of the Covenantors irrevocably and unconditionally undertakes and covenants with the Company that each of the Covenantors shall:

(1) not either on his/her/its own account or for any other person, firm or company, and (if applicable) shall procure that its subsidiaries (other than the Company and any member of the Group) or companies controlled by each of the Covenantors shall not either on its own behalf or as agent for any person, firm or company and either directly or indirectly (whether as a shareholder, partner, consultant or otherwise and whether for profit, reward or otherwise) at any time solicit, interfere with or endeavour to entice away from any member of the Group any person, firm, company or organisation who to its knowledge is from time to time or has at any time been a customer or supplier or a business partner of any member of the Group;

(2) not either alone or jointly with any other person, firm or company, carry on (including but not limited to making investments, setting up distribution channels and/or liaison offices and creating business alliances), participate, be engaged, concerned or interested in or in any way assist in or provide support (whether financial, technical or otherwise) to any business similar to or which competes (either directly or indirectly) or is likely to compete with the business of the design, development and fabrication of precision plastic injection moulds or the manufacturing of plastic components in the Group's Exclusive Markets or the provision of certain assembling and further processing of plastic components for customers (the ''Business'') from time to time carried out by any member of the Group (provision of assistance and support to the Group excepted) including the entering into of any contracts, agreements or other arrangements in relation to any of the above;

(3) not directly or indirectly sell, distribute, supply or otherwise provide products that are within the Group's Product Portfolio to any purchaser or potential purchaser of any products within the Group's Product Portfolio in the Group's Exclusive Markets (the ''Customers'') and upon receipt of any enquiry from Customers for products which are within the Group's Product Portfolio, to refer to the Company or any member of the Group all such business opportunities received by the Covenantors and provide sufficient information to enable the Company or any member of Group to reach an informed view and assessment on such business opportunities;

(4) not directly or indirectly sell, distribute, supply or otherwise provide any products that are within the Group's Product Portfolio where the relevant Covenantor(s) know(s), or is reasonably regarded as should have known, that such products are destined to be re-sold, re-distributed or re-supplied for the purpose of commercial exploitation in the Group's Exclusive Markets;

(5) upon receipt of any order or enquiry from customers outside the Group's Exclusive Markets for products which are within the Group's Product Portfolio and where the relevant Covenantor(s) know(s), or is reasonably regarded as should have known, that such products are destined to be re-sold, re-distributed or re-supplied for the purpose of commercial exploitation in the Group's Exclusive Markets, the relevant Covenantor shall inform the Group in writing of such order or enquiry and refer such customer to contract directly with the Group for the order of the relevant product;

(6) not do or say anything which may be harmful to the reputation of any member of the Group or which may lead any person to reduce their level of business with any member of the Group or seek to improve their terms of trade with any member of the Group; and

(7) not solicit or entice or endeavour to solicit or entice any of the employees of or consultants to the Group to terminate their employment or appointment with any member of the Group.

Saved as disclosed above, none of the directors of the Company had an interest in a business which competes or may compete with the business of the Group.

CORPORATE GOVERNANCE

The Directors confirmed that, throughout the year, the Company was in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

By order of the Board
Yusei Holdings Limited
Katsutoshi Masuda
Chairman

PRC, 28 March 2013

As at the date of this announcement, the executive directors are Mr. Manabu Shimabayashi and Mr. Xu Yong ; the non-executive directors are Mr. Katsutoshi Masuda, Mr. Toshimitsu Masuda, and Mr. Shinichi Koizumi; the independent non-executive directors are Mr. Lo Ka Wai, Mr. Fan Xiaoping and Mr. Hisaki Takabayashi.

* *For identification purpose only*