Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014, together with the comparative figures for the corresponding period of last year, as follows:

Consolidated statement of profit and loss
For the year ended 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Revenue	3	952,531	892,968
Cost of sales		(804,535)	(775,993)
Gross profit		147,996	116,975
Other income	4	7,770	6,911
Net foreign exchange gain		1,056	8,388
Distribution costs		(23,993)	(27,594)
Administrative expenses		(55,368)	(50,754)
Loss caused by fire accident	5	-	(21,650)
Finance costs	6	(21,402)	(23,217)
Share of results of associates		933	143
Profit before tax		56,992	9,202
Income tax expense	7	(6,653)	(3,598)
Profit for the year attributable to owners of the Company	8	50,339	5,604
Earnings per share			
Basic and diluted	10	RMB0.262	RMB0.032

* *For identification purpose only*

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
Profit for the year	50,339	5,604
Other comprehensive (expense) income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	(682)	1,674
Total comprehensive income for the year attributable to owners of the Company	49,657	7,278

Consolidated statement of financial position
As at 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		305,319	321,317
Intangible assets		758	864
Land use rights		18,178	18,797
Interests in associates		24,545	23,612
		348,800	364,590
Current assets			
Inventories		170,966	138,810
Trade and bills receivables, deposits and prepayments	11	328,571	288,359
Amounts due from associates		14,193	4,266
Pledged bank deposits		1,397	2,479
Bank balances, deposits and cash		42,249	74,671
		557,376	508,585
Current liabilities			
Trade and other payables	12	302,064	240,319
Amount due to ultimate holding company		23,524	25,429
Amounts due to associates		995	10,972
Income tax liabilities		9,413	8,206
Obligations under finance leases			
- due within one year		15,141	5,163
Bank and other loans - due within one year		215,452	302,188
		566,589	592,277
Net current liabilities		(9,213)	(83,692)
Total assets less current liabilities		339,587	280,898
Non-current liabilities			
Obligations under finance leases			
- due after one year		12,834	8,353
Bank and other loans - due after one year		-	10,741
Deferred income		878	1,126
		13,712	20,220
		325,875	260,678
Capital and reserves			
Share capital		2,020	1,810
Reserves		323,855	258,868
		325,875	260,678

Consolidated statement of changes in equity
For the year ended 31 December 2014

	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 2013	1,810	39,867	49,663	18,065	5,379	71	15,465	123,080	253,400
Profit for the year	-	-	-	-	-	-	-	5,604	5,604
Other comprehensive income for the year	-	-	-	-	1,674	-	-	-	1,674
Total comprehensive income for the year	-	-	-	-	1,674	-	-	5,604	7,278
Transfer	-	-	-	-	-	-	1,028	(1,028)	-
At 31 December 2013 and 1 January 2014	1,810	39,867	49,663	18,065	7,053	71	16,493	127,656	260,678
Profit for the year	-	-	-	-	-	-	-	50,339	50,339
Other comprehensive expense for the year	-	-	-	-	(682)	-	-	-	(682)
Total comprehensive (expense) income for the year	-	-	-	-	(682)	-	-	50,339	49,657
Issue of shares	210	16,585	-	-	-	-	-	-	16,795
Transaction costs attributable to issue of shares	-	(1,255)	-	-	-	-	-	-	(1,255)
At 31 December 2014	2,020	55,197	49,663	18,065	6,371	71	16,493	177,995	325,875

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, which includes HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)* – Int 21	Levies

* HK(IFRIC) represents the Hong Kong (IFRS Interpretations Committee)

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

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with 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 have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) – Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]

[1] Effective for annual periods beginning on or after 1 July 2014.
[2] Effective for annual periods beginning on or after 1 January 2016.
[3] Effective for annual periods beginning on or after 1 January 2017.
[4] Effective for annual periods beginning on or after 1 January 2018.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 (2014) are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

HKFRS 9 Financial Instruments (Continued)

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

HKFRS 15 Revenue from Contracts with Customers (Continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the consolidated financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the consolidated financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its consolidated financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. As the Company does not have any investments in investment entities, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants (Continued)

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost
- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.
- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a join venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

Annual Improvements to HKFRSs 2010-2012 Cycle (Continued)

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) The property meets the definition of investment property in terms of HKAS 40; and

(b) The transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

Annual Improvements to HKFRSs 2012-2014 Cycle (Continued)

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of approximately RMB9,213,000 as at 31 December 2014. In the opinion of the directors of the Company, the Group should be able to maintain itself as a going concern in the coming year as the Group anticipated to generate positive cash flows from its businesses.

On the basis that the continuing availability of the banking facilities provided by its banks, 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 the end of the reporting period. 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 value-added tax during the year.

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”) (the chief executive officer) in order to allocate resources to segments and to assess their performance.

The Group’s operating activities are attributable to a single operating segment focusing on the moulding fabrication, manufacturing and trading of moulds and plastic components. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that are regularly reviewed by the CODM. The CODM monitors the revenue from moulding fabrication, manufacturing and trading of moulds and plastic components for the purpose of making decisions about resources allocation and performance assessment. However, no revenue analysis, operating results and other discrete financial information are available for the resource allocation and performance assessment. The CODM reviews the profit for the year of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

<u>Geographical information</u>

During the year ended 31 December 2014 and 2013, the Group’s operations were located in the PRC.

During the year ended 31 December 2014, 99.98% (2013: 99.95%) of the Group’s revenue from external customers was generated in the PRC while as at 31 December 2014, 100% (2013: 100%) of the Group’s non-current assets was located in the PRC. Hence, no geographical information is presented.

Information about major customers

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

	2014 RMB'000	2013 RMB'000
Customer A	166,428	167,263
Customer B	146,302	156,573

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

4. OTHER INCOME

	2014 RMB'000	2013 RMB'000
Gain on sales of materials	3,784	3,420
Bank interest income	233	999
Rental income received	111	126
Utilities expenses claimed	1,011	603
Government subsidies (Note)	39	204
Release of government grants for land use rights	85	85
Reversal of impairment loss on trade receivables	1,948	167
Gain on disposal of property, plant and equipment and land use rights	4	11
Release of deferred gain from sale and leaseback of property, plant and equipment	163	163
Others	392	1,133
	7,770	6,911

Note: Government subsidies of approximately RMB39,000 (2013: RMB204,000) have been recognised during the year ended 31 December 2014 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. LOSS CAUSED BY FIRE ACCIDENT

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 1 January 2013 were approximately RMB42,891,000 and RMB47,571,000 respectively. In addition, some delay in goods delivery to customers was resulted, leading to customer claims of approximately RMB4,570,000 being provided for and RMB2,229,000 being paid by the Group. Restoration costs incurred due to the fire accident was approximately RMB4,296,000.

As at 31 December 2013, the Group was entitled to receive compensation from the insurance companies of approximately RMB78,098,000. The directors of the Company are of the opinion that the Group had no significant contingent liabilities and capital commitment arising from the fire accident as at 31 December 2013.

Loss caused by fire accident was presented in the consolidated statement of profit or loss for the year ended 31 December 2013. The loss caused by fire accident was calculated as (i) impairment loss on property, plant and equipment and inventories in respect of fire accident, and (ii) the provision for customer claims less (iii) the compensation from the insurance companies.

	RMB'000
Compensation received and receivable from insurance claim	78,098
Sale of scrap materials to independent third parties	1,809
Less: Property, plant and equipment derecognised	(42,891)
Inventories derecognised	(47,571)
Compensation recognised and paid to customers	(2,229)
Provision for compensation to customers	(4,570)
Restoration costs	(4,296)
	(21,650)

6 FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Interest on:		
bank and other loans wholly repayable within five years	17,890	20,231
finance leases	2,278	1,752
amount due to ultimate holding company	1,234	1,234
	21,402	23,217

7. INCOME TAX EXPENSE

	2014 RMB'000	2013 RMB'000
PRC Enterprise Income Tax (the "EIT")		
Current year	6,653	3,598

(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's income neither arises in, nor is derived from, 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, 杭州友成機工有限公司 Hangzhou Yusei Machinery Co., Ltd.* (“Hangzhou Yusei”) and 蘇州友成機工有限公司 Suzhou Yusei Machinery Co., Ltd.* (“Suzhou Yusei”) for the year ended 31 December 2014 and 2013 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 a concession 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 a concession rate of 15% for three years, with effective from 1 January 2011. In addition, on 5 August 2014, Suzhou Yusei was approved by Science and Technology Department of Suzhou Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 1 January 2014.

The applicable PRC EIT rate of 浙江友成塑料模具有限公司 Zhejiang Yusei Plastics & Mould Co., Ltd.* (“Zhejiang Yusei”), 友成(中國)模具有限公司 Yusei (China) Mould Co., Ltd.* (“Yusei China”), 廣州友成機工有限公司 Guangzhou Yusei Machinery Co., Ltd.* (“Guangzhou Yusei”) and 杭州友成模具技術研究有限公司 Hangzhou Yusei Mould Technology Research Co., Ltd.* (“Hangzhou Yusei Moulding”) is 25% for the year ended 31 December 2014 and 2013.

The applicable PRC EIT rate of the two newly incorporated subsidiaries, 蕪湖友成塑料模具有限公司 Wuhu Yusei Plastic Moulding Co., Ltd* (“Wuhu Yusei”) and 湖北友成塑料模具有限公司 Hubei Yusei Plastic Moulding Co., Ltd* (“Hubei Yusei”), is 25% for the period from date of incorporation to 31 December 2014.

* The English names are for identification purposes only.

8. PROFIT FOR THE YEAR

	2014 RMB'000	2013 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' and the chief executive's remuneration	2,497	4,105
Salaries, wages and other benefits	126,819	128,213
Retirement benefits scheme contributions	3,350	3,399
Other staff costs	130,169	131,612
Total staff costs	132,666	135,717
Depreciation of property, plant and equipment	43,531	42,344
Amortisation of intangible asset (included in administrative expenses)	106	68
Amortisation of land use rights (included in administrative expenses)	619	623
Total depreciation and amortisation expenses	44,256	43,035
Operating lease charges on leased premises	6,875	6,351
Impairment loss on trade receivables (included in administrative expenses)	342	1,475
Impairment loss on inventories (included in cost of sales)	1,382	45
Reversal of impairment loss on inventories (included in cost of sales)	-	(1,881)
Auditor's remuneration	880	916
Impairment loss recognised in respect of interest in an associate	4,000	-
Release of deferred loss from sale and leaseback of property, plant and equipment	2,261	-

9. DIVIDENDS

No dividend was paid during the year ended 31 December 2014 (2013: nil).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2014 of RMB3.95 cents (2013: nil) per share has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

10. 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:

	2014 RMB'000	2013 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	50,339	5,604
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	192,346,301	176,000,000

Diluted earnings per share is same as basic earnings per share for the year ended 31 December 2014 and 2013 as there is no potential ordinary shares outstanding.

11. TRADE AND BILLS RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014 RMB'000	2013 RMB'000
Trade receivables and bills receivables	285,029	277,251
Less: impairment loss recognised	(3,298)	(4,904)
	281,731	272,347
Advance to suppliers	16,029	7,640
Other receivables, deposits and prepayments (Note)	30,811	8,372
	328,571	288,359

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 be extended to the range from 90 days to 270 days. The Group does not hold any collateral over these balances.

Note: Included in the balance of other receivables, there are deferred loss of approximately RMB6,705,000 (2013: RMB94,000) arising from sales and leaseback transactions as at 31 December 2014.

The ageing analysis of trade receivables and bills receivables net of impairment loss recognised presented based on the invoice date, which is approximate to revenue recognition date, net of impairment loss recognised is as follows:

	2014 RMB'000	2013 RMB'000
Within 30 days	186,482	160,943
31 to 60 days	42,729	58,850
61 to 90 days	39,350	34,427
91 to 180 days	12,391	16,771
181 to 365 days	779	1,346
Over 365 days	-	10
Trade and bills receivables	281,731	272,347

12. TRADE AND OTHER PAYABLES

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

	2014 RMB'000	2013 RMB'000
Within 30 days	107,965	104,692
31 to 60 days	51,598	43,963
61 to 90 days	28,440	22,499
91 to 180 days	10,456	5,090
181 to 365 days	1,347	1,388
Over 365 days	2,628	1,529
Trade payables and bills payables	202,434	179,161
VAT payables	11,773	10,966
Deposits received	16,006	673
Other payables and accrued charges (Note)	71,851	49,519
	302,064	240,319

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.

At 31 December 2014, the Group's bank deposits of approximately RMB1,397,000 (2013: RMB2,479,000) were pledged to the banks to secure bills payables.

Note: Included in these balances mainly represented accrued salaries and wages, accrued interests and compensation payables related to fire loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year ended 31 December 2014, 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 customers are mainly the manufacturers of branded home electrical appliances, office equipment and plastic components with production facilities located in the PRC.

Financial review

Revenue

The Group's revenue for the year ended 31 December 2014 increased by 6.7% to approximately RMB952,531,000 as compared to that of approximately RMB892,968,000 for the year ended 31 December 2013.

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"). The production lines and machineries and equipment were damaged. Hangzhou Yusei commenced re-building the "New Plant No.2 since 22 May 2013, and the construction was completed in 2014. The Group's production capacity was restored to the level prior to the fire accident. Therefore, the Group's revenue for the year was increased compared with last year.

Gross profit

The Group achieved a gross profit of approximately RMB147,996,000 for the year ended 31 December 2014, representing an increase of approximately 26.5% as compared to that of approximately RMB116,975,000 for the year ended 31 December 2013.

The increase in gross profit margin was mainly due to the fact that (1) the Group actively adjustment the product structure, reducing the sales of products with comparatively low profit margin and hence the Group's average gross profit margin was increased; (2) as the Plant No. 1 of Hangzhou Yusei has ceased production temporarily in 2013 while the investigation of the relevant regulatory authorities of the PRC for the cause of the fire of the Plant No.2, certain production processes were switched to the other plants of the Group in Xiaoshan / Suzhou as an alternative solution which led to an increase in production costs and expenses of the Group for that year. In addition, the gross profit margin was further decreased last year as, based on the information from the insurance company passed to the Group, the compensation claims for moulds may not be fully covered, and the Group had made an impairment losses of uncovered moulds and had accounted for as the cost of sales for the corresponding period last year.

Distribution costs

Distribution costs for the year ended 31 December 2014 decreased by approximately 13.0% to approximately RMB23,993,000 as compared to that of approximately RMB27,594,000 for the year ended 31 December 2013. Such decrease was mainly due to the net effect of (i) increase in sales and (ii) the increase in purchase of new packing materials last year for replacement of those destroyed in the fire accident which was not recurring during this year.

Net foreign exchange gain

Net foreign exchange gain mainly represented the gain 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 of the Japanese Yen against RMB.

Administrative expenses

Administrative expenses for the year ended 31 December 2014 increased approximately by 9.1% to RMB55,368,000 as compared to that of approximately RMB50,754,000 for the year ended 31 December 2013. Such increase was mainly attributable to the impairment loss for interest in associates of approximately RMB4,000,000 recognised by the Group during the year.

Finance costs

Finance costs for the year ended 31 December 2014 decreased approximately by 7.8% to RMB21,402,000 as compared to that of approximately RMB23,217,000 for the year ended 31 December 2013. As a result of the application of partial proceeds of share placing for loans repayment, the Group's average bank borrowings have been decreased.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company increased by approximately 8.98 times from approximately RMB5,604,000 for the year ended 31 December 2013 to approximately RMB50,339,000 for the year ended 31 December 2014.

Financial resources and liquidity

As at 31 December 2014, the equity amounted to approximately RMB325,875,000. Current assets amounted to approximately RMB557,376,000, of which bank balances, deposits and cash and pledged bank deposits totaling approximately RMB43,646,000. The Group had non-current assets of approximately RMB348,800,000 and its current liabilities amounted to approximately RMB566,589,000, comprising mainly its creditors and accrued charges and bank borrowings. The net asset value per share was RMB1.61. The Group expresses its gearing ratio as a percentage of finance leases and borrowings over total assets. As at 31 December 2014, the Group had a gearing ratio of 26.9%.

On 22 January 2014, the Company entered into a subscription agreement with subscribers. Pursuant to the subscription agreement, the Company has agreed to allot and issue a total of 26,400,000 subscription shares at the price of HK$0.80 per subscription share in cash. It represents 15% of the issued share capital of the Company as at the date of the subscription agreement. On 20 May 2014, the subscription was completed and the Company issued and allotted 26,400,000 shares in the Company at HK$0.80 per share to several subscribers. These shares rank pari passu in all respects with other shares in issue. The proceeds were used for the construction of a new plant and as general working capital of the Group.

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 2014, the total number of the Group's staff was approximately 2,100. The total staff costs (including directors' remuneration) amounted to approximately RMB132,666,000 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 2014, the Group's bank and other loans are secured by land use rights and property, plant and equipment of the Group with an aggregate net carrying values of approximately RMB8,424,000 and RMB107,538,000 respectively.

Foreign currency risk

The Group carries on business in 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 2014, the Group had capital expenditure contracted for but not provided in the financial statements of approximately RMB10,120,000 in respect of acquisition of property, plant and equipment.

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.

In view of the huge potential market in China, especially following the development of automobile industry in China and coping with the customers' demands, the Group has established 芜湖友成塑料模具有限公司 (Wuhu Yusei Plastic Moulds Company Limited) ("Wuhu Yusei") in Anhui Province, being a wholly-owned subsidiary of the Group, and plans to establish another new wholly-owned subsidiaries in Hubei Province ("Hubei Company").

For coping with the increasing customers' demand, Wuhu Yusei leases production plants with areas of approximately 4,000 sq. meters in Wuhu and the Group leased production plants with areas of approximately 4,000 sq. meters in Xiaogan of Hubei Province upon establishment of Hubei Company. The production plants are put into production in the second half of 2014. In addition, for the future business development, the Group anticipates to purchase land in Anhui or

Hubei Province, as and when appropriate, for construction of the Group's new production plants with annual production capacity of approximately RMB500 million in coming 3-5 years.

DIVIDENDS

The Directors recommended the payment of a final dividend of RMB3.95 cents per share in respect of the year ended 31 December 2014.

Upon approval from the forthcoming annual general meeting to be held on 11 May 2015 (the "AGM"), the final dividends, which are payable to shareholders whose names appear on the register of members of the Company on 19 May 2015, will be paid on or about 29 May 2015.

For the purpose of ascertaining shareholders' right to attend and vote at the AGM of the Company, the registers of members of the Company will be closed from 7 May 2015 to 11 May 2015 (both days inclusive) during which period no transfer of shares will be effected. In order for a shareholder to be eligible to attend and vote at the AGM, all instrument of transfer must be lodged with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 6 May 2015.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividends, the register of members of the Company will be closed from 15 May 2015 to 19 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividends (subject to shareholders' approval at the AGM), all instrument of transfer must be lodged with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 14 May 2015.

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:

Name of Company	Name of Director	Capacity: Personal Interests	Family Interests	Corporate Interests	Number of shares: Long Position	Short Position	Approximate Percentage of interests
Company	Katsutoshi Masuda (“Mr. Masuda”) (Note 1)	-	-	80,960,000 shares	80,960,000 shares	-	40.00%
Company	Toshimitsu Masuda (Note 2)	-	-	80,960,000 shares	80,960,000 shares	-	40.00%
Company	Xu Yong	31,280,000 shares	-	-	31,280,000 shares	-	15.45%
Company	Manabu Shimabayashi	660,000 shares	110,200 shares	-	770,200 shares	-	0.38%
Company	Fan Xiaoping	19,800 shares	-	-	19,800 shares	-	0.01%
Yusei Machinery Corporation (“Yusei Japan”)	Mr. Masuda (Note 3)	21,960 shares	2,100 shares	25,760 shares	49,820 shares	-	49.80%
Yusei Japan	Toshimitsu Masuda (Note 4)	1,700 shares	-	25,760 shares	27,460 shares	-	27.50%

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 40.0% 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 40.0% 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	-	40.00%
Company	Conpri (Note 1)	Corporate Interest	80,960,000 shares	-	40.00%
Company	Mrs. Echiko Masuda (Note 2)	Family Interests	80,960,000 shares	-	40.00%
Company	Superview International Investment Limited (Note 3)	Beneficial Owner	38,722,000 shares	-	19.13%

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 2014.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2014, 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 2014, 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 in the annual 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 2014, the Group has net current liabilities of approximately RMB9,213,000. 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 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

Yusei Japan is beneficially owned as to 40.0% 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, save for the deviation from the code provision A.1.8 of the Code. The Board and the senior management of the Group have earnestly appraised the requirements of the Code and reviewed the practices of the Group to ensure full compliance with the Code.

Under the code provision A.1.8, the Group should arrange appropriate insurance cover in respect of legal action against its directors. However, as the Group's business are relatively unitary, the Directors can easily comprehend these businesses. At the same time, the Directors are equipped with the adequate spirit and expertise in making corporate decisions. Furthermore, the Directors consider that the management has placed emphasis on control cover corporate risks from time to time, and has strictly complied with the Listing Rules and the relevant regulations. Therefore, it is not necessary to purchase insurance for the Directors and Chief Executive.

By order of the Board
Yusei Holdings Limited
Katsutoshi Masuda
Chairman

PRC, 30 March 2015

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 and Mr. Toshimitsu Masuda, the independent non-executive directors are Mr. Lo Ka Wai, Mr. Fan Xiaoping and Mr. Hisaki Takabayashi.

* *For identification purpose only*