YUSEI HOLDINGS LIMITED
友成控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8319)

RESULT ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM") has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by The Stock Exchange of Hong Kong Limited. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors of Yusei Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Yusei Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:—

1. *the information contained in this announcement is accurate and complete in all material respects and not misleading;*

2. *there are no other matters the omission of which would make any statement in this announcement misleading; and*

3. *all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

* *For identification purpose only*

AUDITED RESULTS

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 2008, together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	**2008**	2007
		RMB'000	*RMB'000*
Revenue	*2*	**464,764**	444,747
Cost of sales		**(382,989)**	(354,515)
Gross profit		**81,775**	90,232
Other income		**3,005**	2,668
Distribution costs		**(8,443)**	(7,641)
Net foreign exchange loss		**(19,276)**	–
Administrative expenses		**(36,414)**	(37,507)
Finance costs	*3*	**(13,695)**	(9,196)
Profit before taxation		**6,952**	38,556
Income tax expense	*4*	**(6,616)**	(7,691)
Profit for the year	*5*	**336**	30,865
Dividend	*6*	**9,000**	5,798
Earnings per share			
Basic	*7*	**RMB0.002**	RMB0.199
Diluted	*7*	**RMB0.002**	RMB0.193

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Notes	2008 RMB'000	2007 RMB'000
Non-current assets			
Property, plant and equipment		**300,838**	202,529
Intangible asset		**1,090**	1,327
Land use rights		**11,369**	11,831
Long-term deposits paid		**8,200**	–
		321,497	215,687
Current assets			
Inventories		**78,904**	47,527
Debtors, deposits and prepayments	*8*	**160,772**	147,788
Amount due from ultimate holding company		**754**	–
Amount due from a related company		**5,059**	–
Amounts due from directors		**786**	808
Pledged bank deposits		**34,400**	10,214
Bank balances, deposits and cash		**71,933**	64,178
		352,608	270,515
Current liabilities			
Creditors and accrued charges	*9*	**194,112**	143,236
Amount due to ultimate holding company		**–**	539
Amount due to a related company		**–**	100
Income tax liabilities		**1,100**	2,498
Obligations under finance leases – due within one year		**12,509**	4,569
Bank borrowings – due within one year		**155,195**	102,715
		362,916	253,657
Net current (liabilities) assets		**(10,308)**	16,858
Total assets less current liabilities		**311,189**	232,545
Non-current liabilities			
Obligations under finance leases – due after one year		**30,482**	5,844
Deferred income – government grants		**1,198**	1,283
Bank borrowings – due after one year		**115,766**	53,637
		147,446	60,764
		163,743	171,781
Capital and reserves			
Share capital		**1,674**	1,623
Reserves	*10*	**162,069**	170,158
Total equity		**163,743**	171,781

Notes:

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 April 2005 and its shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 October 2005.

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

The consolidated financial statements are presented in Renminbi ("RMB") since that is the currency majority of the Group's transactions are denominated.

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of approximately RMB10,308,000 as at 31 December 2008. 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:

1. the directors anticipate that the Group will generate positive cash flows from its businesses;

2. the directors have implemented measures to tighten cost controls over various distribution costs and administrative expenses and to improve the Group's positive cashflow position and operating results;

3. on 17 January 2007, the Group has successfully negotiated with its major bank to extend the existing banking facilities of RMB16,000,000 to 18 January 2010, of which RMB11,000,000 has been utilised as at 31 December 2008 and included in current liabilities as short-term bank borrowings;

4. on 24 February 2009, the Group has successfully negotiated with its major bank to extend the existing banking facilities of RMB60,000,000 to 23 February 2010, of which RMB45,000,000 has been utilised as at 31 December 2008 and included in current liabilities as short-term bills payable and bank borrowings; and

5. on 10 March 2009, the Group has successfully negotiated with its major bank to extend the existing banking facilities of RMB52,700,000 to 30 April 2010, of which RMB46,140,000 has been utilised as at 31 December 2008 and included in current liabilities as short-term bank borrowings.

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 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 2008. Accordingly, the directors 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.

Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("HK(IFRIC)-INTs") (herein collectively referred to as "New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for accounting period beginning on 1 January 2008.

Hong Kong Accounting Standard ("HKAS") 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-INT 12	Service Concession Arrangements
HK(IFRIC)-INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the New HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective for the accounting period beginning on 1 January 2008.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged item[3]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7	Financial Instruments: Disclosures –Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS 39 (Revised)	Embedded Derivatives[7]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distribution of non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[6]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 January 2009.
[3] Effective for annual periods beginning on or after 1 July 2009.
[4] Effective for annual periods beginning on or after 1 July 2008.
[5] Effective for annual periods beginning on or after 1 October 2008.
[6] Effective for transfers of assets from customers received on or after 1 July 2009.
[7] Effective for annual periods ending on or after 30 June 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company has commenced considering the potential impact of other new or revised standards, amendments or interpretations, but is not yet in a position to determine whether these new or revised standards, amendments or interpretations would have a significant impact on how its results of operations and financial position are prepared and presented.

Significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

2. REVENUE AND SEGMENT INFORMATION

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

All the Group's operations are located and carried out in the People's Republic of China (the "PRC"), and the sole principal activity of the Group is the moulding fabrication, manufacturing and trading of moulds and plastic components. Accordingly, no segment information by business and geographical is presented.

3. FINANCE COSTS

	2008	2007
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings wholly repayable within five years	**12,828**	8,156
Bank borrowings not wholly repayable within five years	**962**	–
Finance leases	**1,017**	692
Long-term loan from a related party	**–**	348
Less: Interest expenses capitalised into construction in progress	**(1,112)**	–
	13,695	9,196

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.21% (2007: nil) per annum to expenditure on qualifying assets.

4. INCOME TAX EXPENSE

	2008	2007
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
Current year	**6,224**	6,582
Underprovision in prior years	**392**	1,109
	6,616	7,691

(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 enterprise income tax

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% from 1 January 2008 onwards. The Company and certain subsidiaries which are enjoying the tax holiday will continue until expiry while the preferential tax rates disclosed below will continue after the New Law.

Pursuant to the approvals obtained from the relevant PRC tax authorities, the applicable tax rate for the Company's subsidiary, 杭州友成機工有限公司 Hangzhou Yusei Machinery Co., Ltd.* ("Hangzhou Yusei") is 26.4% and Hangzhou Yusei is entitled to a tax concession period in which it is fully exempted from PRC Enterprise Income Tax for two years commencing from its first profit-making year, followed by a 50% reduction in the PRC Enterprise Income Tax for three years. The first profit-making year of Hangzhou Yusei is 2003 and the effective tax rate for the year ended 31 December 2003 and 2004 is zero. The effective tax rate for Hangzhou Yusei is 13.2% for each of the years ended 31 December 2006 and 2007. The applicable tax rate of Hangzhou Yusei for 2008 is 25% commencing from 1 January 2008.

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 recognised as a New and High Technology Enterprise and is operating and registered in the State Level New and High Technology Development Zone, it is entitled to a reduced income tax rate of 10.75% from 2003 to 2005 and 16.5% from 2006 to 2007. 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 Enterprise Income Tax 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 Enterprise Income Tax for two years commencing from 1 January 2008, followed by a reduced income tax rate of 11%, 12% and 12.5% from 2010 to 2012.

The applicable tax rate of 蘇州友成機工有限公司 Suzhou Yusei Machinery Co., Ltd.* ("Suzhou Yusei") and 廣州友成機工有限公司 Guangzhou Yusei Machinery Co., Ltd.* ("Guangzhou Yusei") is 25%. Suzhou Yusei was not subject to PRC Enterprise Income Tax in 2007 as it had not commenced business up to 31 December 2007.

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 not subject to PRC Enterprise Income Tax as it has not commenced business up to 31 December 2008.

At 31 December 2008, the Group has estimated unused tax losses of approximately RMB4,320,000 (2007: nil). No deferred tax asset has been recognised in the consolidated financial statements due to the unpredictability of future profit streams.

The estimated unused tax losses of the Group will expire at various date up to and including 2013.

* *The English names are for identification purposes only.*

5. PROFIT FOR THE YEAR

	2008 *RMB'000*	2007 *RMB'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**3,898**	3,839
Other staff costs	**49,263**	38,705
Recognition of the fair value of vested restricted shares	**418**	592
Retirement benefits scheme contributions	**2,691**	2,465
	52,372	41,762
Total staff costs	**56,270**	45,601
Depreciation of owned property, plant and equipment	**21,426**	17,458
Depreciation of property, plant and equipment under finance leases	**3,534**	2,333
Amortisation of intangible asset included in administrative expenses	**829**	553
Amortisation of land use rights included in administrative expenses	**462**	305
Total depreciation and amortisation expenses	**26,251**	20,649
Operating lease charges on leased premises	**1,177**	103
Impairment of trade debtors	**–**	232
Written off of inventories included in administrative expenses	**–**	1,066
Auditors' remuneration	**680**	609
Research and development expenses	**–**	120

6. DIVIDEND

The directors recommend a payment of final dividend for the year ended 31 December 2008 of RMB0.03 per share, amounting to RMB4,800,000 in aggregate, which was subjected to the approval by shareholders in general meeting.

The final dividend for the year ended 31 December 2007 of HK$0.0627 per share (equivalent to RMB0.05625 per share), amounting to RMB9,000,000 in aggregate, was approved in the Company's annual general meeting held on 9 May 2008 and paid to the shareholders of the Company during the year ended 31 December 2008.

The final dividend for the year ended 31 December 2006 of HK$0.0387 per share (equivalent to RMB0.036 per share), amounting to RMB5,798,000 in aggregate, was approved in the Company's annual general meeting held on 27 April 2007 and paid to the shareholders of the Company during the year ended 31 December 2007.

7. EARNINGS PER SHARE

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

	2008	2007
	RMB'000	*RMB'000*
Profit for the purposes of basic and diluted earnings per share	**336**	30,865

	2008	2007
Weighted average number of ordinary shares for the purposes of basic earnings per share	**156,177,096**	155,104,000
Effect of unvested ordinary shares	**–**	4,896,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**156,177,096**	160,000,000

8. 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 receivable is as follows:

	2008	2007
	RMB'000	*RMB'000*
1 – 30 days	**99,095**	90,314
31 – 60 days	**29,547**	30,821
61 – 90 days	**5,841**	8,070
91 – 180 days	**3,850**	2,526
Over 180 days	**2,450**	2,213
Trade debtors and bills receivable	**140,783**	133,944
Less: Accumulated impairment losses	**(1,618)**	(1,624)
	139,165	132,320
Other debtors, deposits and prepayments	**21,607**	15,468
	160,772	147,788

9. CREDITORS AND ACCRUED CHARGES

The aging analysis of trade creditors is as follows:

	2008	2007
	RMB'000	*RMB'000*
1 – 30 days	**46,629**	33,135
31 – 60 days	**27,131**	29,529
61 – 90 days	**11,035**	12,862
91 – 180 days	**2,982**	4,160
Over 180 days	**2,431**	1,923
Trade creditors	**90,208**	81,609
Bills payable	**66,000**	31,000
Other creditors and accrued charges	**37,904**	30,627
	194,112	143,236

The Group's bank deposits of approximately RMB33,000,000 (2007: RMB10,214,000) were pledged to the banks to secure the bills payable as at 31 December 2008.

10. RESERVES

During the year, there is no appropriation from retained profits to statutory surplus reserve (2007: RMB4,054,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year ended 31 December 2008, 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 2008 was approximately RMB464,764,000, representing an increase of 4.5% as compared to that of approximately RMB444,747,000 for the year ended 31 December 2007. 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 2008 increased by 4.5% to approximately RMB464,764,000 as compared to that of approximately RMB444,747,000 for the year ended 31 December 2007.

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 RMB81,775,000 for the year ended 31 December 2008, representing a decrease of approximately 9.4% as compared to that of approximately RMB90,232,000 for the year ended 31 December 2007. During the year, the overall gross profit margin was decreased.

Distribution costs

Distribution costs for the year ended 31 December 2008 increased by approximately 10.5% to approximately RMB8,443,000 as compared to that of approximately RMB7,641,000 for the year ended 31 December 2007. Such increase was mainly attributable to increase in turnover.

Net foreign exchange loss

Net foreign exchange loss mainly represented the 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 appreciation of the Japanese Yen against RMB during the year.

Administrative expenses

Administrative expenses for the year ended 31 December 2008 decreased by approximately 2.9% to approximately RMB36,414,000 as compared to that of approximately RMB37,507,000 for the year ended 31 December 2007. During the year, the administrative expenses were stablised.

Finance costs

Finance costs for the year ended 31 December 2008 increased to approximately RMB13,695,000 as compared to that of approximately RMB9,196,000 for the year ended 31 December 2007. Such increase was attributable to the increase in 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 decreased by approximately 98.9% from approximately RMB30,865,000 for the year ended 31 December 2007 to approximately RMB336,000 for the year ended 31 December 2008. It was mainly attributable to (i) decrease in gross profit margin, (ii) net exchange loss and (iii) increase in finance costs.

Financial resources and liquidity

As at 31 December 2008, the equity amounted to approximately RMB163,743,000. Current assets amount to approximately RMB352,608,000, of which bank balance, deposits and cash and pledged bank deposits totaling approximately RMB106,333,000. The Group had non-current assets of RMB321,497,000 and its current liabilities amounted to approximately RMB362,916,000, comprising mainly its creditors and accrued charges and bank borrowings. The net asset value per share was RMB1.02. The Group expresses its gearing ratio as a percentage of finance leases and borrowings over total assets. As at 31 December 2008, the Group had a gearing ratio of 46.6%.

Segment information

All the Group's operations are located and carried out in the People's Republic of China (the "PRC"), and the sole principal activity of the Group is the moulding fabrication, manufacturing and trading of moulds and plastic components. Accordingly, no segment information by business and geographical is presented.

Employment and remuneration policy

As at 31 December 2008, the total number of the Group's staff was approximately 1,400. The total staff costs (including directors' remuneration) amounted to approximately RMB56,270,000 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 2008, certain land use rights and property, plant and equipment of the Group with an aggregate net carrying value of approximately RMB3,452,000 and RMB38,437,000 respectively were pledged as securities for bank borrowings.

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 2008, the Group had a capital expenditure contracted for but not provided in the financial statements in respect of acquisition of a land use right and property, plant and equipment totalling approximately RMB17,210,000.

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.

In 2008, the Group engaged professional consultants to implement "Zero Defect" program and VDA6.4 in order to improve the product quality.

In 2008, the Group acquired advanced imported moulds production and quality control devices from overseas like USA and Korea in order to fulfill the market demand. The Group believes those advanced devices will enhance the rapid-growing moulding business.

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.
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In addition, although the financial crisis affects the economy, the management still believes that the manufacturing industry in the PRC maintained to develop in fast pace. Hence, the Group continues to enlarge our production capacities in accordance with the corporate development strategies. Suzhou Yusei Machinery Co. Ltd. has total production facility of 26,727 sq meter. The construction of its factory had been completed in 2008 and the factory operates.

Moreover, for explore business in Pearl River Delta Region, the Group incorporates a new company 廣州友成機工有限公司 in Guangzhou. The area of its Phase I factory is approximately 3,075 sq meter. In response to the customers' demand, the Group will study the feasibility as to set-up of establishments in other cities in the PRC, like Changchun and Tianjin.

PROPOSED DIVIDEND

The Directors recommend the payment of a final dividend of RMB4,800,000 for the year ended 31 December 2008.

The proposed final dividend is payable to shareholders of the Company on the register of members at the close of business on 8 May 2009, subject to the approval of shareholders in the Annual General Meeting to be held on 8 May 2009.

The Share register of the Company will be closed from 5 May 2009 to 8 May 2009 (both days inclusive), during which no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 4 May 2009.

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. 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 Rules 5.46 to 5.67 of the GEM 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)*	–	–	105,600,000 shares	105,600,000 shares	–	66%
Company	Toshimitsu Masuda *(Note 2)*	–	–	105,600,000 shares	105,600,000 shares	–	66%
Company	Xu Yong	9,600,000 shares	–	–	9,600,000 shares	–	6%
Yusei Machinery Corporation ("Yusei Japan")	Mr. Masuda *(Note 3)*	21,960 shares	2,100 shares	25,760 shares	49,820 shares	–	71.2%
Yusei Japan	Toshimitsu Masuda *(Note 4)*	1,700 shares	–	25,760 shares	27,460 shares	–	39.2%
Yusei Japan	Keisuke Murakoshi	6,370 shares	–	–	–	–	9.1%
Yusei Japan	Akio Suzuki	12,110 shares	–	–	–	–	17.3%

Notes:

1. Mr. Masuda is deemed to be interested in 71.2% of the issued share capital in Yusei Japan pursuant to the SFO. Yusei Japan is interested in 66% 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 105,600,000 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 36.8% in the issued share capital of Yusei Japan which in turn is interested in 66% in the issued share capital of the Company. By virtue of SFO, Mr. Toshimitsu Masuda is deemed to be interested in 105,600,000 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 36.8% 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. 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	105,600,000 shares	–	66%
Company	Conpri *(Note 1)*	Corporate Interest	105,600,000 shares	–	66%
Company	Mrs. Echiko Masuda *(Note 2)*	Family Interests	105,600,000 shares	–	66%

Notes:

1. Conpri is interested in 36.8% in the issued share capital of Yusei Japan. By virtue of SFO, Conpri is deemed to be interested in 105,600,000 shares held by Yusei Japan.

2. Mrs. Echiko Masuda is the spouse of Mr. Masuda and is deemed to be interested in 105,600,000 Shares pursuant to the SFO.

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 2008.

SHARE OPTION SCHEME

The Company has adopted a share option scheme. A summary of the principle terms and conditions of the share option scheme are set out in the section headed "Summary of the terms of the Share Option Scheme" in Appendix V of the Prospectus. Up to 31 December 2008, no option has been granted pursuant to the share option scheme.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2008, 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 Rules 5.48 to 5.67 of the GEM 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 5.28 to 5.29 of the GEM 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 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 2008, which was of an opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures 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:

"**Emphasis of matters**

Without qualifying our opinion, we draw attention to Note 3 to the consolidated financial statements, which indicates that as of 31 December 2008 the Group had net current liabilities of approximately RMB10,308,000. These conditions, along with other matters as set forth in Note 3 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 2008, neither the Company nor any of its subsidiary 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 66% 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 36.8% by Conpri, as to approximately 31.4% by Mr. Masuda, as to approximately 17.3% by Mr. Akio Suzuki, as to approximately 9.1% by Mr. Keisuke Murakoshi, as to approximately 3.0% by Mrs. Echiko Masuda and as to approximately 2.4% by Mr. Toshimitsu Masuda, respectively. 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, Mr. Akio Suzuki and Mr. Toshimitsu Masuda are the Company's non-executive directors and Mr. Keisuke Murakoshi is one of the Company's 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 15 of the GEM Listing Rules.

By order of the Board
Yusei Holdings Limited
Katsutoshi Masuda
Chairman

PRC, 27 March 2009

As at the date of this announcement, the Executive Directors are Mr. Keisuke Murakoshi and Mr. Xu Yong, the Non-executive Directors are Mr. Katsutoshi Masuda, Mr. Akio Suzuki, Mr. Toshimitsu Masuda and Mr. Toshinobu Ito and the Independent Non-Executive Directors are Mr. Lo Ka Wai, Mr. Fan Xiaoping and Mr. Hisaki Takabayashi.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting.