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 2009

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 2009, together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	**2009**	2008
		RMB'000	*RMB'000*
Revenue	*2*	**554,484**	464,764
Cost of sales		**(460,973)**	(382,989)
Gross profit		**93,511**	81,775
Other income		**6,603**	3,005
Distribution costs		**(13,132)**	(8,443)
Net foreign exchange loss		**–**	(19,276)
Administrative expenses		**(44,527)**	(36,414)
Finance costs	*3*	**(16,928)**	(13,695)
Share of losses of associates		**(2,418)**	–
Profit before taxation		**23,109**	6,952
Income tax expense	*4*	**(3,547)**	(6,616)
Profit for the year	*5*	**19,562**	336
Earnings per share			
Basic and diluted	*7*	**RMB0.122**	RMB0.002

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009	2008
	RMB'000	*RMB'000*
Profit for the year	**19,562**	336
Exchange differences arising on translating of foreign operations and other comprehensive income for the year	**(112)**	(692)
Total comprehensive income for the year	**19,450**	(356)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment		**298,509**	300,838
Intangible assets		**531**	1,090
Land use rights		**21,488**	11,369
Interests in associates		**25,288**	–
Long-term deposits paid		**–**	8,200
		345,816	321,497
Current assets			
Inventories		**108,051**	78,904
Debtors, deposits and prepayments	*8*	**194,751**	160,772
Amount due from ultimate holding company		**–**	754
Amount due from an associate/a related party		**11,032**	5,059
Amounts due from directors		**751**	786
Pledged bank deposits		**42,265**	34,400
Bank balances, deposits and cash		**102,737**	71,933
		459,587	352,608
Current liabilities			
Creditors and accrued charges	*9*	**242,408**	194,112
Amount due to ultimate holding company		**2,121**	–
Income tax liabilities		**2,906**	1,100
Obligations under finance leases – due within one year		**9,523**	12,509
Bank borrowings – due within one year		**194,363**	155,195
		451,321	362,916
Net current assets (liabilities)		**8,266**	(10,308)
Total assets less current liabilities		**354,082**	311,189
Non-current liabilities			
Obligations under finance leases – due after one year		**20,207**	30,482
Deferred income – government grants		**1,113**	1,198
Bank borrowings – due after one year		**139,210**	115,766
Redeemable convertible note		**10,060**	–
		170,590	147,446
		183,492	163,743
Capital and reserves			
Share capital		**1,674**	1,674
Reserves		**181,818**	162,069
		183,492	163,743

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Share capital	Share premium	Special reserve	Reserve for shares issued with vesting conditions	Redeemable convertible note reserve	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*	*RMB'000*
1 January 2008	1,623	40,054	49,663	16,747	–	(626)	36	10,871	53,413	171,781
Profit for the year	–	–	–	–	–	–	–	–	336	336
Other comprehensive income for the year	–	–	–	–	–	(692)	–	–	–	(692)
Total comprehensive income for the year	–	–	–	–	–	(692)	–	–	336	(356)
Share issued with vesting conditions fulfilled during the year	51	(51)	–	–	–	–	–	–	–	–
Fair value of estimated shares issued with vesting conditions charged to consolidated income statement	–	–	–	1,318	–	–	–	–	–	1,318
2007 Final dividend paid	–	–	–	–	–	–	–	–	(9,000)	(9,000)
At 31 December 2008 and 1 January 2009	1,674	40,003	49,663	18,065	–	(1,318)	36	10,871	44,749	163,743
Profit for the year	–	–	–	–	–	–	–	–	19,562	19,562
Other comprehensive income for the year	–	–	–	–	–	(112)	–	–	–	(112)
Total comprehensive income for the year	–	–	–	–	–	(112)	–	–	19,562	19,450
Share of capital reserve of an associate	–	–	–	–	–	–	35	–	–	35
Recognition of equity component of redeemable convertible note	–	–	–	–	6,803	–	–	–	–	6,803
Transfer to retained profits upon early redemption of redeemable convertible note	–	–	–	–	(2,060)	–	–	–	2,060	–
Effect of early redemption of redeemable convertible note	–	–	–	–	(1,739)	–	–	–	–	(1,739)
2008 Final dividend paid	–	–	–	–	–	–	–	–	(4,800)	(4,800)
At 31 December 2009	1,674	40,003	49,663	18,065	3,004	(1,430)	71	10,871	61,571	183,492

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 Group are moulding fabrication, manufacturing and trading of moulds and plastic components.

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$").

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

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("HK(IFRIC)-INTs") (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-INT 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-INT 13	Customer Loyalty Programmes
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate
HK(IFRIC)-INT 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-INT 18	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the consolidated financial statements.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedge Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 January 2011.
6 Effective for annual periods beginning on or after 1 July 2010.
7 Effective for annual periods beginning on or after 1 January 2013.

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.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipated that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

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, less discount, and net of value-added tax during the year.

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that 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 for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risk and return approach. In the past, the Group's primary reporting format was business segments. The application of HKRFS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

For the two years ended 31 December 2009 and 2008, 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. In the opinion of the directors, the Group operated in a single operating segment. Accordingly, no segmental analysis has been presented.

3. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings wholly repayable within five years	**13,500**	12,828
Bank borrowings not wholly repayable within five years	**187**	962
Finance leases	**1,210**	1,017
Effective interest expense on redeemable convertible note	**796**	–
Less: Interest expenses capitalised into construction in progress	**(128)**	(1,112)
Total interest	**15,565**	13,695
Debt extinguishment loss	**1,363**	–
	16,928	13,695

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.07% (2008: 5.21%) per annum to expenditure on qualifying assets.

4. INCOME TAX EXPENSE

	2009	2008
	RMB'000	*RMB'000*
PRC Enterprise Income Tax (the "EIT")		
Current year	**4,999**	6,224
(Over)under-provision in prior years	**(1,452)**	392
	3,547	6,616

(i) Overseas income tax

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

(ii) Hong Kong Profits Tax

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

(iii) PRC EIT

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

The applicable tax rate of the Company's subsidiary, 杭州友成機工有限公司 Hangzhou Yusei Machinery Co., Ltd.* ("Hangzhou Yusei") for 2008 was 25%. On 30 December 2009, Hangzhou Yusei was approved by Science and Technology Department of Zhejiang Province as high technology enterprise and therefore is subject to EIT at the rate of 15% for three years, with effective from 1 January 2009.

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

Pursuant to the approvals obtained from the relevant PRC tax authorities, 友成(中國)模具有限公司 Yusei (China) Mould Co., Ltd.* ("Yusei China") is entitled to a tax concession period in which it is fully exempted from PRC EIT for two years commencing from 1 January 2008, followed by a reduced income tax rate of 11%, 12% and 12.5% 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% for the two years ended 31 December 2009 and 2008.

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 EIT as it has not commenced business up to 31 December 2009.

At 31 December 2009, the Group has estimated unused tax losses of approximately RMB4,778,000 (2008: RMB4,366,000). No deferred tax asset has been recognised in the consolidated financial statements due to the unpredictability of future profit streams.

Included in unrecognised tax losses are losses of approximately RMB2,173,000 (2008: RMB4,320,000) that will expire at various date up to and including 2013. Other losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB45,581,000 (31 December 2008: RMB21,256,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

5. PROFIT FOR THE YEAR

	2009	2008
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**3,015**	3,898
Salaries, wages and other benefits	**57,777**	49,263
Recognition of the fair value of vested restricted shares	**–**	418
Retirement benefits scheme contributions	**2,388**	2,691
Other staff costs	**60,165**	52,372
Total staff costs	**63,180**	56,270
Depreciation of owned property, plant and equipment	**28,280**	21,426
Depreciation of property, plant and equipment under finance leases	**4,712**	3,534
Amortisation of intangible asset (included in administrative expenses)	**719**	829
Amortisation of land use rights (included in administrative expenses)	**597**	462
Total depreciation and amortisation expenses	**34,308**	26,251
Operating lease charges on leased premises	**1,988**	1,177
Impairment of inventories (included in cost of sales)	**3,675**	–
Auditors' remuneration	**750**	680

6. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2009, nor has any dividend been proposed since the end of the reporting period.

The directors recommend a bonus issue of shares to the shareholders whose names appear on the register of members of the Company as at 14 May 2010 on the basis of one bonus share for every ten shares held by them. Such bonus issue of shares are to be approved by the shareholders in the Company's annual general meeting on 15 May 2010. These consolidated financial statements do not reflect the bonus issue of shares.

The final dividend for the year ended 31 December 2008 of HK$0.034 per share (equivalent to RMB0.03 per share), amounting to RMB4,800,000 in aggregate, was approved in the Company's annual general meeting held on 15 May 2009 and paid to the shareholders of the Company during the year ended 31 December 2009.

7. 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:

	2009	2008
	RMB'000	*RMB'000*
Earnings for the purpose of basic earnings per share	**19,562**	336
Effect of dilutive potential ordinary shares:		
Interest on convertible loan note (net of tax)	**1,803**	–
Earnings for the purpose of diluted earnings per share	**21,365**	336

	2009	2008
Weighted average number of ordinary shares for the purposes of basic earnings per share	**160,000,000**	156,177,096
Effect of redeemable convertible note	**5,057,671**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**165,057,671**	156,177,096

Diluted earnings per share is same as basic earnings per share for the year ended 31 December 2009 as the effect of the exercise of the Company's outstanding redeemable convertible note was anti-dilutive.

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 receivables based on the invoice date net of impairment loss recognised is as follows:

	2009	2008
	RMB'000	*RMB'000*
1 – 30 days	**119,328**	99,095
31 – 60 days	**40,079**	29,547
61 – 90 days	**13,845**	5,841
91 – 180 days	**4,211**	3,850
Over 180 days	**3,916**	832
Trade debtors and bills receivables	**181,379**	139,165
Other debtors, deposits and prepayments	**13,372**	21,607
	194,751	160,772

9. CREDITORS AND ACCRUED CHARGES

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

	2009	2008
	RMB'000	*RMB'000*
1 – 30 days	**76,165**	46,629
31 – 60 days	**28,727**	27,131
61 – 90 days	**28,496**	11,035
91 – 180 days	**7,461**	2,982
Over 180 days	**1,385**	2,431
Trade creditors	**142,234**	90,208
Bills payables	**61,000**	66,000
Other creditors and accrued charges	**39,174**	37,904
	242,408	194,112

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

The Group's bank deposits of approximately RMB37,300,000 (2008: RMB33,000,000) were pledged to the banks to secure the bills payables as at 31 December 2009.

10. SUBSEQUENT EVENT

On 22 January 2010, the Company early redeemed the remaining outstanding principal of the redeemable convertible note of US$1,900,000 (equivalent to approximately RMB12,965,000). The early redemption gave rise to a debt extinguishment loss of approximately US$417,000 (equivalent to approximately RMB2,844,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year ended 31 December 2009, 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 2009 was approximately RMB554,484,000, representing an increase of 19.3% as compared to that of approximately RMB464,764,000 for the year ended 31 December 2008. 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 2009 increased by 19.3% to approximately RMB554,484,000 as compared to that of approximately RMB464,764,000 for the year ended 31 December 2008.

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 RMB93,511,000 for the year ended 31 December 2009, representing an increase of approximately 14.4% as compared to that of approximately RMB81,775,000 for the year ended 31 December 2008. During the year, the overall gross profit margin was stable.

Distribution costs

Distribution costs for the year ended 31 December 2009 increased by approximately 55.5% to approximately RMB13,132,000 as compared to that of approximately RMB8,443,000 for the year ended 31 December 2008. Such increase was mainly attributable to increase in turnover.

Net foreign exchange loss

Net foreign exchange loss for prior year 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.

Administrative expenses

Administrative expenses for the year ended 31 December 2009 increased by approximately 22.3% to approximately RMB44,527,000 as compared to that of approximately RMB36,414,000 for the year ended 31 December 2008. Such increase was mainly attributable to the Group's expansion.

Finance costs

Finance costs for the year ended 31 December 2009 increased to approximately RMB16,928,000 as compared to that of approximately RMB13,695,000 for the year ended 31 December 2008. 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 increased by approximately 58.2 times from approximately RMB336,000 for the year ended 31 December 2008 to approximately RMB19,562,000 for the year ended 31 December 2009. It was mainly attributable to no foreign exchange loss incurred during the year.

Financial resources and liquidity

As at 31 December 2009, the equity amounted to approximately RMB183,492,000. Current assets amount to approximately RMB459,587,000, of which bank balance, deposits and cash and pledged bank deposits totaling approximately RMB145,002,000. The Group had non-current assets of RMB345,816,000 and its current liabilities amounted to approximately RMB451,321,000, comprising mainly its creditors and accrued charges and bank borrowings. The net asset value per share was RMB1.15. The Group expresses its gearing ratio as a percentage of finance leases and borrowings over total assets. As at 31 December 2009, the Group had a gearing ratio of 45.1%.

Segment information

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

Employment and remuneration policy

As at 31 December 2009, the total number of the Group's staff was approximately 2,100. The total staff costs (including directors' remuneration) amounted to approximately RMB63,180,000 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 2009, the Group's bank borrowings are secured by certain pledge bank deposits, land use rights and property, plant and equipment of the Group with an aggregate net carrying values of approximately RMB3,165,000 (2008: nil), RMB9,351,000 (2008: RMB3,452,000) and RMB79,724,000 (2008: RMB38,437,000), respectively.

Foreign currency risk

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

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

Capital commitments

As at 31 December 2009, the Group had a capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment totalling approximately RMB213,000.

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 2009, the Group had a series of marketing activities in exploring the overseas market, including sending the directors and salesmen to Europe, USA and Brazil to visit the potential customers, and concluded several business contracts with overseas customers, which bring momentum to the Group for growth in moulding business.

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.

PROPOSED BONUS ISSUE OF SHARES

The directors of the Company recommended a bonus issue of shares to those shareholders whose names appear on the registers of members of the Company at the close of business on 14 May 2010 on the basis of one new share for every 10 existing issued shares.

Such bonus issue is to be approved by the shareholders at the Company's Annual General Meeting on 15 May 2010. The proposed bonus issue is also conditional upon the Stock Exchange granting the listing of and permission to deal in, the bonus shares. These consolidated financial statements do not reflect the bonus issue of shares.

The register of members of the Company will be closed from 12 May 2010 to 14 May 2010 (both days inclusive), during which no transfer of Shares will be registered. In order to qualify for the bonus issue, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, 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 11 May 2010.

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	–	51.5%
Yusei Japan	Toshimitsu Masuda *(Note 4)*	1,700 shares	–	25,760 shares	27,460 shares	–	27.5%
Yusei Japan	Keisuke Murakoshi	6,370 shares	–	–	–	–	6.4%
Yusei Japan	Akio Suzuki	12,110 shares	–	–	–	–	12.1%

Notes:

1. Mr. Masuda is deemed to be interested in 51.5% 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 25.8% 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 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. 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 25.8% 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 2009.

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 2009, 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 2009, 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 2009, 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.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2009, 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 25.8% by Conpri, as to approximately 21.9% by Mr. Masuda, as to approximately 12.1% by Mr. Akio Suzuki, as to approximately 6.4% by Mr. Keisuke Murakoshi, as to approximately 2.1% by Mrs. Echiko Masuda, as to approximately 1.7% by Mr. Toshimitsu Masuda and as to 30% by Tokyo Small and Medium Business Investment & Consultation Co., Ltd. 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 was 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, 31 March 2010

As at the date of this announcement, the Executive Director is 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.

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