YUSEI HOLDINGS LIMITED
友成控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 96)

RESULT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010, together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2010

	Notes	**2010** *RMB'000*	2009 *RMB'000*
Revenue	*3*	**837,367**	554,484
Cost of sales		**(700,364)**	(460,973)
Gross profit		**137,003**	93,511
Other income		**5,270**	6,603
Distribution costs		**(18,707)**	(13,132)
Net foreign exchange loss		**(16,774)**	–
Administrative expenses		**(50,927)**	(44,527)
Finance costs	*4*	**(17,675)**	(16,928)
Share of losses of associates		**(6,205)**	(2,418)
Profit before taxation		**31,985**	23,109
Income tax expense	*5*	**(10,578)**	(3,547)
Profit for the year	*6*	**21,407**	19,562
Dividend	*7*	**–**	–
Earnings per share			
Basic and diluted	*8*	**RMB0.122**	RMB0.111

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	2009
	RMB'000	*RMB'000*
Profit for the year	**21,407**	19,562
Exchange differences arising on translating	**2,844**	(112)
Share of other comprehensive income of associate	**–**	35
Total comprehensive income for the year	**24,251**	19,485

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	NOTES	**31 December 2010** *RMB'000*	31 December 2009 *RMB'000* (Restated)	1 January 2009 *RMB'000* (Restated)
Non-current assets				
Property, plant and equipment		**351,988**	298,509	300,838
Intangible assets		**502**	531	1,090
Land use rights		**20,793**	21,488	11,369
Interests in associates		**19,083**	25,288	–
Deposits paid to acquire non-current assets		**1,378**	–	8,200
		393,744	345,816	321,497
Current assets				
Inventories		**114,438**	108,051	78,904
Debtors, deposits and prepayments	9	**313,725**	194,751	160,772
Amounts due from directors		**–**	751	786
Amount due from ultimate holding company		**–**	–	754
Amounts due from associates		**7,501**	11,032	5,059
Pledged bank deposits		**24,931**	42,265	34,400
Bank balances, deposits and cash		**92,962**	102,737	71,933
		553,557	459,587	352,608
Current liabilities				
Creditors and accrued charges	10	**322,755**	242,408	194,112
Amount due to a director		**111**	–	–
Amount due to ultimate holding company		**993**	2,121	–
Income tax liabilities		**5,390**	2,906	1,100
Obligations under finance leases – due within one year		**14,362**	9,523	12,509
Bank borrowings – due within one year		**287,152**	207,024	171,414
		630,763	463,982	379,135
Net current liabilities		**(77,206)**	(4,395)	(26,527)
		316,538	341,421	294,970

	31 December 2010 RMB'000	31 December 2009 RMB'000 (Restated)	1 January 2009 RMB'000 (Restated)
Non-current liabilities			
Obligations under finance leases			
– due after one year	**24,118**	20,207	30,482
Bank borrowings – due after one year	**86,422**	126,549	99,547
Deferred income – government grants	**1,028**	1,113	1,198
Redeemable convertible note	**–**	10,060	–
	111,568	157,929	131,227
	204,970	183,492	163,743
Capital and reserves			
Share capital	**1,810**	1,674	1,674
Reserves	**203,160**	181,818	162,069
	204,970	183,492	163,743

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Reserve for shares issued with vesting conditions RMB'000	Redeemable convertible note reserve RMB'000	Translation reserve RMB'000	Capital Reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 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)	35	–	–	(77)
Total comprehensive income for the year	–	–	–	–	–	(112)	35	–	19,562	19,485
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 and 1 January 2010	1,674	40,003	49,663	18,065	3,004	(1,430)	71	10,871	61,571	183,492
Profit for the year	–	–	–	–	–	–	–	–	21,407	21,407
Other comprehensive income for the year	–	–	–	–	–	2,844	–	–	–	2,844
Total comprehensive income for the year	–	–	–	–	–	2,844	–	–	21,407	24,251
Bonus issue of shares	136	(136)	–	–	–	–	–	–	–	–
Transfer to retained profits upon early redemption of redeemable convertible note	–	–	–	–	(231)	–	–	–	231	–
Effect of early redemption of redeemable convertible note	–	–	–	–	(2,773)	–	–	–	–	(2,773)
Transfer	–	–	–	–	–	–	–	1,071	(1,071)	–
At 31 December 2010	1,810	39,867	49,663	18,065	–	1,414	71	11,942	82,138	204,970

Notes:

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

The Company is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability on 4 April 2005. On 13 October 2005, the shares of the Company were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were withdrawn from the GEM on 14 December 2010. On 15 December 2010, the Company's shares were listed on the Main Board of the Stock Exchange.

The 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 function currency of the Company is Hong Kong dollars ("HK$").

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

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

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedge Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK – Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK (International Financial Reporting Interpretations Committee) ("IFRIC") – Int 17	Distributions of Non-cash Assets to Owners

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.

HKFRS 3 (Revised) Business Combination

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Result of the Group in future periods, may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

This amendment has had no effect on the amounts reported in prior years because the liability component of redeemable convertible note has been presented as non-current liabilities as at 31 December 2009 and the redeemable convertible note has been fully redeemed for the year ended 31 December 2010.

HK – Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK – Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK – Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK – Int 5 for the first time in the current year. HK – Int 5 requires retrospective application.

In order to comply with the requirements set out in HK – Int 5, the Group has changed its accounting policy on classification of bank borrowings that contain a repayment on demand clause. In the past, the classification of such bank borrowings were determined based on the agreed repayment schedule dates set out in the loan agreements. Under the new HK – Int 5, bank borrowings with clause which give the lender the unconditional right to call the loans at any time are classified as current liabilities in the consolidated statement of financial position.

As a result, bank borrowings that contains a repayment on demand clause with the aggregate carrying amount of approximately RMB12,661,000 and approximately RMB16,219,000 have been reclassified from non-current liabilities to current liabilities as at 31 December 2009 and 1 January 2009 respectively. As at 31 December 2010, bank borrowings (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of approximately RMB10,466,000 have been classified as current liabilities. The application of HK – Int 5 has had no impact on the reported profit or loss, total comprehensive income and equity for the current and prior years.

Such bank borrowings that contain a repayment on demand clause have been presented in the earliest time band in the maturity analysis for financial liabilities.

Amendments to HKAS 17 Lease

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires 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.

In accordance with the transitional provisions set out in the amendments of HKAS 17, the Group reassessed the classification of land elements of unexpired leases at 1 January 2010 based on information which existed at the inception of these leases. The adoption of Amendments to HKAS 17 Leases had no material impact on the consolidated financial statements.

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)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Service Hyperinflaion and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKFRS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Right Issues[2]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 February 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 July 2011
6 Effective for annual periods beginning on or after 1 January 2012
7 Effective for annual periods beginning on or after 1 January 2013

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

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of approximately RMB77,206,000 as at 31 December 2010. In the opinion of the directors, the Group should be able to maintain itself as a going concern in the coming year by taking into consideration the proposed arrangements which include, but are not limited to, the following:

(i) subsequent to the year end date, the Group has successfully negotiated with its major banks to extend the existing bank borrowings approximately of RMB93,745,000 to the date from January to March 2012, of which has been included in current liabilities as short-term bank borrowings as at 31 December 2010;

(ii) the Group has present financial resources to maintain its liquidity and operating cash flow. Amount of RMB30,000,000 unutilised existing banking facilities with repayment period in May 2012 are available to the Group as at 31 December 2010;

(iii) the directors of the Company anticipate that the Group will generate positive cash flows from its businesses; and

(iv) the directors of the Company 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.

On the basis that the continuing availability of the banking facilities provided by its banks and the implementation of other measures with a view to improve its working capital position and net financial position, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2010. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3. REVENUE AND SEGMENT INFORMATION

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

For the two years ended 31 December 2010 and 2009, 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 of the Company, being the chief operating decision maker, the Group operated in a single operating segment. Accordingly, no segmental analysis has been presented.

Information about major customers

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

	2010	2009
	RMB'000	*RMB'000*
Customer A	**225,203**	170,055
Customer B	**156,036**	94,602
Customer C	**87,282**	72,491

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

4. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings wholly repayable within five years	**15,353**	12,400
Bank borrowings not wholly repayable within five years	**1,181**	1,287
Finance leases	**1,486**	1,210
Effective interest expense on redeemable convertible note	**61**	796
Less: Interest expenses capitalised into construction in progress	**(479)**	(128)
Total interest	**17,602**	15,565
Debt extinguishment loss	**73**	1,363
	17,675	16,928

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.91% (2009: 4.07%) per annum to expenditure on qualifying assets.

5. INCOME TAX EXPENSE

	2010	2009
	RMB'000	*RMB'000*
PRC Enterprise Income Tax (the "EIT")		
Current year	**11,056**	4,999
Over provision in prior years	**(478)**	(1,452)
	10,578	3,547

(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 2010 was 15%. 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 2010 and 2009.

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 2010.

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

At 31 December 2010, the Group has estimated unused tax losses of approximately RMB6,974,000 (2009: RMB4,778,000). No deferred tax asset has been recognised in the consolidated financial statements due to the unpredictability of future profit streams.

At 31 December 2009, included in unrecognised tax losses are losses of approximately RMB2,173,000 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 RMB75,219,000 (31 December 2009: RMB45,581,000) 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.

6. PROFIT FOR THE YEAR

	2010	2009
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**2,727**	3,015
Salaries, wages and other benefits	**76,718**	57,777
Retirement benefits scheme contributions	**2,589**	2,388
Other staff costs	**79,307**	60,165
Total staff costs	**82,034**	63,180
Depreciation of property, plant and equipment	**39,409**	32,992
Amortisation of intangible asset (included in administrative expenses)	**335**	719
Amortisation of land use rights (included in administrative expenses)	**695**	597
Total depreciation and amortisation expenses	**40,439**	34,308
Operating lease charges on leased premises	**2,022**	1,988
Impairment of trade debtors	**801**	–
Impairment of inventories (included in cost of sales)	**–**	3,675
Auditors' remuneration	**760**	750

7. DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 December 2010 (2009: Nil).

On 24 March 2011, the directors declared a special dividend of RMB0.07 (or equivalent to HK$0.0832) per share payable to shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on 12 April 2011. It is expected that the special dividend will be paid on or about 18 April 2011.

8. 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:

	2010	2009
	RMB'000	*RMB'000*
Earnings for the purpose of basic earnings per share	**21,407**	19,562
Effect of dilutive potential ordinary shares:		
Interest on convertible loan note (net of tax)	**111**	1,803
Earnings for the purpose of diluted earnings per share	**21,518**	21,365
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**176,000,000**	176,000,000
Effect of redeemable convertible note	**443,767**	5,057,671
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**176,443,767**	181,057,671

The denominators for the purpose of calculating basic and diluted earnings per share for the year ended 31 December 2010 and 2009 have been adjusted to reflect the bonus issue of shares on the basis of one bonus share for every ten existing shares on 28 May 2010.

Diluted earnings per share is same as basic earnings per share for the year ended 31 December 2010 as the effect of the exercise of the redeemable convertible note would result in increase in earnings per share.

9. 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:

	31/12/2010	31/12/2009	1/1/2009
	RMB'000	*RMB'000*	*RMB'000*
1 – 30 days	**210,689**	119,328	99,095
31 – 60 days	**44,801**	40,079	29,547
61 – 90 days	**28,893**	13,845	5,841
91 – 180 days	**14,882**	4,211	3,850
Over 180 days	**2,404**	3,916	832
Trade debtors and bills receivables	**301,669**	181,379	139,165
Other debtors, deposits and prepayments	**12,056**	13,372	21,607
	313,725	194,751	160,772

10. 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:

	31/12/2010	31/12/2009	1/1/2009
	RMB'000	*RMB'000*	*RMB'000*
1 – 30 days	**136,049**	76,165	64,629
31 – 60 days	**66,708**	41,727	32,131
61 – 90 days	**46,337**	37,496	16,035
91 – 180 days	**29,006**	46,461	40,982
Over 180 days	**3,552**	1,385	2,431
Trade creditors and bills payable	**281,652**	203,234	156,208
Other creditors and accrued charges	**41,103**	39,174	37,904
	322,755	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 RMB24,931,000 (2009: RMB37,300,000, 2008: RMB33,000,000) were pledged to the banks to secure the bills payables as at 31 December 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year ended 31 December 2010, 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 2010 was approximately RMB837,367,000, representing an increase of 51.0% as compared to that of approximately RMB554,484,000 for the year ended 31 December 2009. 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 2010 increased by 51.0% to approximately RMB837,367,000 as compared to that of approximately RMB554,484,000 for the year ended 31 December 2009.

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 RMB137,003,000 for the year ended 31 December 2010, representing an increase of approximately 46.5% as compared to that of approximately RMB93,511,000 for the year ended 31 December 2009. During the year, the overall gross profit margin was stable.

Distribution costs

Distribution costs for the year ended 31 December 2010 increased by approximately 42.5% to approximately RMB18,707,000 as compared to that of approximately RMB13,132,000 for the year ended 31 December 2009. 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.

Administrative expenses

Administrative expenses for the year ended 31 December 2010 increased by approximately 14.4% to approximately RMB50,927,000 as compared to that of approximately RMB44,527,000 for the year ended 31 December 2009. Such increase was mainly attributable to the Group's expansion.

Finance costs

Finance costs for the year ended 31 December 2010 increased to approximately RMB17,675,000 as compared to that of approximately RMB16,928,000 for the year ended 31 December 2009. 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 9.4% from approximately RMB19,562,000 for the year ended 31 December 2009 to approximately RMB21,407,000 for the year ended 31 December 2010.

Financial resources and liquidity

As at 31 December 2010, the equity amounted to approximately RMB204,970,000. Current assets amount to approximately RMB553,557,000, of which bank balance, deposits and cash and pledged bank deposits totaling approximately RMB117,893,000. The Group had non-current assets of RMB393,744,000 and its current liabilities amounted to approximately RMB630,763,000, comprising mainly its creditors and accrued charges and bank borrowings. The net asset value per share was RMB1.16. The Group expresses its gearing ratio as a percentage of finance leases and borrowings over total assets. As at 31 December 2010, the Group had a gearing ratio of 43.5%.

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 2010, the total number of the Group's staff was approximately 2,100. The total staff costs (including directors' remuneration) amounted to approximately RMB82,034,000 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 2010, the Group's bank borrowings are secured by certain land use rights and property, plant and equipment of the Group with an aggregate net carrying values of approximately RMB10,037,000 and RMB74,360,000, 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 2010, 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 RMB13,676,000.

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.

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.

DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 December 2010 (2009: Nil).

On 24 March 2011, the directors declared a special dividend of RMB0.07 (or equivalent to HK$0.0832) per share payable to shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on 12 April 2011. It is expected that the special dividend will be paid on or about 18 April 2011.

The register of members of the Company will be closed from 11 April 2011 to 12 April 2011, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the special dividend, all duly completed share transfer forms accompanied by the relevant share certificate must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on 8 April 2011.

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

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

			Capacity			**Number of shares**	
Name of Company	**Name of Director**	**Personal Interests**	**Family Interests**	**Corporate Interests**	**Long Position**	**Short Position**	**Approximate Percentage of interests**
Company	Katsutoshi Masuda ("Mr. Masuda") *(Note 1)*	–	–	116,160,000 shares	116,160,000 shares	–	66%
Company	Toshimitsu Masuda *(Note 2)*	–	–	116,160,000 shares	116,160,000 shares	–	66%
Company	Xu Yong	10,560,000 shares	–	–	10,560,000 shares	–	6%
Company	Manabu Shimabayashi	–	110,200 shares	–	110,200 shares	–	0.1%
Company	Shinichi Koizumi	22,000 shares	–	–	22,000 shares	–	0%
Company	Fan Xiaoping	19,800 shares	–	–	19,800 shares	–	0%
Yusei Machinery Corporation ("Yusei Japan")	Mr. Masuda *(Note 3)*	21,960 shares	2,100 shares	25,760 shares	49,820 shares	–	49.8%
Yusei Japan	Toshimitsu Masuda *(Note 4)*	1,700 shares	–	25,760 shares	27,460 shares	–	27.5%
Yusei Japan	Akio Suzuki	12,110 shares	–	–	–	–	12.1%

Notes:

1. Mr. Masuda is deemed to be interested in 49.8% of the issued share capital in Yusei Japan pursuant to the SFO. Yusei Japan is interested in 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 116,160,000 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 116,160,000 Shares through his shareholding in Conpri.

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

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

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

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

			Number of shares		
Name of Company	**Number of shareholder**	**Capacity**	**Long Position**	**Short Position**	**Approximate percentage of interests**
Company	Yusei Japan	Beneficial Owner	116,160,000 shares	–	66%
Company	Conpri *(Note 1)*	Corporate Interest	116,160,000 shares	–	66%
Company	Mrs. Echiko Masuda *(Note 2)*	Family Interests	116,160,000 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 116,160,000 shares held by Yusei Japan.

2. Mrs. Echiko Masuda is the spouse of Mr. Masuda and is deemed to be interested in 116,160,000 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 2010.

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 2010, 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 2010, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with he required standard of dealings and its code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE AND SUMMARY OF INDEPENDENT AUDITOR'S REPORT

The Company has established an audit committee comprising of the three independent non-executive directors, namely Mr. Hisaki Takabayashi, Mr. Fan Xiaoping and Mr. Lo Ka Wai, with written terms of reference in compliance with Rules 3.21 to 3.22 of the Listing Rules. The primary duties of the audit committee are (i) to review, in draft form, the Company's annual report and accounts, half-yearly report and quarterly reports 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 2010, which was of an opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

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

"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 2010 the Group had net current liabilities of approximately RMB77,206,000. These conditions set out 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 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

DIRECTORS' INTEREST IN A COMPLETING BUSINESS

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

By order of the Board
Yusei Holdings Limited
Katsutoshi Masuda
Chairman

PRC, 30 March 2010

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