

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



YUSEI HOLDINGS LIMITED

友成控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 96)

**RESULT ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

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 2011, together with the comparative figures for the corresponding period of last year, as follows:

Consolidated income statement

For the year ended 31 December 2011

	<u>NOTES</u>	<u>2011</u> RMB'000	<u>2010</u> RMB'000
Revenue	3	831,994	837,367
Cost of sales		<u>(715,970)</u>	<u>(700,364)</u>
Gross profit		116,024	137,003
Other income		8,669	5,270
Distribution costs		(20,933)	(18,707)
Net foreign exchange loss		(5,094)	(16,774)
Administrative expenses		(52,617)	(50,927)
Finance costs	4	(22,975)	(17,675)
Share of results of associates		<u>948</u>	<u>(6,205)</u>
Profit before taxation		24,022	31,985
Income tax expense	5	<u>(8,682)</u>	<u>(10,578)</u>
Profit for the year	6	<u>15,340</u>	<u>21,407</u>
Earnings per share			
Basic and diluted	8	<u>RMB0.087</u>	<u>RMB0.122</u>

* For identification purpose only

Consolidated statement of comprehensive income
For the year ended 31 December 2011

	<u>2011</u> RMB'000	<u>2010</u> RMB'000
Profit for the year	<u>15,340</u>	<u>21,407</u>
Exchange differences arising on translating	<u>4,044</u>	<u>2,844</u>
Total comprehensive income for the year	<u>19,384</u>	<u>24,251</u>

Consolidated statement of financial position
As at 31 December 2011

	<u>NOTES</u>	<u>2011</u> RMB'000	<u>2010</u> RMB'000
Non-current assets			
Property, plant and equipment		402,609	351,988
Intangible assets		530	502
Land use rights		20,098	20,793
Interests in associates		20,031	19,083
Deposits paid to acquire non-current assets		57	1,378
		<u>443,325</u>	<u>393,744</u>
Current assets			
Inventories		163,417	114,438
Debtors, deposits and prepayments	9	310,547	313,725
Amounts due from associates		9,530	7,501
Pledged bank deposits		46,972	24,931
Bank balances, deposits and cash		36,575	92,962
		<u>567,041</u>	<u>553,557</u>
Current liabilities			
Creditors and accrued charges	10	357,324	322,755
Amount due to a director		-	111
Amount due to ultimate holding company		129	993
Income tax liabilities		5,946	5,390
Obligations under finance leases			
- due within one year		15,131	14,362
Bank and other loans - due within one year		359,657	287,152
		<u>738,187</u>	<u>630,763</u>
Net current liabilities		<u>(171,146)</u>	<u>(77,206)</u>
		<u>272,179</u>	<u>316,538</u>
Non-current liabilities			
Obligations under finance leases			
- due after one year		8,961	24,118
Bank and other loans - due after one year		50,241	86,422
Deferred income - government grants		943	1,028
		<u>60,145</u>	<u>111,568</u>
		<u>212,034</u>	<u>204,970</u>
Capital and reserves			
Share capital		1,810	1,810
Reserves		210,224	203,160
		<u>212,034</u>	<u>204,970</u>

Consolidated statement of changes in equity
For the year ended 31 December 2011

	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
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 and 1 January 2011	1,810	39,867	49,663	18,065	-	1,414	71	11,942	82,138	204,970
Profit for the year	-	-	-	-	-	-	-	-	15,340	15,340
Other comprehensive income for the year	-	-	-	-	-	4,044	-	-	-	4,044
Total comprehensive income for the year	-	-	-	-	-	4,044	-	-	15,340	19,384
Dividend paid	-	-	-	-	-	-	-	-	(12,320)	(12,320)
Transfer	-	-	-	-	-	-	-	2,332	(2,332)	-
At 31 December 2011	1,810	39,867	49,663	18,065	-	5,458	71	14,274	82,826	212,034

Notes:

1. CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The Company is a public limited company incorporated in Cayman Island 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 are 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 functional currency of the Company is Hong Kong dollars (“HK\$”).

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

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

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

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendment to HKFRS 1	Limited Exemption from Comparative HKFRS 7
	Disclosures for First-time Adopters
Hong Kong Accounting Standards	Related Party Disclosures
(“HKAS”) 24 (as revised in 2009)	
Amendments to HKAS 32	Classification of Rights Issues
Amendments to	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Interpretation (“Int”)	
14	
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity
	Instruments

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

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

Amendment to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standard – Government Loans ²
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹ Disclosures – Offsetting Financial Assets and Financial Liabilities ² Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁶
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2011.

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2015.

⁴ Effective for annual periods beginning on or after 1 January 2012.

⁵ Effective for annual periods beginning on or after 1 July 2012.

⁶ Effective for annual periods beginning on or after 1 January 2014.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company anticipate that the application of these amendments to HKFRS 7 will have no significant effect on the Group's disclosures regarding transfers of financial assets in the future.

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

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

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

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

HKFRS 9 – Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

- 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 values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value 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.

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

New and revised Standards on consolidation, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011). These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and the potential impact is described below.

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

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

The application of HKFRS 10 and HKFRS 12 may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 might result in the Group no longer consolidating some of its investee, and consolidating investees that were not previously consolidated. However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

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

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

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

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

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of approximately RMB171,146,000 as at 31 December 2011. In the opinion of the directors, the Group should be able to maintain itself as a going concern in the coming year by taking into consideration the proposed arrangements which include, but are not limited to, the following:

- (i) subsequent to the year end date, the Group has successfully negotiated with its major banks to extend the existing bank loans of approximately RMB85,580,000, of which has been included in current liabilities as short-term bank loans as at 31 December 2011. Also, the Group obtained a new loan from Yusei Machinery Corporation, its ultimate holding company, of approximately RMB20,572,000 which is repayable by February 2013; and
- (ii) the directors of the Company anticipate that the Group will generate positive cash flows from its businesses.

On the basis that the continuing availability of the banking facilities provided by its banks and the implementation of other measures with a view to improve its working capital position and net financial position, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2011. 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 2011 and 2010, the sole principal activity of the Group is moulding fabrication, manufacturing and trading of moulds and plastic components. All the operation of the Group are located and carried out in the PRC. In the opinion of the directors of the Company, being the chief operating decision maker, the Group operated in a single operating segment. Accordingly, no segmental analysis has been presented.

Information about major customers

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

	<u>2011</u> RMB'000	<u>2010</u> RMB'000
Customer A	265,451	225,203
Customer B	175,816	156,036
Customer C	86,888	87,282

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

4. FINANCE COSTS

	<u>2011</u> RMB'000	<u>2010</u> RMB'000
Interest on:		
bank and other loans wholly repayable within five years	23,859	16,534
finance leases	1,749	1,486
Effective interest expense on redeemable convertible note	-	61
Less: Interest expenses capitalised into construction in progress and property, plant and equipment (Note)	<u>(2,633)</u>	<u>(479)</u>
Total interest	22,975	17,602
Debt extinguishment loss	<u>-</u>	<u>73</u>
	<u>22,975</u>	<u>17,675</u>

Note: Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.06% (2010: 3.91%) per annum to expenditure on qualifying assets.

5. INCOME TAX EXPENSE

	<u>2011</u> RMB'000	<u>2010</u> RMB'000
PRC Enterprise Income Tax (the "EIT")		
Current year	8,287	11,056
Under (over) provision in prior years	<u>395</u>	<u>(478)</u>
	<u>8,682</u>	<u>10,578</u>

(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, 杭州友成机工有限公司 Hangzhou Yusei Machinery Co., Ltd.* ("Hangzhou Yusei") for 2011 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. Hangzhou Yusei is subjected to PRC EIT rate of 25% commencing from 1 January 2012.

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 2011 and 2010.

杭州友成模具技术研究有限公司 Hangzhou Yusei Mould Technology Research Co., Ltd.* (“Hangzhou Yusei Moulding”) is subjected to PRC EIT rate of 25% for the year ended 31 December 2011 and nil for the year ended 31 December 2010 as it had not commenced business up to 31 December 2010.

* The English names are for identification purposes only.

At 31 December 2011, the Group has estimated unused tax losses of approximately RMB 27,001,000 (2010: RMB16,589,000). No deferred tax asset has been recognised in the consolidated financial statements due to the unpredictability of future profit streams.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB107,386,000 (31 December 2010: RMB75,219,000) 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

	<u>2011</u> RMB'000	<u>2010</u> RMB'000
Profit for the year has been arrived at after charging:		
Directors' remuneration	<u>2,693</u>	<u>2,727</u>
Salaries, wages and other benefits	110,070	76,718
Retirement benefits scheme contributions	<u>2,176</u>	<u>2,589</u>
Other staff costs	<u>112,246</u>	<u>79,307</u>
Total staff costs	<u>114,939</u>	<u>82,034</u>
Depreciation of property, plant and equipment	44,617	39,409
Amortisation of intangible asset (included in administrative expenses)	187	335
Amortisation of land use rights (included in administrative expenses)	<u>695</u>	<u>695</u>
Total depreciation and amortisation expenses	<u>45,499</u>	<u>40,439</u>
Operating lease charges on leased premises	1,940	2,022
Impairment loss on trade debtors	-	801
Impairment loss on inventories (included in cost of sales)	519	-
Reversal of impairment loss on inventories (included in cost of sales)	(364)	-
Loss on disposals of property, plant and equipment	443	-
Auditors' remuneration	<u>860</u>	<u>760</u>

7. DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2011. Pursuant to the board resolution passed on 24 March 2011, the Company declared special dividends of approximately RMB12,320,000 to the then shareholders. Such dividends were fully settled in April 2011.

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:

	<u>2011</u> RMB'000	<u>2010</u> RMB'000
<u>Earnings</u>		
Earnings for the purpose of basic earnings per share	15,340	21,407
Effect of dilutive potential ordinary shares:		
Interest on convertible loan note (net of tax)	<u>-</u>	<u>111</u>
Earnings for the purpose of diluted earnings per share	<u>15,340</u>	<u>21,518</u>
<u>Number of shares</u>		
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	<u>-</u>	<u>443,767</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>176,000,000</u>	<u>176,443,767</u>

The denominators for the purpose of calculating basic and diluted earnings per share for the year ended 31 December 2010 has 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 2011 as no potential ordinary shares outstanding.

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:

	<u>2011</u> RMB'000	<u>2010</u> RMB'000
1 – 30 days	172,480	210,689
31 – 60 days	56,819	44,801
61 – 90 days	21,661	28,893
91 – 180 days	12,468	14,882
Over 180 days	914	2,404
Trade debtors and bills receivables	264,342	301,669
Other debtors, deposits and prepayments	46,205	12,056
	<u>310,547</u>	<u>313,725</u>

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:

	<u>2011</u> RMB'000	<u>2010</u> RMB'000
1 – 30 days	130,865	136,049
31 – 60 days	55,103	66,708
61 – 90 days	42,763	46,337
91 – 180 days	49,819	29,006
Over 180 days	1,387	3,552
Trade creditors and bills payables	279,937	281,652
Other creditors and accrued charges	77,387	41,103
	<u>357,324</u>	<u>322,755</u>

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 RMB35,000,000 (2010: RMB24,931,000) were pledged to the banks to secure the bills payables as at 31 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year ended 31 December 2011, 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 2011 was approximately RMB831,994,000, representing a decrease of 0.6% as compared to that of approximately RMB837,367,000 for the year ended 31 December 2010. 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 2011 decreased by 0.6% to approximately RMB831,994,000 as compared to that of approximately RMB837,367,000 for the year ended 31 December 2010. It was mainly attributable to the sluggish domestic economic growth and the worsening global economic environment.

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 RMB116,024,000 for the year ended 31 December 2011, representing an decrease of approximately 15.3% as compared to that of approximately RMB137,003,000 for the year ended 31 December 2010. During the year, the overall gross profit margin was decreased as (i) the increase in product pricing was lower than the increase in raw materials pricing arising from keen competition in the market; and (ii) the exports sales of the Group's products were affected by the instability of global economic environment.

Distribution costs

Distribution costs for the year ended 31 December 2011 increased by approximately 11.9% to approximately RMB20,933,000 as compared to that of approximately RMB18,707,000 for the year ended 31 December 2010. Such increase was mainly attributable to increase in unit costs of packing materials and transportation costs.

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 2011 increased by approximately 3.3% to approximately RMB52,617,000 as compared to that of approximately RMB50,927,000 for the year ended 31 December 2010. Such increase was mainly attributable to the Group's expansion.

Finance costs

Finance costs for the year ended 31 December 2011 increased to approximately RMB22,975,000 as compared to that of approximately RMB17,675,000 for the year ended 31 December 2010. Such increase was attributable to the increase in borrowing rates and the Group's average bank borrowings as a result of the Group's expansion.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company decreased by approximately 28.3% from approximately RMB21,407,000 for the year ended 31 December 2010 to approximately RMB15,340,000 for the year ended 31 December 2011.

Financial resources and liquidity

As at 31 December 2011, the equity amounted to approximately RMB212,034,000. Current assets amount to approximately RMB567,041,000, of which bank balance, deposits and cash and pledged bank deposits totaling approximately RMB83,547,000. The Group had non-current assets of RMB443,325,000 and its current liabilities amounted to approximately RMB738,187,000, comprising mainly its creditors and accrued charges and bank borrowings. The net asset value per share was RMB1.2. The Group expresses its gearing ratio as a percentage of finance leases and borrowings over total assets. As at 31 December 2011, the Group had a gearing ratio of 43.0%.

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 2011, the total number of the Group's staff was approximately 2,600. The total staff costs (including directors' remuneration) amounted to approximately RMB114,939,000 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 2011, the Group's bank borrowings are secured by land use rights and property, plant and equipment and pledged bank deposits of the Group with an aggregate net carrying values of approximately RMB20,440,000, RMB69,960,000 and RMB10,000,000, 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 2011, 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 RMB5,700,000.

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.

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

DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 December 2011. Therefore, no closure of register of members is necessary.

Pursuant to the board resolution passed on 24 March 2011, the Company declared special dividends of approximately RMB12,320,000 to the then shareholders. Such dividends were fully settled in April 2011.

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

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

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

Notes:

1. Mr. Masuda is deemed to be interested in 49.8% of the issued share capital in Yusei Japan pursuant to the SFO. Yusei Japan is interested in 46% in the issued share capital of the Company and that Yusei Japan or its directors are accustomed or obliged to act in accordance with the directions or instructions of Mr. Masuda. By virtue of SFO, Mr. Masuda is deemed to be interested in 80,960,000 Shares held by Yusei Japan.
2. Mr. Toshimitsu Masuda, (son of Mr. Masuda) holds 50% of the issued share capital of Conpri. Conpri is interested in 25.8% in the issued share capital of Yusei Japan which in turn is interested in 46% in the issued share capital of the Company. By virtue of SFO, Mr. Toshimitsu Masuda is deemed to be interested in 80,960,000 Shares through his shareholding in Conpri.
3. Mr. Masuda holds 30% of the issued share capital of Conpri. Conpri or its directors are accustomed or obliged to act in accordance with the directions or instructions of Mr. Masuda. By virtue of SFO, Mr. Masuda is deemed to be interested in 25,760 shares in Yusei Japan held by Conpri.

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

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

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

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

Notes:

1. Conpri is interested in 25.8% in the issued share capital of Yusei Japan. By virtue of SFO, Conpri is deemed to be interested in 80,960,000 shares held by Yusei Japan.
2. Mrs. Echiko Masuda is the spouse of Mr. Masuda and is deemed to be interested in 80,960,000 Shares pursuant to the SFO.
3. Superview International Investment Limited is wholly owned by Mr. Xu Yue, an elder brother of Mr. Xu Yong who is an executive director of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or their respective associates was granted by the Company or its subsidiary any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right as at 31 December 2011.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2011, 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 the required standard of dealings and its code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE AND SUMMARY OF INDEPENDENT AUDITOR'S REPORT

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

The audit committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2011, 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 2 to the consolidated financial statements which indicates that as at 31 December 2011, the Group has net current liabilities of approximately RMB171,146,000. These conditions as set out in note 2 to the consolidated financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern."

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

DIRECTORS' INTEREST IN A COMPLETING BUSINESS

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

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

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

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

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

- (2) not either alone or jointly with any other person, firm or company, carry on (including but not limited to making investments, setting up distribution channels and/or liaison offices and creating business alliances), participate, be engaged, concerned or interested in or in any way assist in or provide support (whether financial, technical or otherwise) to any business similar to or which competes (either directly or indirectly) or is likely to compete with the business of the design, development and fabrication of precision plastic injection moulds or the manufacturing of plastic components in the Group's Exclusive Markets or the provision of certain assembling and further processing of plastic components for customers (the "Business") from time to time carried out by any member of the Group (provision of assistance and support to the Group excepted) including the entering into of any contracts, agreements or other arrangements in relation to any of the above;
- (3) not directly or indirectly sell, distribute, supply or otherwise provide products that are within the Group's Product Portfolio to any purchaser or potential purchaser of any products within the Group's Product Portfolio in the Group's Exclusive Markets (the "Customers") and upon receipt of any enquiry from Customers for products which are within the Group's Product Portfolio, to refer to the Company or any member of the Group all such business opportunities received by the Covenantors and provide sufficient information to enable the Company or any member of Group to reach an informed view and assessment on such business opportunities;
- (4) not directly or indirectly sell, distribute, supply or otherwise provide any products that are within the Group's Product Portfolio where the relevant Covenantor(s) know(s), or is reasonably regarded as should have known, that such products are destined to be re-sold, re-distributed or re-supplied for the purpose of commercial exploitation in the Group's Exclusive Markets;
- (5) upon receipt of any order or enquiry from customers outside the Group's Exclusive Markets for products which are within the Group's Product Portfolio and where the relevant Covenantor(s) know(s), or is reasonably regarded as should have known, that such products are destined to be re-sold, re-distributed or re-supplied for the purpose of commercial exploitation in the Group's Exclusive Markets, the relevant Covenantor shall inform the Group in writing of such order or enquiry and refer such customer to contract directly with the Group for the order of the relevant product;
- (6) not do or say anything which may be harmful to the reputation of any member of the Group or which may lead any person to reduce their level of business with any member of the Group or seek to improve their terms of trade with any member of the Group; and
- (7) not solicit or entice or endeavour to solicit or entice any of the employees of or consultants to the Group to terminate their employment or appointment with any member of the Group.

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

CORPORATE GOVERNANCE

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

By order of the Board
Yusei Holdings Limited
Katsutoshi Masuda
Chairman

PRC, 30 March 2012

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.

** For identification purpose only*