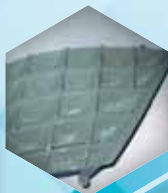




YUSEI HOLDINGS LIMITED 友成控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00096)



INTERIM REPORT 2013



* for identification only

CONTENTS

	PAGE(S)
MANAGEMENT DISCUSSION AND ANALYSIS	2
SUPPLEMENTARY INFORMATION	8
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)	16
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)	17
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	18
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)	19
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)	20
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	21



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2013, 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 for maintenance and enhancement its position as a one-stop total solution provider in the plastic injection moulding industry. The Group's customers are mainly the manufacturers of branded home electrical appliances, office equipment and plastic components with production facilities located in the PRC.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2013 decreased by 14% to approximately RMB440,885,000 as compared to that of approximately RMB512,772,000 for the six months ended 30 June 2012.

On 1 January 2013, there was a fire in the production plant No. 2 (the "Plant No. 2") of 杭州友成機工有限公司 Hangzhou Yusei Machinery Co., Ltd.* ("Hangzhou Yusei"), one of the Company's subsidiaries, located in Lingang Industrial Park, Xiaoshan, Hangzhou City, Zhejiang Province, the People's Republic of China (the "PRC"). As the damaged production lines and machineries and equipment reduced the Group's total production capacity by approximately 15%, the Group's revenue for the six months ended 30 June 2013 was significantly decreased compared with the corresponding period last year.

Gross profit

The Group's gross profit of approximately RMB44,869,000 for the six months ended 30 June 2013 was decreased as compared to that for the six months ended 30 June 2012.

The decrease in gross profit margin was mainly due to the fact that as the Plant No. 1 of Hangzhou Yusei has ceased production temporarily while the investigation of the relevant regulatory authorities of the PRC for the cause of the fire of the Plant No. 2, certain production processes will be switched to the other plants of the Group in Xiaoshan/Suzhou shortly as an alternative solution which led to an increase in production costs and expenses of the Group. In addition, the gross profit margin was further decreased as, based on the recent information from the insurance company passed to the Group, the compensation claims for moulds may not be fully covered, and the Group had made an impairment losses of uncovered moulds and had accounted for as the cost of sales for the period.

Distribution costs

Distribution costs for the six months ended 30 June 2013 increased to approximately RMB23,807,000, representing an increase of approximately 15% as compared to RMB20,649,000 for the six months ended 30 June 2012. Increase in distribution costs were mainly due to increase in cost of packing materials.

Administrative expenses

Administrative expenses for the six months ended 30 June 2013 decreased to approximately RMB33,292,000 as compared to that for the six months ended 30 June 2012.

Finance costs

Finance costs for the six months ended 30 June 2013 decreased to approximately RMB13,519,000 as compared to that of approximately RMB16,552,000 for the six months ended 30 June 2012. Such decrease was attributable to the decrease in the Group's average bank borrowings.

Profit/(Loss) attributable to equity holders of the Company

The profit/(loss) attributable to equity holders of the Company was approximately RMB22,594,000 for the six months ended 30 June 2013 while the profit for the six months ended 30 June 2012 was approximately RMB8,098,000.

Financial resources and liquidity

As at 30 June 2013, the equity amounted to approximately RMB227,463,000. Current assets amount to approximately RMB529,344,000, of which approximately RMB54,088,000 were cash and bank deposits. The Group had non-current liabilities of approximately RMB43,588,000 and its current liabilities amounted to approximately RMB617,848,000, comprising mainly its creditors and accrued charges and bank borrowings. The net asset value per share was RMB1.29. The Group expresses its gearing ratio as a percentage of finance leases, other payable and borrowings over total assets. As at 30 June 2013, the Group had a gearing ratio of 43.1%.

Segment information

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

Employment and remuneration policy

As at 30 June 2013, the total number of the Group's staff was approximately 2,300. The total staff costs amounted to approximately RMB60,000,000 for the period. 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 30 June 2013, the Group's bank borrowings are secured by land use rights and property, plant and equipment of the Group with an aggregate net carrying values of approximately RMB20,000,000 and RMB60,000,000, 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

Hangzhou Yusei commenced re-building the factory (the "New Plant No. 2") at the same location since 22 May 2013, with the planned construction area of approximately 17,000 square metres. The construction is expected to complete within 180 days and upon its completion, the Group's production capacity will be restored to the level prior to the fire accident. The estimated construction cost of the building of the New Plant No. 2 is RMB30,000,000 to be satisfied by bank loans and the Group's internal resources.

Apart from the above, as at 30 June 2013, the Group had no material capital commitments.

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 photocopiers 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 sending 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.

Hangzhou Yusei commenced re-building the "New Plant No. 2 since 22 May 2013, with the planned construction area of approximately 17,000 square metres. The construction is expected to complete within 180 days and upon its completion, the Group's production capacity will be restored to the level prior to the fire accident. The estimated construction cost of the building of the New Plant No. 2 is RMB30,000,000 to be satisfied by bank loans and the Group's internal resources. Moreover, the Board will continuously assess customers' demand in order to materialize the construction of the Plant No. 3 at a piece of undeveloped land owned by the Group adjacent to the new Plant No. 2 and upon its completion, the Group's production capacity will be increased by 30%.

DIVIDENDS

The Directors do not recommend the payment of final dividend for the six months ended 30 June 2013 (2012: Nil). Therefore, no closure of register of members is necessary.

SUPPLEMENTARY INFORMATION

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%

Name of Company	Name of Director	Capacity			Number of shares		
		Personal Interests	Family Interests	Corporate Interests	Long Position	Short Position	Approximate Percentage of interests
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 30 June 2013.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2013, 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 unaudited consolidated financial statements for the six months ended 30 June 2013, which complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2013, 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 period, the Company was in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, save for the deviation from the code provision A.1.8 of the Code.

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

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2013

	Notes	2013 RMB'000	2012 RMB'000
Revenue	3	440,885	512,772
Cost of sales		(396,016)	(433,840)
Gross profit		44,869	78,932
Other income		2,971	2,781
Distribution costs		(23,807)	(20,649)
Administrative expenses		(33,292)	(34,502)
Finance costs		(13,519)	(16,552)
Share of losses of associates		(34)	(599)
Profit/(Loss) before taxation	4	(22,812)	9,411
Taxation	5	218	(1,313)
Profit/(Loss) attributable to the equity holders of the Company		(22,594)	8,098
Dividends		-	-
Earnings/(Loss) per share –			
Basic and diluted	6	(0.128)	0.046

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2013

	2013 RMB'000	2012 RMB'000
Profit/(Loss) for the period	(22,594)	8,098
Exchange differences arising on translating	(3,343)	(110)
Total comprehensive income for the period	(25,937)	7,988

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		316,679	373,455
Intangible asset		353	417
Land use rights		19,088	19,420
Interests in associates		23,435	23,469
		359,555	416,761
Current assets			
Inventories		163,046	140,390
Debtors, deposits and prepayments	7	310,545	330,515
Amount due from an associate		1,665	3,058
Pledged bank balance		–	31,265
Bank balances, deposits and cash		54,088	63,346
		529,344	568,574
Current liabilities			
Creditors and accrued charges	8	257,980	309,647
Amount due to ultimate holding company		20,759	24,441
Amount due to associates		–	5,991
Income tax liabilities		–	5,526
Obligations under finance leases		13,451	13,451
Bank borrowings		325,658	330,567
		617,848	689,623
Net current liabilities		(88,504)	(121,049)
Total assets less current liabilities		271,051	295,712
Non-current liabilities			
Obligations under finance leases		4,198	13,516
Deferred income – government grants		1,288	1,374
Bank borrowings		38,102	27,422
		43,588	42,312
Net assets		227,463	253,400
EQUITY			
Share capital		1,810	1,810
Reserves		225,653	251,590
		227,463	253,400

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2013

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Restricted shares reserve 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 2012	1,810	39,867	49,663	18,065	-	5,458	71	14,274	82,826	212,034
Profit for the period	-	-	-	-	-	-	-	-	8,098	8,098
Exchange difference arising on conversion of foreign operations	-	-	-	-	-	(110)	-	-	-	(110)
At 30 June 2012	1,810	39,867	49,663	18,065	-	5,348	71	14,274	90,924	220,022
At 1 January 2013	1,810	39,867	49,663	18,065	-	5,379	71	15,465	123,080	253,400
Loss for the period	-	-	-	-	-	-	-	-	(22,594)	(22,594)
Exchange difference arising on conversion of foreign operations	-	-	-	-	-	(3,343)	-	-	-	(3,343)
At 30 June 2013	1,810	39,867	49,663	18,065	-	2,036	71	15,465	100,486	227,463

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2013

	2013 RMB'000	2012 RMB'000
Net cash generated from/(used in) operating activities	(2,841)	72,412
Net cash used in investing activities	(2,870)	(14,003)
Net cash used in financing activities	(3,547)	(50,833)
Increase/(Decrease) in cash and cash equivalents	(9,258)	7,576
Cash and cash equivalents at beginning of the year	63,346	36,575
Cash and cash equivalents at end of the year, representing Bank balances, deposits and cash	54,088	44,151

1. 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 Enterprises 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 unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual report for the year ended 31 December 2012, except for the adoption of the new standards and interpretations as of 1 January 2013, noted below:

HKAS1 Amendments	<i>Presentation of Items of Other Comprehensive Income</i>
HKFRS 7 Amendments	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	<i>Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 19 (as revised in 2011)	<i>Employee Benefits</i>
HKAS 27 (as revised in 2011)	<i>Separate Financial Statement</i>
HKAS 28 (as revised in 2011)	<i>Investments in Associates and Joint Ventures</i>
Improvements to HKFRSs	<i>Annual improvements 2009-2011 Cycle</i>

The adoption of these new and revised HKFRSs had no significant financial effect on these financial statements.

2. SEGMENT INFORMATION

For the two periods ended 30 June 2013 and 2012, 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.

3. REVENUE

Revenue represents the net amounts received and receivable for goods sold to outside customers, less returns and discounts, and net of value-added tax ("VAT").

4. PROFIT/(LOSS) BEFORE TAXATION

	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Profit/(Loss) before taxation has been arrived at after charging:		
Cost of inventories sold	396,016	433,840
Amortisation of intangible assets included in administrative expenses	64	93
Amortisation of land use rights included in administrative expenses	332	348
Depreciation of property, plant and equipment	29,935	23,091

5. TAXATION

(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 periods.

(iii) PRC EIT

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

The applicable tax rate of the Company's subsidiaries, 杭州友成機工有限公司 Hangzhou Yusei Machinery Co., Ltd.* ("Hangzhou Yusei") and 蘇州友成機工有限公司 Suzhou Yusei Machinery Co., Ltd.* ("Suzhou Yusei") for 2012 was 15%. On 27 December 2012, Hangzhou Yusei was approved by Science and Technology Department of Zhejiang Province as high technology enterprise and therefore is subject to EIT at the rate of 15% for three years, with effective from 1 January 2012. On 8 November 2011, Suzhou Yusei was approved by Science and Technology Department of Jiangsu Province as high technology enterprise and therefore is subject to EIT at the rate of 15% for three years, with effective from 1 January 2011.

In addition, 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% for the sequential three years commencing from 1 January 2010.

The applicable PRC EIT rate of 廣州友成機工有限公司 Guangzhou Yusei Machinery Co., Ltd.* ("Guangzhou Yusei") and 杭州友成模具技術研究有限公司 Hangzhou Yusei Mould Technology Research Co., Ltd.* ("Hangzhou Yusei Moulding") is 25%.

* The English names are for identification purposes only

6. EARNINGS/(LOSS) PER SHARE

The earnings/(loss) per share for the six months ended 30 June 2013 is calculated based on the loss attributable to equity holders of the Company of approximately RMB22,594,000 (2012: profit of RMB8,098,000) for six months ended 30 June 2013 and on the weighted average number of ordinary shares of 176,000,000 shares in issue in 2013 (2012: 176,000,000 shares).

Diluted earnings per share is same as basic earnings per share for the six months ended 30 June 2013 and 2012 due to anti-dilutive effect.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

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 is as follows:

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000 (audited)
1 – 30 days	158,064	203,969
31 – 60 days	35,345	44,670
61 – 90 days	20,764	25,014
91 – 180 days	5,457	17,093
Over 180 days	105	62
Trade debtors and bills receivable	219,735	290,808
Other debtors, deposits and prepayments	90,810	39,707
	310,545	330,515

8. CREDITORS AND ACCRUED CHARGES

The aging analysis of trade creditors is as follows:

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000 (audited)
1 – 30 days	73,143	87,623
31 – 60 days	61,324	68,930
61 – 90 days	41,512	50,307
91 – 180 days	29,918	39,374
Over 180 days	1,324	1,217
Trade creditors and bills payable	207,221	247,451
Other creditors and accrued charges	50,759	62,196
	257,980	309,647

9. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the board of directors on 23 August 2013.