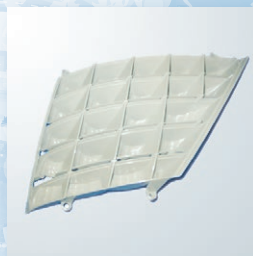




# YUSEI HOLDINGS LIMITED 友成控股有限公司\*

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



## INTERIM REPORT 2015



\* for identification only

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# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the six months ended 30 June 2015, 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.

During the period, the Group continued to adjust the product mix structure with acceptance of increasing orders from automobile companies and strengthened the controls over the production costs and expenses so as to enhance the profitability and operating efficiency. In addition, following the development of automobile industry in China and for coping with the customers' demands, the Group established 蕪湖友成塑料模具有限公司 (Wuhu Yusei Plastic Moulds Company Limited) ("Wuhu Yusei") in Anhui Province and 湖北友成塑料模具有限公司 (Hubei Yusei Plastic Moulding Co., Limited) in Hubei Province ("Hubei Yusei") in 2014. With the expanded capacity, the Group was able to cope with the increase in sale orders during the period. Accordingly the Group's turnover was increased by 16.9%. With improved utilization rate of the Group's production facilities which provided economies of scale, the Group's gross profit margin and profit for the period were increased.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six months ended 30 June 2015 increased by 16.9% to approximately RMB557,634,000 as compared to that of approximately RMB477,188,000 for the six months ended 30 June 2014. During the period, the Group was able to cope with the increase in sale orders, especially from automobile industry after expansion of production capacity.

## Gross profit

The Group's gross profit for the six months ended 30 June 2015 was approximately RMB96,110,000, representing an increase of approximately RMB16,071,000 or 20.1% as compared to that of approximately RMB80,039,000 for the six months ended 30 June 2014.

The increase in gross profit margin was mainly due to the fact that (i) the Group actively adjusted the product mix structure, reducing the sales of products with comparatively low profit margin and (ii) the Group implemented stringent cost control over the production costs. Hence the Group's average gross profit margin was increased to 17.2% for the period from 16.8% for the corresponding period in 2014.

## Distribution costs

The Group's distribution costs for the six months ended 30 June 2015 was approximately RMB25,400,000, representing an increase of approximately RMB2,808,000 or 12.4% as compared to RMB22,592,000 for the six months ended 30 June 2014. Increase in distribution costs were mainly due to the increase in sales.

## Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2015 was approximately RMB26,641,000, representing a decrease of approximately RMB617,000 as compared to that of approximately RMB27,258,000 for the six months ended 30 June 2014. During the period, the Group strengthened controls over costs and expenses so as to increase the operating efficiency and hence the administrative expenses were decreased accordingly.

### Finance costs

The Group's finance costs for the six months ended 30 June 2015 was approximately RMB10,514,000, representing a decrease of approximately RMB1,538,000 as compared to that of approximately RMB12,052,000 for the six months ended 30 June 2014. Such decrease was attributable to the decrease in the Group's average bank borrowings.

### Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company was approximately RMB30,466,000 for the six months ended 30 June 2015 while the profit for the six months ended 30 June 2014 was approximately RMB17,012,000.

### Financial resources and liquidity

As at 30 June 2015, the equity amounted to approximately RMB348,306,000. Current assets amount to approximately RMB541,920,000, of which approximately RMB51,294,000 were cash and bank deposits. The Group had non-current liabilities of approximately RMB11,026,000 and its current liabilities amounted to approximately RMB550,376,000, comprising mainly its creditors and accrued charges and bank and other loans. The net asset value per share was RMB1.72. The Group expresses its gearing ratio as a percentage of finance leases, and borrowings over total assets. As at 30 June 2015, the Group had a gearing ratio of 28.4%.

### 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 2015, the total number of the Group's staff was approximately 2,100. The total staff costs amounted to approximately RMB66,000,000 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 2015, the Group's bank borrowings are secured by pledged bank deposit, land use rights and property, plant and equipment of the Group with an aggregate net carrying values of approximately RMB6,000,000, RMB8,000,000 and RMB107,000,000, 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 30 June 2015, 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 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 the Group had built up business relationship with several new internationally reputable customers, and serves them with high-quality moulds.

In addition, for the future business development, the Group anticipates to purchase land in Anhui or Hubei Province, as and when appropriate, for construction of the Group's new production plants with annual production capacity of approximately RMB500 million in coming 3-5 years.

### **DIVIDENDS**

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2015 (2014: 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	-	40.00%
Company	Toshimitsu Masuda (Note 2)	-	-	80,960,000 shares	80,960,000 shares	-	40.00%
Company	Xu Yong	31,280,000 shares	-	-	31,280,000 shares	-	15.45%
Company	Manabu Shimabayashi	660,000 shares	110,200 shares	-	770,200 shares	-	0.38%

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	Fan Xiaoping	19,800 shares	-	-	19,800 shares	-	0.01%
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 40% 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 40% 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	-	40.00%
Company	Conpri (Note 1)	Corporate Interest	80,960,000 shares	-	40.00%
Company	Mrs. Echiko Masuda (Note 2)	Family Interests	80,960,000 shares	-	40.00%
Company	Superview International Investment Limited (Note 3)	Beneficial Owner	38,722,000 shares	-	19.13%

**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 2015.

**CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 30 June 2015, 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 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 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 and approved the Group's unaudited consolidated financial statements for the six months ended 30 June 2015, 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 2015, 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 40% 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**

During the period under review, the Group has complied with the relevant regulations in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviation from the code provision A.1.8. of the Code. The Board and the senior management of the Group have earnestly appraised the requirements of the Code and reviewed the practices of the Group to ensure full compliance with 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 business 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 cover 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 Executive.



# CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	3	557,634	477,188
Cost of sales		(461,524)	(397,149)
Gross profit		96,110	80,039
Other income		3,843	3,294
Distribution costs		(25,400)	(22,592)
Administrative expenses		(26,641)	(27,258)
Finance costs		(10,514)	(12,052)
Share of results of associates		68	(626)
Profit before taxation	4	37,466	20,805
Taxation	5	(7,000)	(3,793)
Profit attributable to the equity holders of the Company		30,466	17,012
Dividends		-	-
Earnings per share (RMB) –			
Basic and diluted	6	0.151	0.093

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2015

	2015 RMB'000	2014 RMB'000
Profit for the period	30,466	17,012
Exchange differences arising on conversion of foreign operations	(54)	(765)
<b>Total comprehensive income for the period</b>	<b>30,412</b>	<b>16,247</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		323,602	305,319
Intangible asset		705	758
Land use rights		17,868	18,178
Interests in associates		25,613	24,545
		367,788	348,800
<b>Current assets</b>			
Inventories		191,520	170,966
Trade and bills receivable, deposits and prepayments	7	281,344	328,571
Amount due from an associate		17,762	14,193
Pledged bank balance		6,000	1,397
Bank balances, deposits and cash		45,294	42,249
		541,920	557,376
<b>Current liabilities</b>			
Creditors and accrued charges	8	272,021	302,064
Amount due to ultimate holding company		20,572	23,524
Amount due to associates		-	995
Income tax liabilities		10,529	9,413
Obligations under finance leases		12,776	15,141
Bank and other loans		226,497	215,452
Dividend payable		7,981	-
		550,376	566,589
<b>Net current liabilities</b>		(8,456)	(9,213)
<b>Total assets less current liabilities</b>		359,332	339,587
<b>Non-current liabilities</b>			
Obligations under finance leases		10,272	12,834
Deferred income – government grants		754	878
		11,026	13,712
<b>Net assets</b>		348,306	325,875
<b>EQUITY</b>			
Share capital		2,020	2,020
Reserves		346,286	323,855
		348,306	325,875

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2015

	Share capital	Share premium	Special reserve	Restricted shares reserve	Redeemable convertible note reserve	Translation reserve	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	1,810	39,867	49,663	18,065	-	7,053	71	16,493	127,656	260,678
Issue of new shares	210	16,579	-	-	-	-	-	-	-	16,789
Profit for the period	-	-	-	-	-	-	-	-	17,012	17,012
Exchange difference arising on conversion of foreign operations	-	-	-	-	-	(765)	-	-	-	(765)
At 30 June 2014	2,020	56,446	49,663	18,065	-	6,288	71	16,493	144,668	293,714
At 1 January 2015	2,020	55,197	49,663	18,065	-	6,371	71	16,493	177,995	325,875
2014 Final dividends declared	-	-	-	-	-	-	-	-	(7,981)	(7,981)
Profit for the period	-	-	-	-	-	-	-	-	30,466	30,466
Exchange difference arising on conversion of foreign operations	-	-	-	-	-	(54)	-	-	-	(54)
At 30 June 2015	2,020	55,197	49,663	18,065	-	6,317	71	16,493	200,480	348,306

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2015

	2015 RMB'000	2014 RMB'000
Net cash generated from operating activities	35,327	32,344
Net cash used in investing activities	(40,765)	(13,981)
Net cash generated from/(used in) financing activities	8,483	(35,412)
Increase/(Decrease) in cash and cash equivalents	3,045	(17,049)
Cash and cash equivalents at beginning of the period	42,249	74,671
Cash and cash equivalents at end of the period, representing Bank balances, deposits and cash	45,294	57,622

## 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 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations as of 1 January 2015, noted below:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

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

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective,

### Issued but not yet effective HKFRSs

HKFRS 9	<i>Financial Instruments</i> <sup>3</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>1</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>1</sup>
HKFRS 15	<i>Revenue from contracts with customers</i> <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> <sup>1</sup>
Amendments to HKFRS 10 HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>1</sup>
Amendments to HKAS 1	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> <sup>1</sup>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2016
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2017
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>4</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

## 2. SEGMENT INFORMATION

For the two periods ended 30 June 2015 and 2014, 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 BEFORE TAXATION

	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories sold	461,524	397,149
Amortisation of intangible assets included in administrative expenses	53	34
Amortisation of land use rights included in administrative expenses	310	312
Depreciation of property, plant and equipment	22,482	20,840

## 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 2015 and 2014 was 15%.

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. 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. Yusei China is subjected to PRC EIT rate of 25% commencing from 1 January 2013.

The applicable PRC EIT rate of 廣州友成機工有限公司 Guangzhou Yusei Machinery Co., Ltd.\*, 杭州友成模具技術研究有限公司 Hangzhou Yusei Mould Technology Research Co., Ltd.\*, 蕪湖友成塑料模具有限公司 Wuhu Yusei Plastic Moulding Co., Ltd.\* and 湖北友成塑料模具有限公司 Hubei Yusei Plastic Moulding Co., Ltd.\* is 25%.

\* The English names are for identification purposes only

## 6. EARNINGS PER SHARE

The earnings per share for the six months ended 30 June 2015 is calculated based on the profit attributable to equity holders of the Company of approximately RMB30,466,000 (2014: RMB17,012,000) for six months ended 30 June 2015 and on the weighted average number of ordinary shares of 202,400,000 shares in issue in 2015 (2014: 182,126,000 shares).

Diluted earnings per share is same as basic earnings per share for the six months ended 30 June 2015 and 2014 due to anti-dilutive effect.



## 7. TRADE AND BILLS RECEIVABLE, 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 and bills receivable is as follows:

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
1 – 30 days	170,779	186,482
31 – 60 days	39,804	42,729
61 – 90 days	35,238	39,350
91 – 180 days	10,263	12,391
Over 180 days	401	779
Trade debtors and bills receivable	256,485	281,731
Other debtors, deposits and prepayments	24,859	46,840
	281,344	328,571

## 8. CREDITORS AND ACCRUED CHARGES

The aging analysis of trade creditors is as follows:

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
1 – 30 days	103,657	107,965
31 – 60 days	48,816	51,598
61 – 90 days	27,114	28,440
91 – 180 days	9,921	10,456
180 – 365 days	1,288	1,347
Over 365 days	2,343	2,628
Trade creditors and bills payable	193,139	202,434
Other creditors and accrued charges	78,882	99,630
	272,021	302,064

## 9. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the board of directors on 20 August 2015.